

---


TAX INCREMENT REINVESTMENT ZONE NO. TWO  
AUGUST 5, 2025 – 6:00 PM  
MERCEDES CITY HALL – COMMISSION CHAMBERS  
400 S. OHIO AVE., MERCEDES, TX 78570

1. **Call Meeting to Order**
2. **Establish Quorum**
3. **Receive Public Comments**
4. **Management Items:** Present, discuss, consider and possibly take action regarding:
  - a. Receive Certificate from the Texas Secretary of State for the San Jacinto Redevelopment Authority
  - b. Consider approval of the Tri-party Agreement between the San Jacinto Redevelopment Authority, the City of Mercedes, and TIRZ #2, City of Mercedes
  - c. Consider approval of Final Project Plan and Reinvestment Zone Financing Plan for TIRZ #2, City of Mercedes
  - d. Consider approval of the Development Reimbursement Agreement with Olivarez Organization, LLC for capital investments made in TIRZ #2, City of Mercedes
  - e. Consider approval of the Development Reimbursement Agreement with San Jacinto Enterprises, LLC for capital investments made in TIRZ #2, City of Mercedes
  - f. Consider approval of Inter-local agreement between TIRZ #2, City of Mercedes, the City of Mercedes, and Hidalgo County
  - g. Receive an update on the status of the Project
5. **Adjournment**

Notice is hereby given that the TIRZ Board of Director of the City of Mercedes, Texas will meet in a TIRZ Meeting on Tuesday, August 5, 2025 at 6:00 PM. Said meeting will be conducted in the Commission Chambers of the City Hall located at 400 S. Ohio, Mercedes, Texas for the purpose of considering and taking formal action regarding the items listed above. This notice is given in accordance with Vernon's Texas Codes Annotated, Texas Government Code, Section 551.001 et. Seq.

WITNESS MY HAND AND SEAL OF THE CITY THIS 1ST DAY OF AUGUST, 2025.

ATTEST:

  
\_\_\_\_\_  
Joselynn Castillo, City Secretary  
Time of Posting: 4:00 P.M.

**ACCESSIBILITY STATEMENT**

**The City of Mercedes recognizes its obligations under the Americans with Disabilities Act of 1990 to provide equal access to individuals with disabilities. Please contact the City Manager's Office at (956) 565-3114 at least 48 hours in advance of the meeting with requests for reasonable accommodations, including requests for a sign language interpreter.**

**AGREEMENT BY AND BETWEEN THE  
CITY OF MERCEDES, TEXAS,  
REINVESTMENT ZONE NUMBER TWO, CITY OF MERCEDES,  
AND SAN JACINTO REDEVELOPMENT AUTHORITY**

**THE STATE OF TEXAS**                   §  
  § **KNOW ALL BY THESE PRESENTS:**  
**COUNTY OF CAMERON**               §

**THIS AGREEMENT** (this “*Agreement*”), effective as of (Date Council approves) , is made by and between the **CITY OF MERCEDES, TEXAS**, a municipal corporation and a home-rule city in the State of Texas (the “*City*”); **REINVESTMENT ZONE NUMBER TWO, CITY OF MERCEDES**, a reinvestment zone created by the City pursuant to Chapter 311, Texas Tax Code (the “*Zone*”); and the **SAN JACINTO REDEVELOPMENT AUTHORITY**, a nonprofit local government corporation organized and existing under the laws of the State of Texas (the “*Authority*”).

**RECITALS**

**WHEREAS**, by Resolution No. XX-XX of the City Council of the City adopted on **XXXX XXXXX**, the City approved the Certificate of Formation, authorized the creation of the Authority pursuant to Subchapter D of the Texas Transportation code, as a local government corporation to aid, assist and act on behalf of the City in the performance of the City’s governmental functions with respect to the common good and general welfare of MERCEDES, and approved the Authority By Laws; and to be used in conjunction with a tax increment reinvestment zone created pursuant to Chapter 311 of the Texas Tax Code, and;

**WHEREAS**, by Ordinance No. 2024-22, the City created the Zone pursuant to Chapter 311, TEXAS TAX CODE (the “*TIRZ Act*”); and

**WHEREAS**, the Board of Directors of the Zone (“*Zone Board*”) and the City Council of the City each approved and adopted a Project Plan and a Reinvestment Zone Financing Plan for the Zone; and

**WHEREAS**, the City and the Zone Board have determined that it will be advisable to have the Authority assist the Zone Board and act as consultant to the Zone Board in the implementation of the Project Plan and the Reinvestment Zone Financing Plan and provide the other services set forth in this Agreement, including the construction of improvements and the issuance of its bonds to facilitate the Plan; and

**WHEREAS**, the City and the Zone desire to contract with the Authority to provide the assistance described in this Agreement during the term of the Zone, and to finance the efforts of the Authority using tax increments as provided herein;

**NOW, THEREFORE**, for and in consideration of the premises and the mutual covenants and agreements herein contained, the City, the Zone and the Authority agree as follows:

**I.  
DEFINITIONS**

Definitions. The terms “*Agreement*,” “*Authority*,” “*Authority Board*,” “*City*,” and “*Zone Board*” , “*TIRZ Act*”, have the meanings set forth in the preamble hereof, and the following capitalized terms shall have the meanings provided below, unless otherwise defined or the context clearly requires otherwise. For purposes of this Agreement the words “shall” and “will” are mandatory, and the word “may” is permissive.

“*Appraisal District*” shall mean the HIDALGO County Appraisal District.

“*Authority Obligations*” shall mean the notes or other contractual obligations that the Authority may incur from time to time with a Developer pursuant to Article III hereof and includes without limitation Development Agreements.

“*Bonds*” shall mean the TIRZ Bonds, as applicable.

“*Budget*” shall mean the annual operating Budget of the Authority, that has been reviewed and approved by the Authority Board, the Zone Board, and the City Council.

“*Captured Appraised Value*” shall mean the total appraised value of property in the Zone as of January 1 of any year less the Tax Increment Base of the Zone, all as defined in the TIRZ Act.

“*City*” shall mean the CITY OF MERCEDES.

“*City Council*” shall mean the governing body of the City.

“*City Manager*” shall mean the City Manager of the City, or such person as he or she shall designate.

“*County*” shall mean HIDALGO County, Texas.

“*Developer*” shall mean a person who is developing or redeveloping, or proposes to develop or redevelop, a TIRZ Project within the Zone and may include natural persons, private entities, public or private not-for-profit corporations, the City, a school district, the County, the State of Texas, any other governmental bodies, or any other kind of person.

“*Development Agreement*” shall mean an agreement(s) between the Authority and a Developer relating to the development, construction, remodeling, or rehabilitation of a TIRZ Project.

“*Financing Plan*” shall mean the reinvestment zone financing plan for the Zone as amended from time to time pursuant to the TIRZ Act, as adopted by the Zone Board and approved

by the City Council.

“*Interlocal Agreement*” means the Interlocal Agreement between the City, the Zone and any participating taxing unit approved by with respect to the participation of the taxing unit in the Zone, as such may be amended from time to time.

“*Project Cost*” shall mean those costs of public works and improvements and other costs for which payment can be made pursuant to the TIRZ Act that are identified in the TIRZ Plan.

“*Project Plan*” or “Plan” shall mean the project plan for the Zone as it may be amended from time to time pursuant to the terms of the TIRZ Act, as adopted by the Zone Board and approved by the City Council.

“*Projects*” shall mean the TIRZ Projects.

“*Revenue Fund*” shall mean the fund established by the Authority comprised of the TIRZ Revenue Fund sub-account.

“*School District*” shall mean any Independent School District providing educational services with the boundaries of the TIRZ.

“*Tax Increment*” shall mean the amount of property taxes collected each year by each Taxing Unit participating in the Zone (to the extent of their participation) on the Captured Appraised Value.

“*Tax Increment Base*” shall mean the total appraised value of all real property taxable by the City and located in the Zone as of January 1, 2024, the year in which the Zone was effective and designated as a reinvestment zone, plus the total appraisal of all real property taxable by the City and the other Taxing Units participating in the Zone and annexed to the Zone determined as of January 1 of the year in which any future area is annexed to the Zone.

“*Tax Increment Fund*” shall mean the Tax Increment Fund created by the City for the Zone including any sub-account therein into which the City shall deposit all Tax Increments.

“*Taxing Unit*” shall mean the City, the County, and any other Taxing Unit that participates in the TIRZ.

“*TIRZ Bonds*” shall mean the bonds of the Authority payable from a pledge of the TIRZ Revenue Fund.

“*TIRZ Plan*” shall mean the Project Plan and the Financing Plan.

“*TIRZ Project*” shall mean any project for which monies in the Tax Increment Fund can be used pursuant to the TIRZ Act and which has been approved in the Project Plan and the Financing Plan.

“*TIRZ Revenue Fund*” shall mean the sub-account of the Revenue Fund into which the Tax Increments are deposited by the City for the use of the Authority hereunder.

## II. SCOPE OF SERVICES BY AUTHORITY

To the extent of available funds and subject to the limitations of this Agreement, the services that the Authority may furnish consist of, among other things, the following:

A. Management and Administrative Services and Consultants. The Authority will provide management and administrative services for the Zone. The services without limitation may include the following:

1. Provide the staff, and administrative services that are necessary to manage the Zone and provide or supervise the services and the Projects;
2. Provide management, financial and program monitoring systems for the administration of the Zone;
3. Provide any required reports to the City and the Zone Board concerning the administration of the Zone;
4. Subject to the terms of this Agreement, recruit, hire, pay and supervise the consultants and any work force that the Authority will utilize to furnish services required for the development or redevelopment of the Zone;
5. Provide staff to participate in meetings concerning the administration of the Zone in all its capacities, including the services to the Zone Board when managing the Zone;
6. Provide liaison and coordination between the Zone, the City, the County, the School District, other Taxing Units, property owners, and other persons and groups interested in the redevelopment activities of the Zone;
7. Supervise and monitor the performance of consultants and subcontractors who are employed by the Authority;
8. Assist, where necessary, in briefing Developers, property owners and other persons concerning proposed activities and developments that would complement public and private development activities in the Zone;
9. Function as the information/complaint center for all matters relating to the administration of the Zone and advise the Zone Board and the City in a timely manner of any problems concerning the Zone; and
10. Provide engineering, planning, legal, financial, real estate, and other services through consultants engaged by the Authority as may be requested by the Zone Board or the City.

B. Services With Respect to the Plan and Enlargement of the Zone.

1. Act as consultant to the Zone in the implementation and amendment of the Plan in accordance with applicable law.

2. The Authority will review areas for addition to the Zone as requested by the Zone Board and will provide information with respect to any proposed enlargement that may be required by the Zone Board including, if requested, the information required for a preliminary Project Plan and a preliminary Financing Plan with respect to the enlargement of the Zone.

C. Tax and Assessment Rolls.

1. Assist the Zone Board and the City with respect to the preparation of special tax rolls relating to the Zone. The Authority will analyze property uses in the Zone, compare them to the records of the Appraisal District, and attempt to reconcile the tax rolls of the Appraisal District with the actual land uses.

2. Assist the City in securing a tax roll for the Zone each year, and assist the Zone Board, the City, and the Appraisal District in having the Zone tax rolls correctly reflect the total appraised value of real property in the Zone for that year and showing separately the Tax Increment Base and the Captured Appraised Value. The Authority will assist the Zone Board and the City in advising all Taxing Units participating in the Zone with respect to the Captured Appraised Value and the amount of Tax Increment of each Taxing Unit, which is to be paid into the Tax Increment Fund as, required by the TIRZ Act.

D. Zone Planning, Design and Infrastructure Improvements. The Authority will assist the City and the Zone Board in preparing a development plan and provide technical assistance to encourage public and private property owners to make improvements or provide services.

E. Development Programs. The Authority will assist the City and the Zone Board:

1. To establish a program to encourage economic development and redevelopment in the Zone;

2. In preparing a program to encourage the development of the Zone;

3. In identifying obstacles to development in the Zone and in preparing a plan for application to the Zone to eliminate those obstacles;

F. Construction of Projects. The Authority may construct infrastructure, buy equipment and supplies, and deal in real estate as necessary to implement the Plan and as permitted by the TIRZ Act and the Authority's Bylaws:

1. To the extent funds are available, the Authority may design and construct Projects identified in the Plan that meet the qualifications of the TIRZ Act as applicable;

and

2. To the extent funds are available, the Authority may buy, sell, lease and otherwise deal in real estate pursuant to the Project Plan and a Financing Plan for the Zone.

G. Subcontractors. The Authority may provide the services required by this Agreement through staff, subcontractors, and/or consultants subject to the conditions of this Agreement.

### **III. OBLIGATIONS OF THE AUTHORITY**

A. General Statement. The Authority has the authority to enter into Authority Obligations with Developers and enter into contracts with consultants and others to be paid from monies to be paid by the City and the Zone to the Authority from Tax Increments pursuant to this Agreement, and further, the Authority may issue Bonds with the consent of the City Council; provided that nothing in this Agreement shall be construed to authorize the Authority to expend any of the Tax Increment funds received pursuant to this Agreement for any costs other than Project Costs.

B. Power to Incur Authority Obligations. Subject to the provisions of this Article, the Authority shall have the power from time to time to issue and incur Authority Obligations and enter into contracts with consultants upon such terms and conditions as the Authority Board and the Zone Board shall determine to be necessary or desirable to implement the Plan. The Authority Obligations may be in the form of a Development Agreement with the Developer of a Development who agrees to construct, improvements or other facilities included in the Plan in exchange for the obligation of the Authority to repay the Developer for such costs from future payments made by the City and the Zone to the Authority pursuant to this Agreement. All Development Agreements shall specify which Plan pursuant to which it is entered, and shall provide that (i) the Authority will not reimburse any Developer for any Project that is determined to be an ineligible Project Cost under the TIRZ Act; and (ii) the Developer shall repay the Authority for any payment made by the Authority to the Developer that is determined to be ineligible.

C. Approval of Bonds and Other Obligations. The Authority may issue Bonds secured by payments made pursuant to this Agreement with the approval of City Council.

D. Use of Tax Increments. Amounts deposited in the TIRZ Revenue Fund shall be applied in the following order of priority (i) amounts pledged or required for the payment of outstanding Bonds secured by the TIRZ Revenue Fund, including Bonds in the process of issuance and refunding Bonds, (ii) administrative costs of the Zone and the Authority relating to the Zone, and (iii) payments of other Authority Obligations relating to the Zone.

E. Pledge of Revenue Fund. The Authority and the Zone Board may pledge and assign all or a part of the Revenue Fund under this Agreement to: With respect to the TIRZ Revenue Fund, the owners and holders of TIRZ Bonds, and Developers pursuant to a Development

Agreement for TIRZ Improvements.

F. The City consents to any assignment and pledge consistent with this Agreement and approves the terms and conditions of the instruments assigning or pledging the proceeds to be received by the Authority pursuant to this Agreement.

#### IV.

#### DUTIES AND RESPONSIBILITIES OF THE CITY AND THE ZONE

A. Tax Increment Fund. The City has established and will maintain a separate Tax Increment Fund, including sub accounts if necessary, in the City treasury into which Tax Increments shall be deposited. During the term of this Agreement, Tax Increments shall be paid to the Authority from the Tax Increment Fund as herein provided.

B. Limitation of Source of Payment. The City and the Zone shall have no financial obligation to the Authority other than as provided in this Agreement or in other agreements between the City, the Zone and the Authority. The obligation of the City and the Zone to the Authority under this Agreement is limited to the Tax Increments that are collected by the City. This Agreement shall create no obligation on the City or the Zone that is payable from taxes or other monies of the City other than the Tax Increments that are collected by the City.

C. The obligation of the City and the Zone to the Authority under this Agreement shall be subject to the rights of any of the holders of Bonds or other obligations that have heretofore or are hereafter issued by the City, the County, and any other Taxing Units that are payable from or secured by a general levy of ad valorem taxes throughout the taxing jurisdiction of the City, the County, and the other Taxing Units.

D. Collection and Payment of Tax Increments by the City and the Zone. In consideration of the services and TIRZ Projects to be provided by the Authority, the City and the Zone covenant and agree that they will, as authorized under the TIRZ Act and other applicable laws, continuously collect the Tax Increments from the Taxing Units whose participation in the Zone is reflected in the TIRZ Plan during the term of this Agreement in the manner and to the maximum extent permitted by applicable law. To the extent the City and the Zone may legally do so, the City and the Zone also covenant and agree that they will not permit a reduction in the Tax Increments paid by the Taxing Units except to the extent provided in the agreement with the Taxing Unit executed at the time the Taxing Unit agrees to participate in the Zone. In addition, the City covenants and agrees that it will not dissolve the Authority and that any repeal of the right and power to collect the Tax Increments will not be effective until all the TIRZ Bonds or other TIRZ-related Authority Obligations have been paid in full or until they are legally defeased. The City and the Zone further covenant and agree that they will make all payments as set forth in **Article V** below, by a direct deposit into the TIRZ Revenue Fund, without counterclaim or offset, but minus any expenses incurred by the City in connection with the collection of the Tax Increments and minus any amount retained pursuant to the provisions set forth in **Article V** below.

D. Obligations of City and the Zone to be Absolute. The obligation of the City and the

Zone to make the payments set forth in this Agreement shall be absolute and unconditional, and until such time as this Agreement, Bonds, and the contractual obligations of the Authority incurred pursuant to this Agreement have been fully paid or provision for payment thereof shall have been made in accordance with their terms (or, with respect to the Tax Increments, the date of expiration of the Zone, if earlier), the City and the Zone will not suspend or discontinue any payments provided for in this Agreement and will not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, the failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Agreement except as provided in **Article XVII**. Nothing contained in this section shall be construed to release the Authority from performance of any of the agreements on its part contained in this Agreement, and in the event the Authority shall fail to perform any such agreement on its part, the City may institute such action against the Authority as the City may deem necessary to compel performance so long as this action does not abrogate the obligations of the City and the Zone to make the payments set forth in this Agreement to pay the Bonds of the Authority or to meet its Authority Obligations to Developers.

## V.

### CITY PAYMENT TO AUTHORITY

A. TIRZ Payments. The City, on behalf of itself and the Zone, will pay the Authority, not later than July 1 of each year during the term of this Agreement, all monies then available in the Tax Increment Fund, subject to the retention by the City of (i) an amount equal to the City's direct administrative costs connected with the Zone and the TIRZ Plan, not to exceed three percent of the amount available in the Tax Increment Fund. The Authority shall deposit the payments received pursuant to this Section into the TIRZ Revenue Fund and use the monies in the TIRZ Revenue Fund for payment of its TIRZ- related costs, its obligations to the holders of its TIRZ Bonds, its obligations to Developers pursuant to a TIRZ Development Agreement, or its other contractual obligations. The obligation to make these payments shall survive a termination of this Agreement as provided by **Article XVII** hereof.

## VI.

### ACCOUNTING AND AUDITS

A. Accounts, records, and accounting reports. The Authority will maintain books of records and accounts in which full, true, and proper entries will be made on all dealings, transactions, business, and matters that in any way affect or pertain to the operation of the Zone, and the allocation and application of funds provided hereunder. All such records shall be maintained in accordance with accounting generally accepted principles and shall be clearly identified and readily accessible. The Authority shall provide free access to the books and records at all times to the City and the Zone or their representatives and shall permit them to examine and audit the same and make copies thereof. The Authority shall further allow the City and the Zone and their representatives to make inspections of all work data, documents, proceedings, and activities related to this Agreement. Such right of access and audit shall continue for a period of three years from the date of final payment under this Agreement or

for such longer period of time as proscribed by law. The Authority will operate on the basis of the same fiscal year as the City.

B. Audit. At the end of each fiscal year (beginning with the fiscal year or fraction thereof during which this Agreement is executed), the Authority will have an audit prepared by an independent Certified Public Accountant for that fiscal year that shall be submitted to the Authority, the Zone and the City within 120 days after the end of the fiscal year. The Authority shall furnish copies of the audit to the City Council, City Manager and the Zone Board.

C. Authority Depository. Any monies received from investing and reinvesting the monies paid by the City and the Zone to the Authority shall remain in the TIRZ Revenue Fund until used by the Authority for the purposes permitted by this Agreement, and may be commingled with other monies of the Authority; provided that these funds shall be accounted for separately. Such funds shall be invested and reinvested by the Authority only in investments that would be eligible for investment by the City pursuant to the provisions of the Public Funds Investment Act (Chapter 2256, Texas Government Code). The depository bank will secure such funds in the same manner as City funds are required to be secured at the City depository and in accordance with applicable law and City procedures.

D. During the term of this agreement, the Authority will submit to the City and the Zone Board its annual budget, setting forth the Authority's proposed expenditures during the ensuing fiscal year, including administrative costs incurred in connection with providing services under this agreement, and obligation payable to the holders of bonds, or a Developer, pursuant to their approved development agreement.

## **VII. RIGHT OF OWNERSHIP**

All property and improvements purchased by the Authority shall be the property of the Authority and shall be maintained by the Authority throughout the term of this Agreement and the Authority may lease, sell or otherwise dispose of such property upon such terms and conditions as the Authority deems desirable; provided that, if any TIRZ Project is integrated in and used as part of the City's infrastructure, it shall be conveyed to the City at the time of such integration, at the City's discretion. Upon termination of this Agreement or dissolution of the Authority, title to all Authority property shall immediately vest in the City without the need for further action on the part of the City.

## **VIII. PERSONAL LIABILITY OF PUBLIC OFFICIALS**

Except for illegal acts, malfeasance, or misfeasance, to the extent permitted by State law, no director of the Authority, nor any employee or agent of the Authority, no director of the Zone, nor any employee or agent of the Zone, and no employee of the City, nor any agent of the City, shall be personally responsible for

any liability arising under or growing out of the  
the Authority under the terms of this Agreement.

Agreement, or operations of

**IX.  
CITY AND ZONE NOT LIABLE FOR DELAY**

It is expressly agreed that in no event shall the City or the Zone be liable or responsible to the Authority or any other person for or on account of, any stoppage or delay in the work herein provided for by injunction or other legal or equitable proceedings, or from or by or on account of any delay for any cause over which the City or the Zone has no control.

**X.  
INDEMNITY AND RELEASE**

**A. INDEMNITY FOR PERSONAL INJURIES. THE AUTHORITY COVENANTS AND AGREES TO, AND DOES HEREBY, DEFEND, INDEMNIFY AND HOLD THE CITY, THE ZONE, AND THEIR OFFICERS, DIRECTORS, AND EMPLOYEES (THE “INDEMNIFIED PERSONS”), HARMLESS FOR ALL CLAIMS, CAUSES OF ACTION, LIABILITIES, FINES, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS’ FEES, COURT COSTS AND INTEREST) FOR INJURY, DEATH, DAMAGE OR LOSS INJURIES, INCLUDING DEATH, TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO ANY PERFORMANCE UNDER THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THOSE CAUSED BY:**

- 1. THE AUTHORITY’S AND/OR ITS AGENTS’, EMPLOYEES’, OFFICERS’, DIRECTORS’, CONTRACTORS’, OR SUBCONTRACTORS’ (COLLECTIVELY IN LETTERED PARAGRAPHS 1-3, “AUTHORITY’S”) ACTUAL OR ALLEGED NEGLIGENCE OR INTENTIONAL ACTS;**
- 2. THE INDEMNIFIED PERSONS’ AND THE AUTHORITY’S ACTUAL OR ALLEGED CONCURRENT NEGLIGENCE, WHETHER THE AUTHORITY IS IMMUNE FROM LIABILITY OR NOT; AND**
- 3. THE INDEMNIFIED PERSONS’ AND THE AUTHORITY’S ACTUAL OR ALLEGED STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY, WHETHER THE AUTHORITY IS IMMUNE FROM LIABILITY OR NOT. IT IS THE EXPRESSED INTENTION OF THE PARTIES HERETO THAT THE INDEMNITY PROVIDED FOR IN THIS ARTICLE X IS AN INDEMNITY BY THE AUTHORITY TO INDEMNIFY AND PROTECT THE INDEMNIFIED**

PERSONS FROM THE CONSEQUENCES OF (I) THE INDEMNIFIED PERSON'S OWN NEGLIGENCE, WHETHER THAT NEGLIGENCE IS THE SOLE OR CONCURRING CAUSE OF THE RESULTING INJURY, DEATH OR DAMAGE AND/OR (II) THE AUTHORITY'S OWN NEGLIGENCE, WHETHER THAT NEGLIGENCE IS THE SOLE OR A CONCURRING CAUSE OF THE RESULTING INJURY, DEATH OR DAMAGE THE AUTHORITY SHALL DEFEND, INDEMNIFY, AND HOLD THE INDEMNIFIED PERSONS HARMLESS DURING THE TERM OF THIS AGREEMENT AS WELL AS AFTER THE AGREEMENT TERMINATES. THE AUTHORITY SHALL NOT INDEMNIFY THE INDEMNIFIED PERSONS FOR THE INDEMNIFIED PERSONS' SOLE NEGLIGENCE.

**B. INDEMNITY TO CITY PROPERTY.** AUTHORITY SHALL LIKEWISE INDEMNIFY AND HOLD HARMLESS THE CITY FOR ANY AND ALL INJURY OR DAMAGE TO CITY PROPERTY ARISING OUT OF OR IN CONNECTION WITH ANY AND ALL ACTS OF AUTHORITY, ITS OFFICERS, AGENTS, EMPLOYEES, CONTRACTORS, SUBCONTRACTORS, LICENSEES, OR INVITEES.

**C. RELEASE.** THE AUTHORITY AGREES TO AND SHALL RELEASE THE INDEMNIFIED PERSONS FROM ALL LIABILITY FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE UNDER THIS AGREEMENT, EVEN IF THE INJURY, DEATH, DAMAGE, OR LOSS IS CAUSED BY THE INDEMNIFIED PERSONS' SOLE OR CONCURRENT NEGLIGENCE.

**D. DEFENSE OF CLAIMS.** IN THE EVENT THAT ANY ACTION OR PROCEEDING IS BROUGHT AGAINST AN INDEMNIFIED PERSON BY REASON OF ANY OF THE ABOVE, THE AUTHORITY FURTHER AGREES AND COVENANTS TO DEFEND THE ACTION OR PROCEEDING BY LEGAL COUNSEL ACCEPTABLE TO THE INDEMNIFIED PARTY.

**E. Payment from Tax Increment.** All costs of obligations of the Authority imposed by this Article may be paid from proceeds from insurance or, to the extent provided by law, Tax Increments.

## **XI. INDEPENDENT CONTRACTOR**

It is expressly understood and agreed that the Authority shall perform all work and services described herein as an independent contractor and not as an officer, agent, servant, or employee of the City or the Zone; that except as herein provided, the Authority shall have exclusive control of and the exclusive right to control the details of the services and work performed hereunder, and all persons performing the same; and shall be solely responsible for the acts of its officers,

agents, employees, contractors, and subcontractors; that the doctrine of respondeat superior shall not apply as between the City or the Zone and the Authority, its officers, agents, employees, contractors, and subcontractors; and that nothing herein shall be construed as creating a partnership or joint enterprise between the City or the Zone and the Authority. No person performing any of the work and services described hereunder shall be considered an officer, agent, servant, or employee of the City or the Zone.

## **XII. INSURANCE**

The Authority shall obtain and maintain insurance coverage continuously during the term of this Agreement, and the Authority shall contract with each contractor engaged by it hereunder to maintain (and cause each of its subcontractors to maintain) insurance coverage during the term of its contract, in substance and amount as may be agreed upon by the Parties.

## **XIII. ADDRESS AND NOTICE**

Any notice sent under this Agreement (except as otherwise expressly required) shall be written and mailed, or sent by electronic or facsimile transmission confirmed by mailing written confirmation at substantially the same time as such electronic or facsimile transmission, or personally delivered to an officer of the receiving party at the following addresses:

CITY OF MERCEDES  
City Hall  
400 S. Ohio Avenue  
MERCEDES Texas,

78570

Attention: City Manager

SAN JACINTO REDEVELOPMENT

AUTHORITY &  
REINVESTMENT ZONE #2,  
City of MERCEDES,  
c/o Bill Calderon  
Calderon Economic Development Strategies, LLC  
5523 Spellman Road  
Houston, Texas 77096

Each party may change its address by written notice in accordance with this section. Any communication addressed and mailed in accordance with this section shall be deemed to be given when so mailed, any notice so sent by electronic or facsimile transmission shall be deemed to be given when receipt of such transmission is acknowledged, and any communication so delivered in person shall be deemed to be given when received for by, or actually received by, the Authority, the Zone, or the City, as the case may be.

#### **XIV. APPLICABLE LAWS**

This Agreement is made subject to the Constitution and laws of the State of Texas and the Charter of the City.

#### **XV. CAPTIONS**

The captions at the beginning of the Articles of this Agreement are guides and labels to assist in locating and reading such Articles and, therefore, will be given no effect in construing this Agreement and shall not be restrictive of the subject matter of any article, section, or part of this Agreement.

#### **XVI. SUCCESSORS AND ASSIGNS**

This Agreement shall bind and benefit the respective parties and their legal successors, and shall not be assignable, in whole or in part, by any party hereto without first obtaining the written consent of the other party. Nothing herein shall be construed as creating any personal liability on the part of any officer or agency of the City, of the Zone, or of the Authority.

#### **XVII. TERM AND TERMINATION, DISSOLUTION OF AUTHORITY**

A. In general. This Agreement shall become effective, and its initial term shall begin, on the date first set forth above, and end upon the later of (i) the date of completion of the Plan, or (ii) the date on which all Authority Obligations and Authority Bonds have been retired.

B. Termination for cause. A party may terminate its performance under this Agreement only upon default by the other party. Default by a party shall occur if the party fails to perform or observe any of the terms and conditions of this Agreement required to be performed or observed by that party. Should such a default occur, the party against whom the default has occurred shall have the right to terminate all or part of its duties under this Agreement as of the 60th day following the receipt by the defaulting party of a notice describing such default and intended termination, provided:

(i) such termination shall be ineffective if within said 60-day period the defaulting party cures the default, or (ii) such termination may be stayed, at the sole option of the party against whom the default has occurred, pending cure of the default. No termination of this Agreement will affect the obligation of the City and the Zone to pay an amount that will permit the Authority to pay its Bonds or Authority Obligations issued or incurred pursuant to and consistent with this Agreement prior to termination.

C. Dissolution of Authority. The City agrees not to dissolve the Authority or the Zone unless it makes satisfactory arrangements to provide for the payments of the Authority's Bonds, or other Authority Obligations incurred upon the Authority's dissolution.

## **XVIII. AMENDMENT OR MODIFICATIONS**

Except as otherwise provided in this Agreement, this Agreement shall be subject to change, amendment, or modification only by the mutual written consent of the parties hereto.

**IN TESTIMONY OF WHICH** this instrument has been executed on behalf of the Authority, the Zone and the City effective as of the date first above written.

**CITY OF MERCEDES**

OSCAR MONTOYA, SR.  
Mayor

**ATTEST:**

\_\_\_\_\_  
Joselynn Castillo  
City Secretary

**MERCEDES  
REDEVELOPMENT  
AUTHORITY**

\_\_\_\_\_  
Chairman, Board of Directors

**ATTEST:**

\_\_\_\_\_  
Secretary, Board of Directors

**REINVESTMENT ZONE NUMBER TWO,  
CITY OF MERCEDES**

\_\_\_\_\_  
Chairman, Board of Directors

**ATTEST:**

\_\_\_\_\_  
Secretary, Board of Directors

**TAX INCREMENT REINVESTMENT ZONE NUMBER  
TWO, CITY OF MERCEDES, TEXAS**

**FINAL PROJECT PLAN AND REINVESTMENT ZONE FINANCING PLAN**

AUGUST 5, 2025

TAX INCREMENT REINVESTMENT ZONE (TIRZ)  
NUMBER TWO, CITY OF MERCEDES, TEXAS

FINAL PROJECT PLAN AND REINVESTMENT ZONE FINANCING PLAN

TABLE OF CONTENTS

I. Introduction to TIRZ	3
I. Executive Summary	3
II. Project Plan	4
III. Reinvestment Zone Financing Plan	5
Table I TIRZ #2 Development Project Costs	7-8
Legal Compliance Chapter 311, Texas Tax Code	9-11
Exhibits	
Exhibit 1 – Boundary Description	12-17
Maps	18-20
Maps 1 – Boundary Map	
Map 2 – Aerial View of Property in and surrounding the Zone	
Map 3 - Existing Land Use/Property Classification	
Schedules	21-22
Summary Schedule	
Schedule A-Value increase across both phases Ver A/ B	
Schedule C -Projected Zone Revenues	

## I. Introduction

The purpose of the a increment reinvestment zone (the “Zone” or “TIRZ” ) is to finance construction of public facilities and infrastructure necessary to catalyze residential and/or commercial development and redevelopment within the Zone’s boundary, to incentivize development with public funds, and to catalyze collateral development and tax base expansion as a result of TIRZ-assisted development.

Expenditures associated with the design, construction, and in some instances, maintenance of public facilities and public infrastructure, as well as other specific project related costs, are funded by tax increment revenues derived from increases in property values following new residential and commercial development, and the ad valorem taxes levied on the new value. Sales tax collections within the zone may also be used to finance project costs.

The residential development plan calls for lot preparation and construction of approximately 225 acres of land into approximately 650 lots, with two to three different price points, and in two multi-year phases. The total acreage includes public right of way to be improved. The project also contemplates the undertaking of public roadway improvements to Mile 2, which roadway serves the area’s growing population and will connect the two parcels of land within the TIRZ.

### Executive Summary

The development is being undertaken by a two parties who have a history of shared development projects. Jacinto Garza, Owner of San Jacinto Enterprises, and Joe Olivarez, owner of Olivarez Organization, LLC, (the “Developers”), will partner again to undertake development of just over 225 acres of land, currently in the Mercedes extra territorial jurisdiction. The land will be developed into residential lots, and the developers will contract with a number of local homebuilders to convert the raw land into approximately 650 new homes. In addition, the Developer will also construct improvements to Mile 2 Road, to both widen and improve the roadway to accommodate the anticipated increase in automobile traffic generated by the residents purchasing homes in the subdivisions, and including some improvements to the intersection at Mile 2 Road where it intersects with Mile 9 Road on the southern portion of the zone’s proposed boundary.

The Developers are seeking reimbursement of the public infrastructure costs for the both the residential infrastructure needed to render the land able to be developed, and also including the public roadway infrastructure referenced above. The Zone’s Project Plan and Reinvestment Zone financing plan will include Interest carry costs to finance both reimbursements for carry costs of the developer as well as debt service costs for any tax exempt bonds that might be sold to reimburse the same, or loan facilities should debt be authorized and issued to repay the developer for these costs. Inclusion of Chapter 380 powers in the TIRZ project plan will enable some portion of the future increments to be used in some instances to stimulate commercial development projects. Any such expenditures will be coordinated with the CITY OF MERCEDES.

Detailed costs for the project, and time lines associated with the development of each phase of the project are in the exhibits section of this plan.

**Map 1** depicts the location of the Proposed Tax Increment Reinvestment Zone No. 2.

B. The Developers are requesting that the CITY OF MERCEDES, and HIDALGO COUNTY (“the County”) participate in the tax increment financing zone to help finance public infrastructure improvements, interest carry on the borrowing, and to enable the TIRZ to provide reimbursements pursuant to approved reimbursement agreement(s) for approved costs within the zone. The duration of the zone is projected to be thirty four (34) years, with the zone being in existence through calendar year 2059. The City and County’s last year’s payment will be made from tax increments collected for tax year 2059, unless the reinvestment zone pays all project costs prior to that date. Unless the reinvestment zone creation ordinance and the project plan and reinvestment zone financing plan are amended, the zone would terminate by operation of law upon final payment of reimbursements to the developer for privately financed infrastructure costs set forth in this Plan, or December 31, 2059.

C. The Cost of the Project, including public infrastructure improvements and related capital costs, estimated developer (or bond) interest, drainage, detention, creation costs, and costs for administration of the zone is estimated to total approximately \$95.2 Million at this time. The Developer is seeking reimbursement of the public infrastructure costs associated with the development project including improvements to Mile 2 Road as referenced above, interest associated with the expenditures for those components of the project, which interest revenues may also be used for tax exempt bonds, should bonds be authorized and issued to repay the developer for these costs.

The creation of a local government corporation (Redevelopment Authority) is also proposed to facilitate development of the TIRZ, and provide the mechanism for issuance of tax exempt bonds to repay development costs as the revenues to support the debt service on the bonds are sufficient to amortize the bonded indebtedness.

D. All capital costs associated with the development will be financed with private capital, either borrowed or from revenues of the Developer. It is the intent of the Developer to enter into an agreement with the TIRZ/ Redevelopment Authority to receive reimbursement for investments made in the reimbursable project costs and public infrastructure facilities from revenues generated by the TIRZ.

## II. PROJECT PLAN

### A. Overview

Tax increments generated within the zone will provide the funding necessary to finance either grants or reimbursements for infrastructure costs needed to undertake the project, which would not otherwise be developed due to the high cost of developing raw land completely lacking utility service and drainage infrastructure. This development will help significantly increase the CITY OF MERCEDES and Hidalgo County’s tax base, catalyze job creation, and generate additional revenues to the City and County general funds, and promote the economic development of both jurisdictions.

The Project Plan in this Part II and the Reinvestment Zone Financing Plan in Part III (collectively the “Project Plan and Reinvestment Zone Financing Plan”) provide for the funding of all “project costs of the zone”, as well as associated engineering fees, legal fees, financial services fees, creation costs, interest, and costs of administration for the project.

## Public Infrastructure costs.

See Table 1 for a detailed breakdown of current estimates for infrastructure and other reimbursable projects in the entire development,

### III. REINVESTMENT ZONE FINANCING PLAN

#### A. Introduction

The Reinvestment Zone Financing Plan (the “Financing Plan”) addresses funding for identified project components, and including public improvements on the Project, that will be financed or repaid to the Developer by the TIRZ.

The Zone will include the development of two distinct phases of residential development. The existence of the zone is contemplated to be through Tax Year 2059, unless the project costs are paid prior to that date. The development of the project will be performed by the Developer directly, and by contractors and home builders the developer will bring to the development. Infrastructure costs associated with the improvements to Mile 2 Road will also be financed by the Developer and reimbursed by the zone

#### B. Public Infrastructure

The municipal facility costs and public infrastructure improvements associated with the residential development and related with the interest for all phases of development are currently estimated to be approximately \$95.2 Million. The majority of the costs will be financed with private capital, and reimbursed over time by the Zone pursuant to an agreement with the Developer from tax incremental revenues generated as a result of the tax base expansion in the Zone. A summary of those costs is provided in Table 1. As the development is contemplated to take between eight to ten years, it is anticipated that some costs, once incurred will be higher as prices for materials continue to increase.

#### C. Plan of Finance

1. Taxable value of the land in the proposed zone as captured by the Hidalgo County Appraisal District for Tax Year 2024 totals \$3,802,165. Value is anticipated to grow to an estimated \$538.6 Million by Tax Year 2059.

#### 2) Taxing Units

It is contemplated that the CITY OF MERCEDES will participate with 70% of the respective current approved tax rate, and Hidalgo County will participate with 50% of its current M&O Rate only. Currently those rates total \$0.775 for the City and \$0.287 for the County. Schedule C in the Exhibits reflects the valuation assumptions based on development over time. The City will retain 30% of the new taxes generated for its own debt service. Schedule D in Exhibits reflects the estimated revenues generated by each jurisdiction over time.

### 3) TIRZ Bonds

Bonded indebtedness to accelerate repayment to the developer for infrastructure and public facilities project costs is planned, subject to the approval by the City Council. At the time of approval, the tax incremental revenues from the Zone would be pledged to the debt service, and would be the sole source of revenue for payment of bonded indebtedness. All proceeds of bonds would be used first to pay off developer debt, with surplus revenues then available to finance project plan costs yet to be paid. Bonds would be sold by a local government corporation created to manage the implementation of the zone project plan and issue of tax exempt contract revenue bonds or loan facilities at the appropriate time.

### 4) Economic Feasibility

A build-out schedule and tax revenue analysis was prepared by Calderon Economic Development Strategies, LLC, as part of the preliminary assessment of the Zone. The schedule in that analysis constitutes the economic feasibility study and demonstrates that it is feasible to finance the Zone Project Costs set forth in this Plan based on the proposed tax rates for participation by both the City and the County, and also based on the proposed zone life of 34 years. It is anticipated that the reinvestment zone will fund approximately 87% of the zone's infrastructure / project costs, including interest.

### 5) Chapter 380 Authority

The reinvestment zone will have Authority granted under Chapter 380, Texas Local Government Code. The Zone Board of Directors, with the consent of the CITY OF MERCEDES City Council, may elect to use that authority to finance projects to facilitate development in the zone.

Table 1

Mercedes TIRZ #2 – Reimbursable Project Costs				
Category	Subdivision #12 (1)	Subdivision #16 (1)		Total
ROW for Roads/ drainage	\$871,354	\$463,146		\$1,334,500
Surveys/ topos, staking +	\$186,400	\$173,680		\$360,080
Engineering	\$914,428	\$1,029,500		\$1,943,928
Offsite Water Distribution System		\$1,537,300		\$1,537,300
Water Lines	\$1,706,400	\$2,034,985		\$3,741,385
Water supply corp dev fees	\$467,570	\$355,000		\$822,570
Sanitary Sewer	\$2,826,800	\$4,763,342		\$7,590,142
AEP Electrical	\$150,000	\$320,000		\$470,000
Irrigation Line removal	\$30,000	\$14,000		\$44,000
Subdivision Road	\$5,538,764	\$4,363,660		\$9,902,424
Erosion mitigation	\$146,520	\$66,300		\$212,820
Drainage/detention	\$2,579,485	\$1,535,056		\$4,114,541
Fencing/landscaping in public POW	\$973,800	\$551,300		\$1,525,100
Dev. Fees/ Subdivision Adm.	\$26,840	\$26,840		\$53,680
Tap Fees	\$51,300			\$51,300

Reimbursable Project Costs continued

<b>County Inspection / Utility Fees</b>	\$8,000	\$12,000		\$20,000
<b>Inspection/testing</b>	\$654,348	\$588,400		\$1,242,748
<b>City Park Fees</b>	\$235,500	\$152,500		\$388,000
<b>Public Road improvements</b>	\$1,500,000			\$1,500,000
<b>Creation Costs</b>				\$120,000
<b>Interest Carry (2)</b>				\$40,000,000
<b>Project administration -7 years (3)</b>	\$2,800,000	\$2,800,000		\$5,600,000
<b>Contingency</b>	\$1,858,815	\$1,319,448		\$3,178,263
<b>Chapter 380 project funding</b>				\$3,000,000
<b>TIRZ / RA Administration (4)</b>				\$2,500,000
<b>Total</b>	<b>\$23,526,324</b>	<b>\$22,106,457</b>		<b>\$91,252,781</b>
(1) Projected costs are best estimates based on today's cost. Actual reimbursement of these items will be based on independently audited actual costs.				
(2) Interest paid will depend on a) audited amounts paid for project costs while payments are "as you go, or on the capital cost for tax exempt bonds when sold.				
(3) Project cost will finance admin management of multiple contractors involved in both the residential project and the public road improvements undertaken by the Developer				
(4) Redevelopment Authority management including legal, bookkeeping, auditing, and RA/Zone managing				

## Legal Compliance / Chapter 311, Texas Tax Code

### Existing and Proposed Uses of Land (Texas Tax Code § 311.011(b)(1)):

*Existing Conditions:* Existing land uses within the Zone include predominately undeveloped, vacant land. Overall the area lacks adequate infrastructure including water, wastewater and drainage facilities, and a sufficient roadway network. **Maps 2 and 3** depict existing conditions.

*Surrounding Land Uses:* Land surrounding the proposed Zone is completely undeveloped. The aerial view shown in **Map 2** shows surrounding land uses.

*Proposed Land Use:* As stated above, the proposed land uses will accommodate the development of construction of a mixed use residential development.

### Proposed Changes of Zoning Ordinances, Master Plan of Municipality, Building Codes, and Other Municipal Ordinances (Texas Tax Code § 311.011(b)(2)):

All construction will be done in conformance with existing building code regulations of the CITY OF MERCEDES, and where necessary, HIDALGO COUNTY. There are no proposed changes of any City or County development codes or ordinances, master plans, or building codes.

### Estimated Non-Project Costs (Texas Tax Code § 311.011(b)(3)):

The project costs referenced in **Table 1** are inclusive of project costs to be financed by the Zone. The costs that would otherwise be project costs but are derived from other parties, such as the CITY OF MERCEDES, HIDALGO County, the Texas Department of Transportation, or private sources, are non-project costs. Funding identified in **Table 1** for improvements will be leveraged to acquire non-project funding.

### Method of Relocating Persons to be Displaced, if any, as a result of implementing the Plan (Texas Tax Code § 311.011(b)(4)):

There will be no persons displaced as a result of implementing the plan. The land has been and will be vacant at the time of zone creation.

### Estimated Project Costs (Texas Tax Code § 311.011(c)(1)):

**Table 1** lists the estimated project costs for the Zone including administrative expenses. As set forth in this Plan, the dollar amounts are approximate and may be adjusted based on actual costs incurred by the Developer(s) by the Board of Directors of the Zone. The financing costs are a function of project financing needs and will vary with market conditions from the estimates shown on **Table 1**.

### Proposed Kind, Number, and Location of all Proposed Public Works or Public Improvements to be Financed by the Zone (Texas Tax Code § 311.011(c)(2)):

These details are described throughout the Plan, including but not limited to roadway construction, stormwater conveyance and management systems, water, wastewater improvements, sidewalks, lighting, signage, landscaping, improvements and upgrades to local Rights of Way located within and abutting the Zone. The cost of proposed improvements is detailed in **Table 1**.

Economic Feasibility (Texas Tax Code § 311.011(c)(3)):

As stated earlier, the lack of any infrastructure to support development of the property substantially retards its development and presents an economic and social liability for the CITY OF MERCEDES. These conditions substantially impair and arrest the sound growth of the City. Further the area meets the statutory test for creation as it has an inadequate sidewalk and street layout, and lacks the necessary infrastructure to support development. Given these conditions, the area would benefit greatly from a Tax Increment Reinvestment Zone, which facilitates street and necessary infrastructure improvements, making the area more appealing to residential development. Build out assumptions for residential and commercial development are provided in **Schedules A and B**.

The City and the Zone find that the development plan is feasible. as projected Estimated revenues will be sufficient to finance reimbursement for all of the project costs. **Schedules C and D** constitute incremental revenue estimates for this Plan.

Estimated Amount of Bond Indebtedness; Estimated Time When Related Costs or Monetary Obligations Incurred (Texas Tax Code § 311.011(c)(4), § 311.011(c)(5)):

Issuance of notes and bonds by the Zone may occur as tax increment revenues allow. The value and timing of the issuance of notes or bonds will correlate to debt capacity as derived from the projects and revenue schedules included in **Table 1** and **Schedules C and D**, as well as actual market conditions for the issue and sale of such notes and bonds.

Methods and Sources of Financing Project Costs and Percentage of Increment from Taxing Units Anticipated to Contribute Tax Increment to the Zone (Texas Tax Code § 311.011(c)(6)):

Methods and sources of financing include the issuance of notes and bonds, as well as collaborations with developers and other entities for grant funding and public private partnerships. Tax increments will consist of contributions from the City and County. This figure is calculated as follows:

City contribution =  $\$0.775 / \$100 \times 70\%$ ;

County Contribution= $\$0.287 / \$100$  of assessed valuation, representing 50% of the County M&O tax rate.

These participation rates may change over time.

Current Total Appraised Value of Taxable Real Property (Texas Tax Code § 311.011(c)(7)):

As of January 2024, the current certified appraised value of taxable real property in the proposed zone is \$3,802,165.

Estimated Captured Appraised Value of Zone During Each Year of Existence (Texas Tax Code § 311.011(c)(8)):

It is projected that taxable property values in the Zone will increase to

approximately \$538.6 Million by 2059. Schedules C and D shows the annual captured value of these increases in property value during the existence of the Zone.

Zone Duration (Texas Tax Code § 311.011(c)(9)):

The zone as proposed will terminate on December 31, 2059. The Zone may terminate at an earlier time designated by subsequent ordinance, or at such time, as all project costs, bonds, and interest on bonds have been paid in full.

# EXHIBIT 1

## Metes and Bounds

### Parcel 1



**QUINTANILLA, HEADLEY AND ASSOCIATES, INC.**

**Consulting Engineers ★ Land Surveyors**

Engineering Firm Registration No. F-1513  
Surveying Firm Registration No. 100411-00  
Municipal & County Projects ★ Subdivisions ★ Surveys  
124 E. Stubbs, Edinburg, Texas 78539  
Phone 956/381-6480 Fax 956/381-0527

### METES AND BOUNDS

#### SAN JACINTO ESTATES PHASE I

A 124.16 ACRE TRACT OF LAND OUT OF LOTS 1, 2, 7, 8, 9, 10 AND 15, BLOCK 116, CAMPACUAS ADDITION SUBDIVISION OF LLANO GRANDE GRANT, HIDALGO COUNTY, TEXAS, ACCORDING TO MAP OR PLAT THEREOF RECORDED IN VOLUME 1, PAGE 2, MAP RECORDS, HIDALGO COUNTY, TEXAS, AND OUT OF FARM TRACT 1058, WEST AND ADAMS TRACT SUBDIVISION, HIDALGO COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 2, PAGES 34-37, MAP RECORDS, HIDALGO COUNTY, TEXAS, AND ACCORDING TO WARRANTY DEED WITH VENDOR'S LIEN RECORDED UNDER COUNTY CLERK'S DOCUMENT NUMBER 3053281, 3067247 AND 3091831 AND SPECIAL WARRANTY DEED RECORDED UNDER COUNTY CLERK'S DOCUMENT NUMBER 3063541, GENERAL WARRANTY DEED RECORDED UNDER COUNTY CLERK'S DOCUMENT NUMBER 3195746, OFFICIAL RECORDS, HIDALGO COUNTY, TEXAS, REFERENCE TO WHICH IS HERE MADE FOR ALL PURPOSES AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS.

BEGINNING AT A COTTON PICKER SPINDLE SET IN THE CENTERLINE OF MILE 9 NORTH ROAD FOR THE SOUTHWEST CORNER OF LOT 15, THE SOUTHEAST CORNER OF FARM TRACT 1057 AND THE SOUTHWEST CORNER OF THIS TRACT.

THENCE; N 00°30'00" E, ALONG THE WEST LINE OF LOT 15, THE EAST LINE FARM TRACT 1057, PASSING A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 SET AT 20.00 FEET FOR THE NORTH RIGHT OF WAY LINE OF MILE 9 NORTH ROAD AND THE EAST RIGHT OF WAY LINE OF A 30.00 FOOT COUNTY ROAD (NOT OPEN), A TOTAL DISTANCE OF 1,320.00 FEET TO A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 FOUND FOR THE SOUTHWEST CORNER OF LOT 10, THE NORTHWEST CORNER OF LOT 15, THE NORTHEAST CORNER OF FARM TRACT 1057, THE SOUTHEAST CORNER OF FARM TRACT 1058 AND INTERIOR CORNER OF THIS TRACT.

THENCE; WEST, ALONG THE NORTH LINE OF FARM TRACT 1057, THE SOUTH LINE OF FARM TRACT 1058, A DISTANCE OF 30.00 FEET TO A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 SET ON THE EAST LINE OF THE MID-VALLEY INTERNATIONAL INDUSTRIAL PARK SUBDIVISION (RECORDED IN INSTRUMENT NUMBER 3401204, MAP RECORDS, HIDALGO COUNTY, TEXAS) FOR AN EXTERIOR CORNER OF THIS TRACT.

THENCE; N 00°30'00" E, ALONG THE EAST LINE OF THE MID-VALLEY INTERNATIONAL INDUSTRIAL PARK SUBDIVISION, A DISTANCE OF 2,192.59 FEET TO A POINT FOR THE NORTHWEST CORNER OF THIS TRACT.

THENCE, N 66°40'00" E, ALONG THE SOUTH LINE OF THE HIDALGO AND CAMERON COUNTIES IRRIGATION DISTRICT No.9 RIGHT OF WAY (RECORDED IN VOLUME 91, PAGE 171, DEED RECORDS, HIDALGO COUNTY, TEXAS), A DISTANCE OF 324.50 FEET TO A POINT ON THE NORTH LINE OF LOT 1 FOR AN INTERIOR CORNER OF THIS TRACT.

THENCE, N 38°32'00" E, ALONG THE EAST LINE OF THE HIDALGO AND CAMERON COUNTIES IRRIGATION DISTRICT No.9 RIGHT OF WAY, A DISTANCE OF 407.76 FEET TO A POINT ON THE NORTH LINE OF LOT 1 FOR AN EXTERIOR CORNER OF THIS TRACT.

THENCE, N 37°10'58" E, ALONG THE EAST LINE OF THE HIDALGO AND CAMERON COUNTIES IRRIGATION DISTRICT No.9 RIGHT OF WAY, A DISTANCE OF 772.64 FEET TO A POINT ON THE NORTH LINE OF LOT 1 FOR THE NORTHWEST CORNER OF THIS TRACT.

THENCE; S 44°44'19" E, A DISTANCE OF 866.60 FEET TO A POINT FOR AN INTERIOR CORNER OF THIS TRACT.

THENCE; EAST, A DISTANCE OF 636.70 FEET TO A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 FOUND ON NORTH LINE OF LOT 8 AND THE SOUTH LINE OF LOT 1 AND ON THE WEST RIGHT OF WAY OF MILE 2 WEST ROAD FOR THE NORTHEAST CORNER OF THIS TRACT.

THENCE; SOUTH, ALONG THE WEST RIGHT OF WAY LINE OF MILE 2 WEST ROAD, A DISTANCE OF 611.91 FEET TO A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 FOUND FOR AN EXTERIOR CORNER OF THIS TRACT.

THENCE; ALONG THE WEST RIGHT OF WAY LINE OF MILE 2 WEST ROAD AND THE ARC OF A CURVE TO THE LEFT (CURVE DATA: DELTA = 01°41'30", RADIUS = 11,499.00 FEET), A DISTANCE OF 339.50 FEET TO A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 FOUND FOR AN INTERIOR CORNER OF THIS TRACT.

THENCE; ALONG THE WEST RIGHT OF WAY LINE OF MILE 2 WEST ROAD AND THE ARC OF A CURVE TO THE RIGHT (CURVE DATA: DELTA = 00°02'25", RADIUS = 11,419.00 FEET), A DISTANCE OF 334.58 FEET TO A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 FOUND FOR AN EXTERIOR CORNER.

THENCE; SOUTH, A DISTANCE OF 34.12 FEET TO A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 FOUND FOR AN EXTERIOR CORNER OF THIS TRACT.

THENCE; WEST, A DISTANCE OF 627.45 FEET TO POINT FOR AN INTERIOR CORNER OF THIS TRACT.

THENCE; SOUTH, A DISTANCE OF 1,320.00 FEET TO POINT FOR AN EXTERIOR CORNER OF THIS TRACT.

THENCE; WEST, A DISTANCE OF 1608.05 FEET TO A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 FOUND FOR AN INTERIOR CORNER OF THIS TRACT.

THENCE; SOUTH, A DISTANCE OF 1,300.00 FEET TO A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 SET FOR AN INTERIOR CORNER OF THIS TRACT.

THENCE; S 44°45'00" E, A DISTANCE OF 28.16 FEET TO A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 SET ON THE NORTH RIGHT OF WAY LINE OF MILE 9 NORTH ROAD FOR AN EXTERIOR CORNER OF THIS TRACT.

THENCE; WEST, ALONG THE SOUTH LINE OF LOT 15 AND THE CENTERLINE OF MILE 9 NORTH ROAD, A DISTANCE OF 50.00 FEET TO THE POINT OF BEGINNING AND CONTAINING 124.16 ACRES OF LAND MORE OR LESS.

BEARINGS ARE IN ACCORDANCE WITH ESTANCIA DEL VALLE SUBDIVISION, RECORDED IN VOLUME 39, PAGE 147, MAP RECORDS, HIDALGO COUNTY, TEXAS.

I, ALFONSO QUINTANILLA, A REGISTERED PROFESSIONAL LAND SURVEYOR IN THE STATE OF TEXAS, DO HEREBY CERTIFY THE ABOVE METES AND BOUNDS TO BE TRUE AND CORRECT, AND TO BE THE REPRESENTATION AND RESULT OF AN ACTUAL SURVEY DONE ON THE GROUND UNDER MY DIRECTION.

DATE PREPARED: October 22, 2024

---

ALFONSO QUINTANILLA  
REGISTERED PROFESSIONAL  
LAND SURVEYOR No. 4856

## Parcel 2



QUINTANILLA, HEADLEY AND ASSOCIATES, INC.

### Consulting Engineers ★ Land Surveyors

Engineering Firm Registration No. F-1513  
Surveying Firm Registration No. 100411-00  
Municipal & County Projects ★ Subdivisions ★ Surveys  
124 E. Stubbs, Edinburg, Texas 78539  
Phone 356/381-6480 Fax 356/381-0527

#### METES AND BOUNDS

A 19.00 ACRE TRACT OF LAND BEING A PART OR PORTION OF LOT 12, BLOCK 102, CAMPACUAS ADDITION, HIDALGO COUNTY, TEXAS, ACCORDING TO THE PLAT OR MAP THEREOF RECORDED IN VOLUME 1, PAGE 2, MAP RECORDS HIDALGO COUNTY, TEXAS, AND ACCORDING TO CORRECTION SPECIAL WARRANTY DEED RECORDED UNDER COUNTY CLERK'S DOCUMENT NUMBER 3366599, OFFICIAL RECORDS, HIDALGO COUNTY, TEXAS, REFERENCE TO WHICH IS HERE MADE FOR ALL PURPOSES AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS.

BEGINNING AT A COTTON PICKER SPINDLE SET WITHIN THE RIGHT OF WAY OF MILE 2 WEST ROAD FOR THE NORTHWEST OF LOT 12 AND THE NORTHWEST CORNER OF THIS TRACT.

THENCE; EAST, ALONG THE NORTH LINE OF LOT 12, PASSING A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 SET AT 30.00 FEET FOR THE EAST RIGHT OF WAY LINE OF MILE 2 WEST ROAD, A TOTAL DISTANCE OF 1,320.00 FEET TO A POINT FOR THE NORTHEAST CORNER OF LOT 12 AND THE NORTHEAST CORNER OF THIS TRACT.

THENCE; SOUTH, ALONG THE EAST LINE OF LOT 12, A DISTANCE OF 661.78 FEET TO A POINT FOR THE NORTHEAST CORNER OF THE JOSE NICOLAS CADENA AND JORGE CADENA TRACT (THE SOUTH HALF OF LOT 12, BLOCK 102, CAMPACUAS ADDITION, ACCORDING TO WARRANTY DEED RECORDED UNDER COUNTY CLERK'S DOCUMENT NUMBER 368072, OFFICIAL RECORDS, HIDALGO COUNTY, TEXAS) AND THE SOUTHEAST CORNER OF THIS TRACT.

THENCE; N 89°55'04" W, ALONG THE NORTH LINE OF THE JOSE NICOLAS CADENA AND JORGE CADENA TRACT, A DISTANCE OF 1,129.87 FEET TO A 1/2" IRON ROD WITH CAP STAMPED ASES 4802 FOUND FOR THE SOUTHEAST CORNER OF THE DAGOBERTO MORALES AND MARIA E. RODRIGUEZ TRACT (A 1.01 ACRE TRACT OF LAND OU OF LOT 12, BLOCK 102, CAMPACUAS ADDITION, ACCORDING TO GENERAL WARRANTY DEED WITH THIRD PARTY'S VENDOR'S LIEN RECORDED UNDER COUNTY CLERK'S DOCUMENT NUMBER 3081251, OFFICIAL RECORDS, HIDALGO COUNTY, TEXAS) AND THE SOUTHWEST CORNER OF THIS TRACT.

THENCE; N 14°35'27" W, ALONG THE EAST LINE OF THE DAGOBERTO MORALES AND MARIA E. RODRIGUEZ TRACT, A DISTANCE OF 103.58 FEET TO A 1/2" IRON ROD WITH CAP STAMPED ASES 4802 FOUND FOR AN INTERIOR CORNER OF THIS TRACT.

THENCE; N 20°47'52" W, ALONG THE EAST LINE OF THE DAGOBERTO MORALES AND MARIA E. RODRIGUEZ TRACT, A DISTANCE OF 106.77 FEET TO A 1/2" IRON ROD WITH CAP STAMPED ASES 4802 FOUND FOR AN INTERIOR CORNER OF THIS TRACT.

THENCE; N 22°43'51" W, ALONG THE EAST LINE OF THE DAGOBERTO MORALES AND MARIA E. RODRIGUEZ TRACT, A DISTANCE OF 108.58 FEET TO A 1/2" IRON ROD WITH CAP STAMPED ASES 4802 FOUND FOR AN INTERIOR CORNER OF THIS TRACT.

THENCE; N 25°26'51" W, ALONG THE EAST LINE OF THE DAGOBERTO MORALES AND MARIA E. RODRIGUEZ TRACT, A DISTANCE OF 18.83 FEET TO A 1/2" IRON ROD WITH CAP STAMPED ASES 4802 FOUND FOR THE NORTHEAST CORNER OF SAID TRACT AND AN INTERIOR CORNER OF THIS TRACT.

THENCE; S 89°56'16" W, ALONG THE NORTH LINE OF THE DAGOBERTO MORALES AND MARIA E. RODRIGUEZ TRACT, PASSING A 1/2" IRON ROD FOUND AT 46.08 FEET FOR THE EAST RIGHT OF WAY LINE OF MILE 2 WEST ROAD, A TOTAL DISTANCE OF 76.08 FEET TO A COTTON PICKER

SPINDLE SET ON THE WEST LINE OF LOT 12 AND WITHIN THE RIGHT OF WAY OF MILE 2 WEST ROAD FOR THE NORTHWEST CORNER OF SAID TRACT AND THE SOUTHWEST CORNER OF THIS TRACT.

THENCE; NORTH, ALONG THE WEST LINE OF LOT 12 AND WITHIN THE RIGHT OF WAY OF MILE 2 WEST ROAD, A DISTANCE OF 343.03 FEET TO THE POINT OF BEGINNING AND CONTAINING 19.00 ACRES OF LAND MORE OR LESS.

BEARINGS ARE IN ACCORDANCE WITH LAS BRISAS DEL ORO UNIT 5, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 35, PAGE 13, MAP RECORDS, HIDALGO COUNTY, TEXAS.

I, ALFONSO QUINTANILLA, A REGISTERED PROFESSIONAL LAND SURVEYOR IN THE STATE OF TEXAS, DO HEREBY CERTIFY THE ABOVE METES AND BOUNDS TO BE TRUE AND CORRECT, AND TO BE THE REPRESENTATION AND RESULT OF AN ACTUAL SURVEY DONE ON THE GROUND UNDER MY DIRECTION.

DATE PREPARED: JUNE 11, 2024

---

ALFONSO QUINTANILLA  
REGISTERED PROFESSIONAL  
LAND SURVEYOR No. 4856

Parcel 3



**QUINTANILLA, HEADLEY AND ASSOCIATES, INC.**

**Consulting Engineers ★ Land Surveyors**

Engineering Firm Registration No. F-1513  
Surveying Firm Registration No. 100411-00  
Municipal & County Projects ★ Subdivisions ★ Surveys  
124 E. Stubbs, Edinburg, Texas 78539  
Phone 956/381-6480 Fax 956/381-0527

**METES AND BOUNDS**

A 62.73 ACRE TRACT OF LAND BEING A PART OR PORTION OF LOTS 9 AND 16, BLOCK 115, CAMPACUAS ADDITION, HIDALGO COUNTY, TEXAS, ACCORDING TO THE PLAT OR MAP THEREOF RECORDED IN VOLUME 1, PAGE 2, MAP RECORDS HIDALGO COUNTY, TEXAS, AND ACCORDING TO CORRECTION SPECIAL WARRANTY DEED RECORDED UNDER COUNTY CLERK'S DOCUMENT NUMBER 3366599, OFFICIAL RECORDS, HIDALGO COUNTY, TEXAS, REFERENCE TO WHICH IS HERE MADE FOR ALL PURPOSES AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS.

BEGINNING AT A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 SET ON THE NORTH LINE OF LOT 9 AND ON THE WEST RIGHT OF WAY OF MILE 2 WEST ROAD (ACCORDING TO RIGHT OF WAY DEED RECORDED UNDER COUNTY CLERK'S DOCUMENT NUMBER 1945603, OFFICIAL RECORDS, HIDALGO COUNTY, TEXAS) FOR THE NORTHEAST CORNER OF THIS TRACT, SAID ROD BEARS WEST, 50.00 FEET FROM THE NORTHEAST CORNER OF LOT 9.

THENCE; SOUTH, ALONG THE WEST RIGHT OF WAY LINE OF MILE 2 WEST ROAD, A DISTANCE OF 1,319.91 FEET TO A 1/2" IRON ROD WITH CAP STAMPED TEDSI FOUND ON THE COMMON LINE OF LOTS 9 AND 16 FOR AN INTERIOR CORNER OF THIS TRACT.

THENCE; ALONG THE WEST RIGHT OF WAY LINE OF MILE 2 WEST ROAD (ACCORDING TO RIGHT OF WAY DEED RECORDED UNDER COUNTY CLERK'S DOCUMENT NUMBER 1945602, OFFICIAL RECORDS, HIDALGO COUNTY, TEXAS) AND THE ARC OF A CURVE TO THE LEFT (CURVE DATA: DELTA = 02°23'52", RADIUS = 11,499.00 FEET), A DISTANCE OF 481.21 FEET TO A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 SET FOR AN EXTERIOR CORNER OF THIS TRACT.

THENCE; ALONG THE WEST RIGHT OF WAY LINE OF MILE 2 WEST ROAD AND THE ARC OF A CURVE TO THE RIGHT (CURVE DATA: DELTA = 03°36'16", RADIUS = 11,419.00 FEET), A DISTANCE OF 344.17 FEET TO A 1/2" IRON ROD FOUND FOR THE NORTHEAST CORNER OF THE SAMUEL GUADALUPE NIETO TRACT (A 0.55 OF AN ACRE TRACT OF LAND OUT OF LOT 16, BLOCK 115, CAMPACUAS ADDITION, ACCORDING TO GIFT DEED RECORDED UNDER COUNTY CLERK'S DOCUMENT NUMBER 2715752, OFFICIAL RECORDS, HIDALGO COUNTY, TEXAS) AND THE SOUTHEAST CORNER OF THIS TRACT.

THENCE; S 89°57'30" W, ALONG THE NORTH LINE OF THE SAMUEL GUADALUPE NIETO TRACT AND THE NORTH LINE OF THE GOLD LANTERN, LLC TRACT (A 14.075 ACRE TRACT OF LAND OUT OF LOT 16, BLOCK 115, CAMPACUAS ADDITION, ACCORDING TO WARRANTY DEED WITH VENDOR'S LIEN RECORDED UNDER COUNTY CLERK'S DOCUMENT NUMBER 3369257, OFFICIAL RECORDS, HIDALGO COUNTY, TEXAS), A DISTANCE OF 1,289.43 FEET TO A 1/2" IRON ROD FOUND ON THE WEST LINE OF LOT 16 FOR THE NORTHWEST CORNER OF THE GOLD LANTERN, LLC TRACT AND THE SOUTHWEST CORNER OF THIS TRACT.

THENCE; NORTH, ALONG THE WEST LINE OF LOTS 9 AND 16, A DISTANCE OF 2,145.97 FEET TO A 1/2" IRON ROD FOUND FOR THE NORTHWEST CORNER OF LOT 9 AND THE NORTHWEST CORNER OF THIS TRACT.

THENCE; EAST, ALONG THE NORTH LINE OF LOT 9, A DISTANCE OF 1,270.35 FEET TO THE POINT OF BEGINNING AND CONTAINING 62.73 ACRES OF LAND MORE OR LESS.

BEARINGS ARE IN ACCORDANCE WITH LAS BRISAS DEL ORO UNIT 5, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 35, PAGE 13, MAP RECORDS, HIDALGO COUNTY, TEXAS.

I, ALFONSO QUINTANILLA, A REGISTERED PROFESSIONAL LAND SURVEYOR IN THE STATE OF TEXAS, DO HEREBY CERTIFY THE ABOVE METES AND BOUNDS TO BE TRUE AND CORRECT, AND TO BE THE REPRESENTATION AND RESULT OF AN ACTUAL SURVEY DONE ON THE GROUND UNDER MY DIRECTION.

DATE PREPARED: JUNE 11, 2024

---

ALFONSO QUINTANILLA  
REGISTERED PROFESSIONAL  
LAND SURVEYOR No. 4856

## Parcel 4

### Mile 2 Road ROW

Tract No.1: Mile 2 West Road Right of Way from Mile 8 North Road to Mile 9 North Road

An 80.00 foot strip of land being 9.70 acres out of Lots 4, 5, 12 and 13, Block 102, and out of Lots 1, 8, 9 and 16, Block 115, Campacuas Addition, Hidalgo County, Texas, according to the map or plat thereof recorded in Volume 1, Page2, Map Records, Hidalgo County, Texas.

Beginning at a point in the intersection of the centerlines of Mile 2 West Road and Mile 8 North Road for the southwest corner of Lot 13, Block 102 and the southeast corner of Lot 16, Block 115.

Thence; North, along the centerline of Mile 2 West Road (80.00' right of way), along the west line of line of Lots 4, 5, 12 and 13, Block 102, and the east line of Lots 1, 8, 9 and 16, Block 115, a distance of 5,280.00 feet to a point in the centerline of Mile 9 North Road for the northwest corner of Lot 4, Block 102 and the northeast corner of Lot 1, Block 115.

Tract No.2: Mile 2 West Road Right of Way from Mile 9 North Road to Mile 10 North Road

An 80.00 foot strip of land being 10.39 acres out of Lots 4, 5, 12 and 13, Block 101, and out of Lots 1, 8, 9 and 16, Block 116, Campacuas Addition, Hidalgo County, Texas, according to the map or plat thereof recorded in Volume 1, Page2, Map Records, Hidalgo County, Texas.

Beginning at a point in the intersection of the centerlines of Mile 2 West Road and Mile 9 North Road for the southwest corner of Lot 13, Block 102 and the southeast corner of Lot 16, Block 115.

Thence; North, along the centerline of Mile 2 West Road (80.00' right of way), along the west line of line of Lots 4, 5, 12 and 13, Block 101, and the east line of Lots 1, 8, 9 and 16, Block 116, a distance of 5,656.00 feet to a point in the centerline of Mile 10 North Road for the northwest corner of Lot 4, Block 101 and the northeast corner of Lot 1, Block 116.







# Schedules A & B

Schedule A / B

Year	2027	2028	2029	2030	2031	2032	2033	2034	Total Homes
<b>Phase I Dev—#16</b>									
	# units	Units	value	# units	# units	# units	# units	#units	
<b>Single Family DevPhase I 305 lots—Mercedes</b>									
Homes/sold	40	60	\$350,000	60	350000	350000			305
<b>Phase II- #12 303 lots, 42 4-Plex</b>									
Homes sold	0	0	\$350,000	60	350000	350,000	50	26	303
4 plex					10	550,000	10	12	42
<b>Totals</b>	\$14,000,000	\$21,000,000	\$35,000,000	\$42,000,000	\$44,000,000	\$31,750,000	\$23,000,000	\$16,050,000	\$9,100,000
<b>LF Cum Total / Year</b>	\$14,000,000	\$35,000,000	\$70,000,000	\$112,000,000	\$156,000,000	\$187,750,000	\$210,750,000	\$226,800,000	\$235,900,000
									650

## Schedules C & D

SCHEDULE C										SCHEDULE D									
Tax Roll Jan 1	City Development Valuation	Mercedees Cum Taxable Valuation (3)	Hidalgo Co Taxable Valuation	Tax Year	Coll. Year	MBO Tax Rate	100 % of Mercedees	0.98 Tax Collection	City at 70% Participation	City retained revenues at 30%	County Rate 50%	County at 50% Participation for 30 years	Total TIRZ Tax Revenues Available	Cum					
2027	\$ 14,000,000	14,000,000	14,000,000	1	2027	0.775000	0.775000	\$ 106,330	\$ 74,431	\$ 31,899	\$ 0.287600	\$ 40,264	\$ 114,695	\$ 114,695					
2028	\$ 35,000,000	35,000,000	35,000,000	2	2028	0.775000	0.775000	\$ 265,825	\$ 186,078	\$ 79,748	\$ 0.287600	\$ 100,660	\$ 286,738	\$ 401,433					
2029	\$ 70,000,000	70,000,000	70,000,000	3	2029	0.775000	0.775000	\$ 531,650	\$ 372,155	\$ 159,495	\$ 0.287600	\$ 201,320	\$ 573,475	\$ 974,908					
2030	\$ 112,000,000	112,000,000	112,000,000	4	2030	0.775000	0.775000	\$ 850,640	\$ 595,448	\$ 255,192	\$ 0.287600	\$ 322,112	\$ 917,560	\$ 1,892,468					
2031	\$ 156,000,000	156,000,000	156,000,000	5	2031	0.775000	0.775000	\$ 1,184,820	\$ 829,374	\$ 355,446	\$ 0.287600	\$ 448,656	\$ 1,278,030	\$ 3,170,498					
2032	\$ 187,750,000	187,750,000	187,750,000	6	2032	0.775000	0.775000	\$ 1,425,961	\$ 998,173	\$ 427,788	\$ 0.287600	\$ 539,969	\$ 1,538,142	\$ 4,708,639					
2033	\$ 210,750,000	210,750,000	210,750,000	7	2033	0.775000	0.775000	\$ 1,600,646	\$ 1,120,432	\$ 480,194	\$ 0.287600	\$ 606,117	\$ 1,726,569	\$ 6,435,209					
2034	\$ 226,800,000	226,800,000	226,800,000	8	2034	0.775000	0.775000	\$ 1,721,546	\$ 1,205,782	\$ 516,764	\$ 0.287600	\$ 652,277	\$ 1,858,059	\$ 8,293,268					
2035	\$ 235,900,000	235,900,000	235,900,000	9	2035	0.775000	0.775000	\$ 1,791,661	\$ 1,264,162	\$ 537,498	\$ 0.287600	\$ 678,448	\$ 1,932,611	\$ 10,225,879					
2036	\$ 244,156,500	244,156,500	244,156,500	10	2036	0.775000	0.775000	\$ 1,854,369	\$ 1,298,088	\$ 556,311	\$ 0.287600	\$ 702,194	\$ 2,000,252	\$ 12,226,131					
2037	\$ 252,701,978	252,701,978	252,701,978	11	2037	0.775000	0.775000	\$ 1,919,272	\$ 1,343,490	\$ 575,781	\$ 0.287600	\$ 726,771	\$ 2,070,261	\$ 14,296,392					
2038	\$ 261,546,547	261,546,547	261,546,547	12	2038	0.775000	0.775000	\$ 1,986,446	\$ 1,390,512	\$ 595,934	\$ 0.287600	\$ 752,208	\$ 2,142,720	\$ 16,439,112					
2039	\$ 270,700,676	270,700,676	270,700,676	13	2039	0.775000	0.775000	\$ 2,055,972	\$ 1,439,180	\$ 616,791	\$ 0.287600	\$ 778,535	\$ 2,217,715	\$ 18,656,827					
2040	\$ 280,175,200	280,175,200	280,175,200	14	2040	0.775000	0.775000	\$ 2,127,931	\$ 1,489,551	\$ 638,379	\$ 0.287600	\$ 805,784	\$ 2,295,335	\$ 20,952,162					
2041	\$ 289,981,331	289,981,331	289,981,331	15	2041	0.775000	0.775000	\$ 2,202,408	\$ 1,541,686	\$ 660,722	\$ 0.287600	\$ 833,986	\$ 2,375,672	\$ 23,327,834					
2042	\$ 300,130,678	300,130,678	300,130,678	16	2042	0.775000	0.775000	\$ 2,279,493	\$ 1,595,645	\$ 683,848	\$ 0.287600	\$ 863,176	\$ 2,458,821	\$ 25,786,655					
2043	\$ 310,635,252	310,635,252	310,635,252	17	2043	0.775000	0.775000	\$ 2,359,275	\$ 1,651,492	\$ 707,782	\$ 0.287600	\$ 893,387	\$ 2,544,879	\$ 28,331,534					
2044	\$ 321,507,486	321,507,486	321,507,486	18	2044	0.775000	0.775000	\$ 2,441,849	\$ 1,709,295	\$ 732,555	\$ 0.287600	\$ 924,656	\$ 2,633,950	\$ 30,965,484					
2045	\$ 332,760,248	332,760,248	332,760,248	19	2045	0.775000	0.775000	\$ 2,527,314	\$ 1,769,120	\$ 756,194	\$ 0.287600	\$ 957,018	\$ 2,726,138	\$ 33,691,623					
2046	\$ 344,406,856	344,406,856	344,406,856	20	2046	0.775000	0.775000	\$ 2,615,770	\$ 1,831,039	\$ 784,731	\$ 0.287600	\$ 990,514	\$ 2,821,553	\$ 36,513,176					
2047	\$ 356,461,096	356,461,096	356,461,096	21	2047	0.775000	0.775000	\$ 2,707,322	\$ 1,895,125	\$ 812,197	\$ 0.287600	\$ 1,025,182	\$ 2,920,308	\$ 39,433,483					
2048	\$ 368,937,235	368,937,235	368,937,235	22	2048	0.775000	0.775000	\$ 2,802,078	\$ 1,961,455	\$ 840,623	\$ 0.287600	\$ 1,061,063	\$ 3,022,518	\$ 42,456,002					
2049	\$ 381,850,038	381,850,038	381,850,038	23	2049	0.775000	0.775000	\$ 2,900,151	\$ 2,030,106	\$ 870,045	\$ 0.287600	\$ 1,098,201	\$ 3,128,306	\$ 45,584,308					
2050	\$ 395,214,789	395,214,789	395,214,789	24	2050	0.775000	0.775000	\$ 3,001,656	\$ 2,101,159	\$ 900,497	\$ 0.287600	\$ 1,136,638	\$ 3,237,797	\$ 48,822,105					
2051	\$ 409,047,307	409,047,307	409,047,307	25	2051	0.775000	0.775000	\$ 3,106,714	\$ 2,174,700	\$ 932,014	\$ 0.287600	\$ 1,176,420	\$ 3,351,120	\$ 52,173,225					
2052	\$ 423,363,963	423,363,963	423,363,963	26	2052	0.775000	0.775000	\$ 3,215,449	\$ 2,250,815	\$ 964,635	\$ 0.287600	\$ 1,217,595	\$ 3,468,409	\$ 55,641,635					
2053	\$ 438,181,701	438,181,701	438,181,701	27	2053	0.775000	0.775000	\$ 3,327,990	\$ 2,329,593	\$ 998,397	\$ 0.287600	\$ 1,260,211	\$ 3,589,804	\$ 59,231,438					
2054	\$ 453,518,061	453,518,061	453,518,061	28	2054	0.775000	0.775000	\$ 3,444,470	\$ 2,411,129	\$ 1,033,341	\$ 0.287600	\$ 1,304,318	\$ 3,715,447	\$ 62,946,885					
2055	\$ 469,391,193	469,391,193	469,391,193	29	2055	0.775000	0.775000	\$ 3,565,026	\$ 2,495,518	\$ 1,069,508	\$ 0.287600	\$ 1,349,969	\$ 3,845,487	\$ 66,792,372					
2056	\$ 485,819,885	485,819,885	485,819,885	30	2056	0.775000	0.775000	\$ 3,689,802	\$ 2,582,861	\$ 1,106,941	\$ 0.287600	\$ 1,397,218	\$ 3,980,079	\$ 70,772,452					
2057	\$ 502,823,581	502,823,581	502,823,581	31	2057	0.775000	0.775000	\$ 3,818,945	\$ 2,673,262	\$ 1,145,684	\$ 0.287600	\$ 1,446,121	\$ 4,119,382	\$ 74,891,834					
2058	\$ 520,422,406	520,422,406	520,422,406	32	2058	0.775000	0.775000	\$ 3,952,608	\$ 2,766,826	\$ 1,185,782	\$ 0.287600	\$ 1,496,735	\$ 4,263,561	\$ 79,155,394					
2059	\$ 538,637,190	538,637,190	538,637,190	33	2059	0.775000	0.775000	\$ 4,090,949	\$ 2,863,665	\$ 1,227,885	\$ 0.287600	\$ 1,549,121	\$ 4,412,785	\$ 83,568,180					
								\$ 577,473,338	\$ 54,231,337	\$ 23,242,001		\$ 29,336,843	\$ 83,568,180						
1	MBO =62% of tax rate																		
2	IEs = 38% of tax rate																		
3	value growth at 3.5% begins in 2034																		

## ECONOMIC DEVELOPMENT AGREEMENT

**THIS ECONOMIC DEVELOPMENT AGREEMENT** (this "**Agreement**") is by and among the CITY OF MERCEDES, Texas, a political subdivision of the State of Texas (the "**City**"), TAX INCREMENT REINVESTMENT ZONE NO. 2, CITY OF MERCEDES, TEXAS, a reinvestment zone created by the City pursuant to Chapter 311, Texas Tax Code ("**TIRZ #2**"), OLIVAREZ ORGANIZATION, LLC, a Texas limited liability corporation, both Jointly the Developers (the "**the Developers**"), is entered into on this \_\_\_\_ day of August, 2025 (the "**Effective Date**"). The City, the Developers, and TIRZ #2 may be individually referred to herein as "**Party**" and collectively as the "**Parties.**"

### RECITALS AND FINDINGS

WHEREAS, the Developers own and are proposing to develop a certain tract of land currently known as Subdivision 16, totaling approximately 78.5 acres, excluding Rights of Way to be improved, in the City's ETJ (the "**Project Site**"), which is one of two development parcels of 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 developments on the entirety of the Property (the "**Project**"); and,

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

WHEREAS, the City of Mercedes, 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, 2059, as set forth in Ordinance No. 2024-22, creating TIRZ #2 City of Mercedes; and,

WHEREAS, Hidalgo County, Texas (the "**County**") is considering participating 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 , as will be memorialized in that certain Inter-local Agreement Tax Increment Reinvestment Zone #2, to be approved by and between the County and the City, (the "**TIRZ#2 Inter-local Agreement**"); and,

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

WHEREAS, the Board of Directors for TIRZ #2 (the "**TIRZ Board**") and the City Council for the City of Mercedes (the "**City Council**") each approved and adopted the Project Plan and

Reinvestment Zone Financing Plan for TIRZ #2, dated August 5, 2025, (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 Council of the City of Mercedes 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 taxable property values and taxes in the residential areas of the Project;

WHEREAS, the City agrees to provide financial and development assistance to the Developers 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 Developers’s ongoing compliance with the requirements set forth in this Agreement necessary to obtain City payments as detailed herein;

WHEREAS, the Developers have agreed to petition the City for annexation of the land within the TIRZ, and also 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 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 the Developers 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, 2024, which amount is deemed to be \$3,083,165;

- 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. **“The Developers Interest”** means interest accrued on the actual public improvement costs paid by the Developers at a per annum rate equal to 8.5%. the Developers 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 Developers for expenditures made after the TIRZ #2 creation, and shall continue until such time the Developers 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 the Developers reimbursements or other project costs.
- VIII. **“Project Manager”** means the Developers for a project by the Developers 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 thirty four (34) years (the duration of the TIRZ #2) and payable to the Developers 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, as set forth in the inter-local agreement approved by both the City and the County for thirty four (34) years (the duration of the TIRZ #2) and payable to the Developers under this Agreement.
- XI. **“Term”** means a term of thirty four (34) 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, which costs are currently estimated to be \$95,226,202.

## ARTICLE II THE PROJECT

1. Development of the Project. The Project is to be constructed in two phases consisting of residential development and limited multifamily development, each phase must be in accordance with the Developers's Master Plan, and as reflected in the project plan and the approved City Plat.
2. Project Costs & Improvements for Subdivision 16.
  - (a) All of the TIRZ #2 improvements set forth in **Exhibit C**, related to Subdivision 16, and including 1/2 of the estimated Interest costs, and 1/2 of the TIRZ administration costs, as set forth in the TIRZ #2 project plan 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.**", currently estimated to be \$42,090,840, including estimated interest.
  - (b) The Developers 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 Developers 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 the Developers 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 Developers. Unless otherwise agreed to by the Parties in writing, the Developers 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 The Developers); (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 The Developers); (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, material man, laborer, or other party employed by or on behalf of the Developers, 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 The Developers.

- (a) In consideration of the City entering into this Agreement and providing for Annual Payments to the Developers under the terms and conditions set forth herein, as further described in more detail throughout this Agreement, the Developers agrees that it, along with its affiliates and any of the Developers'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 Developers 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 The Developers by the City no later than June 1, beginning in the first calendar year after The Developers receives its first acceptance by the City of the completion of the Project Improvements in the first subdivision platted, improved and completed by The Developers and continuing each year thereafter until the earlier of: (i) the date the City has fully paid all Reimbursable Project Costs and the Developers Interest to the Developers or Lender (defined below), as applicable, in an amount currently estimated to be \$43.5 Million, including estimated interest payments, and as reflected in Table 1, Project Plan and Reinvestment Finance Plan, and as computed pursuant to Section II, 2 (a) of this agreement, 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 Developers 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 Developers 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 Developers or, if applicable, a Local Government Corporation (LGC) created to managed the TIRZ on behalf of the City. Once any Annual Payment (or portion thereof) is delivered by the City to the Developers, or the LGC, the City shall have no further obligation to the Developers as it relates to the

annual tax incremental revenues. Total payment to The Developers shall be based on the total audited costs of the Developers 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 the Developers, the Developers 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 The Developers Reimbursement Requests.
  - (a) Before initiating each phase of the Project, the Developers shall make a presentation to the TIRZ Board. Such presentation shall specify: (i) the phase to be initiated, (ii) the estimated cost to design and construct such phase, including any Project Costs, and (iii) the estimated time to complete such phase.
  - (b) Periodically, and no less than twice a year, the Developers shall provide reports regarding the progress of construction of the Project Improvements and the Developers's payment of Project Costs. The Developers shall allow the City and/or TIRZ Board reasonable access to the Project for inspections during all phases of construction.
  - (c) 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 Developers 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) The Developers will work with the TIRZ/ Redevelopment Authority administrator to have an independently prepared agreed upon procedures report (AUP) of the Developers 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) The Developers 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 Developers (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 Developers is in default, the City shall not be obligated to make Annual Payment(s), or any portion thereof, to the Developers unless and until the default has been cured to the reasonable satisfaction of the City. In the event that the Developers 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 ; Errors, Omissions, Negligent Acts, Legal Fees

**The Developers shall save and hold harmless the City of Mercedes, and its officers and employees, the City’s Tax Increment Reinvestment Zone directors and employees, and it’s authorized and overlaid Local Government Corporation directors and employees from all claims and liability due to activities of itself, its agents, or employees, performed under this contract and which are caused by or result from error, omission, or negligent act of the Developers or of any person employed by the Developers. Such indemnity shall include but not limited to, attorney fees which may be incurred by the City of Mercedes in litigation or otherwise resisting said claim or liabilities which may be imposed on the City as a result of such activities by the Developers, their agents, or employees.**

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

(b) Assignability. Performance by the Developers 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 the Developers to any Affiliate of the Developers, which are expressly permitted, (ii) assignments and partial assignments of this Agreement by the Developers to third parties to whom the Developers 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 Developers 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 Mercedes, Texas  
Attn: City Manager  
400 S. Ohio Street  
Mercedes, Texas 78570

If to the Developers:

San Jacinto Enterprises  
ATTN: Mr. Jacinto Garza  
2100 W. Expressway 83  
Mercedes Texas 78570

Olivarez Organization LLC  
ATTN: Joe Olivarez  
P.O. Box 1667  
614 N. Texas Blvd

Weslaco, Tx 78596

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 Mercedes, Texas. The Parties specifically consent to and waive any objections to, in personam jurisdiction in City of Mercedes, 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 Developers 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 Developers as provided in this Agreement. The Developers 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 the Developers,

respectively.

10. Legal Contest. This Agreement is entered into in accordance with applicable law as understood by the Developers, 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 the Developers Interest to the Developers, or (ii) December 31, 2059; provided, that the Developers'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 Mercedes, 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 Mercedes, 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 Mercedes, TEXAS**

BY: \_\_\_\_\_  
OSCAR MONTOYA, MAYOR

Date: \_\_\_\_\_

**TAX INCREMENT REINVESTMENT ZONE NO. TWO, City of Mercedes, TEXAS,**

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

BY: \_\_\_\_\_  
Chairman of the Board of Directors

Date: \_\_\_\_\_

**SAN JACINTO ENTERPRISES**  
a Texas limited liability company

By: \_\_\_\_\_  
Jacinto, Garza, President

By: \_\_\_\_\_  
Joe Olivarez,

CORPORATE ACKNOWLEDGMENT

STATE OF TEXAS §  
COUNTY OF HIDALGO §

This instrument was acknowledged before me by OSCAR MONTOYA, Mayor, for the City of Mercedes, Texas, a municipal corporation of the State of Texas, on behalf of said corporation, this \_\_\_\_ day of JANUARY, 2025.

\_\_\_\_\_  
Notary Public, State of Texas

CORPORATE ACKNOWLEDGMENT

STATE OF TEXAS §  
COUNTY OF HIDALGO §

This instrument was acknowledged before me by OSCAR MONTOYA Chairman of the Board of Directors, for Tax Increment Reinvestment Zone No. TWO, City of Mercedes, Texas, a reinvestment zone created by the City of Mercedes, Texas pursuant to Chapter 311 of the Texas Tax Code, on behalf of said reinvestment zone, this \_\_\_\_\_ day of JANUARY, 2025

\_\_\_\_\_  
Notary Public, State of Texas

ACKNOWLEDGMENT

STATE OF TEXAS §  
COUNTY OF HIDALGO §

This instrument was acknowledged before me on JANUARY \_\_\_\_, 2025 by JACINTO GARZA, as the PRESIDENT, SAN JACINTO ENTERPRISES, a Texas limited liability company, on behalf of said limited liability company.

\_\_\_\_\_  
Notary Public, State of Texas

ACKNOWLEDGMENT

STATE OF TEXAS §  
COUNTY OF HIDALGO §

This instrument was acknowledged before me on JANUARY \_\_\_\_\_, 2025 by JOE OLIVAREZ AS \_PRESIDENT OF OLIVAREZ ORGANIZATION, a Texas limited liability corporation, on behalf of said corporation.

---

Notary Public, State of Texas

# EXHIBIT A

## PROPERTY MAP

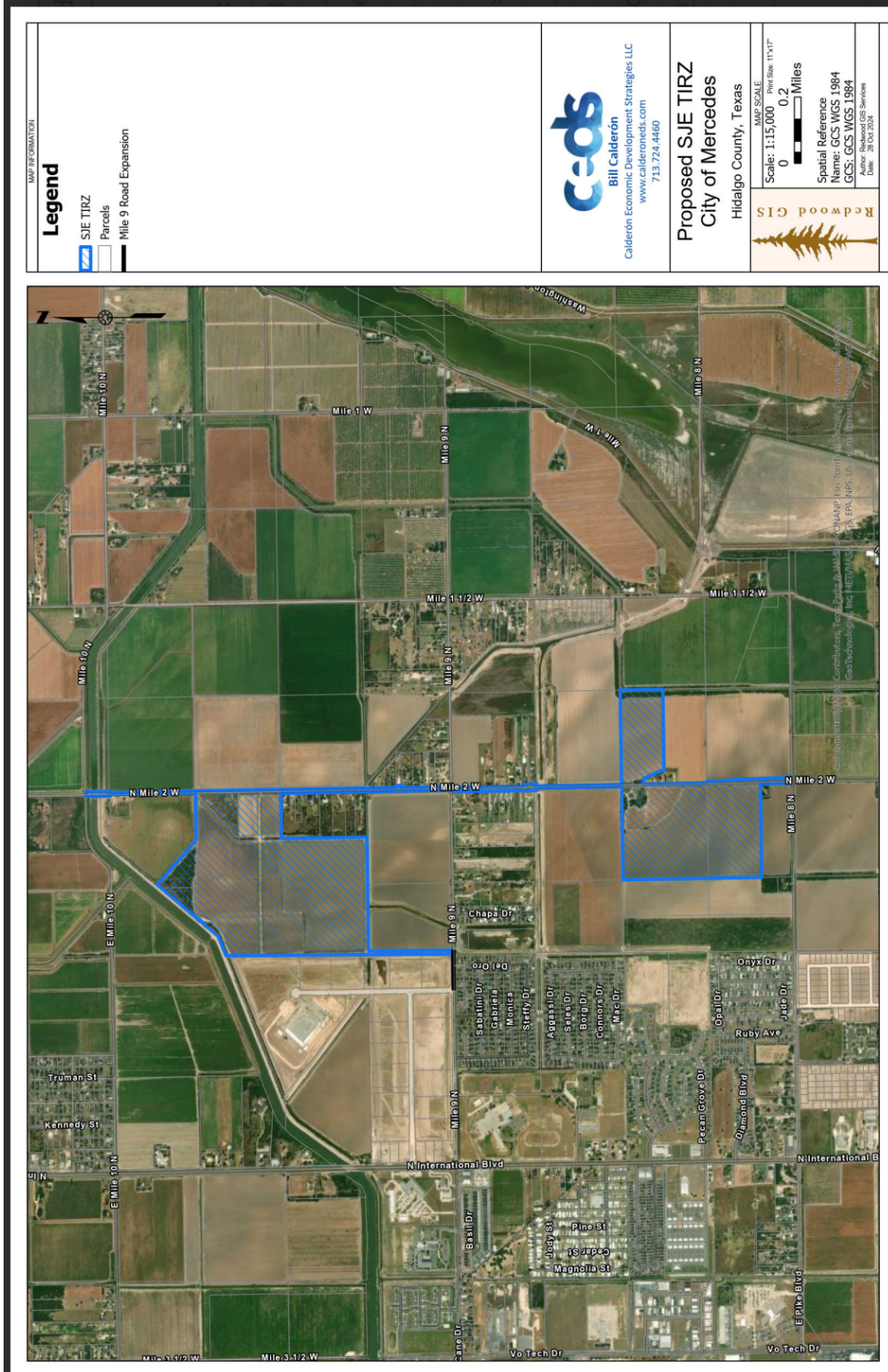


EXHIBIT B

List of Improvements and Eligible TIRZ Project Costs

Mercedes TIRZ #2 – Reimbursable Project Costs				
Category	Subdivision #12 (1)	Subdivision #16 (1)		Total
ROW for Roads/ drainage	\$871,354	\$463,146		\$1,334,500
Surveys/ topos, staking +	\$186,400	\$173,680		\$360,080
Engineering	\$914,428	\$1,029,500		\$1,943,928
Offsite Water Distribution System		\$1,537,300		\$1,537,300
Water Lines	\$1,706,400	\$2,034,985		\$3,741,385
Water supply corp dev fees	\$467,570	\$355,000		\$822,570
Sanitary Sewer	\$2,826,800	\$4,763,342		\$7,590,142
AEP Electrical	\$150,000	\$320,000		\$470,000
Irrigation Line removal	\$30,000	\$14,000		\$44,000
Subdivision Road	\$5,538,764	\$4,363,660		\$9,902,424
Erosion mitigation	\$146,520	\$66,300		\$212,820
Drainage/detention	\$2,579,485	\$1,535,056		\$4,114,541
Fencing/landscaping in public POW	\$973,800	\$551,300		\$1,525,100
Dev. Fees/ Subdivision Adm.	\$26,840	\$26,840		\$53,680
Tap Fees	\$51,300			\$51,300

<b>County Inspection / Utility Fees</b>	\$8,000	\$12,000	\$20,000
<b>Inspection/testing</b>	\$654,348	\$588,400	\$1,242,748
<b>City Park Fees</b>	\$235,500	\$152,500	\$388,000
<b>Public Road improvements</b>	\$1,500,000		\$1,500,000
<b>Creation Costs</b>			\$120,000
<b>Interest Carry (2)</b>			\$40,000,000
<b>Project administration -7 years (3)</b>	\$2,800,000	\$2,800,000	\$5,600,000
<b>Contingency</b>	\$1,858,815	\$1,319,448	\$3,178,263
<b>Chapter 380 project funding</b>			\$3,000,000
<b>TIRZ / RA Administration (4)</b>			\$2,500,000
<b>Total</b>	<b>\$23,526,324</b>	<b>\$22,106,457</b>	<b>\$91,252,781</b>
(1) Projected costs are best estimates based on today's cost. Actual reimbursement of these items will be based on independently audited actual costs.			
(2) Interest paid will depend on a) audited amounts paid for project costs while payments are "as you go, or on the capital cost for tax exempt bonds when sold.			
(3) Project cost will finance admin management of multiple contractors involved in both the residential project and the public road improvements undertaken by the Developer			
(4) Redevelopment Authority management including legal, bookkeeping, auditing, and RA/Zone managing			

**AGREEMENT BY AND BETWEEN THE  
CITY OF MERCEDES, TEXAS,  
REINVESTMENT ZONE NUMBER TWO, CITY OF MERCEDES,  
AND SAN JACINTO REDEVELOPMENT AUTHORITY**

**THE STATE OF TEXAS**                   §  
  §   **KNOW ALL BY THESE PRESENTS:**  
**COUNTY OF CAMERON**               §

**THIS AGREEMENT** (this “*Agreement*”), effective as of (Date Council approves) , is made by and between the **CITY OF MERCEDES, TEXAS**, a municipal corporation and a home-rule city in the State of Texas (the “*City*”); **REINVESTMENT ZONE NUMBER TWO, CITY OF MERCEDES**, a reinvestment zone created by the City pursuant to Chapter 311, Texas Tax Code (the “*Zone*”); and the **SAN JACINTO REDEVELOPMENT AUTHORITY**, a nonprofit local government corporation organized and existing under the laws of the State of Texas (the “*Authority*”).

**RECITALS**

**WHEREAS**, by Resolution No. XX-XX of the City Council of the City adopted on **XXXX XXXXX**, the City approved the Certificate of Formation, authorized the creation of the Authority pursuant to Subchapter D of the Texas Transportation code, as a local government corporation to aid, assist and act on behalf of the City in the performance of the City’s governmental functions with respect to the common good and general welfare of MERCEDES, and approved the Authority By Laws; and to be used in conjunction with a tax increment reinvestment zone created pursuant to Chapter 311 of the Texas Tax Code, and;

**WHEREAS**, by Ordinance No. 2024-22, the City created the Zone pursuant to Chapter 311, TEXAS TAX CODE (the “*TIRZ Act*”); and

**WHEREAS**, the Board of Directors of the Zone (“*Zone Board*”) and the City Council of the City each approved and adopted a Project Plan and a Reinvestment Zone Financing Plan for the Zone; and

**WHEREAS**, the City and the Zone Board have determined that it will be advisable to have the Authority assist the Zone Board and act as consultant to the Zone Board in the implementation of the Project Plan and the Reinvestment Zone Financing Plan and provide the other services set forth in this Agreement, including the construction of improvements and the issuance of its bonds to facilitate the Plan; and

**WHEREAS**, the City and the Zone desire to contract with the Authority to provide the assistance described in this Agreement during the term of the Zone, and to finance the efforts of the Authority using tax increments as provided herein;

**NOW, THEREFORE**, for and in consideration of the premises and the mutual covenants and agreements herein contained, the City, the Zone and the Authority agree as follows:

**I.  
DEFINITIONS**

Definitions. The terms “*Agreement*,” “*Authority*,” “*Authority Board*”, “*City*,” and “*Zone Board*” , “*TIRZ Act*”, have the meanings set forth in the preamble hereof, and the following capitalized terms shall have the meanings provided below, unless otherwise defined or the context clearly requires otherwise. For purposes of this Agreement the words “shall” and “will” are mandatory, and the word “may” is permissive.

“*Appraisal District*” shall mean the HIDALGO County Appraisal District.

“*Authority Obligations*” shall mean the notes or other contractual obligations that the Authority may incur from time to time with a Developer pursuant to Article III hereof and includes without limitation Development Agreements.

“*Bonds*” shall mean the TIRZ Bonds, as applicable.

“*Budget*” shall mean the annual operating Budget of the Authority, that has been reviewed and approved by the Authority Board, the Zone Board, and the City Council.

“*Captured Appraised Value*” shall mean the total appraised value of property in the Zone as of January 1 of any year less the Tax Increment Base of the Zone, all as defined in the TIRZ Act.

“*City*” shall mean the CITY OF MERCEDES.

“*City Council*” shall mean the governing body of the City.

“*City Manager*” shall mean the City Manager of the City, or such person as he or she shall designate.

“*County*” shall mean HIDALGO County, Texas.

“*Developer*” shall mean a person who is developing or redeveloping, or proposes to develop or redevelop, a TIRZ Project within the Zone and may include natural persons, private entities, public or private not-for-profit corporations, the City, a school district, the County, the State of Texas, any other governmental bodies, or any other kind of person.

“*Development Agreement*” shall mean an agreement(s) between the Authority and a Developer relating to the development, construction, remodeling, or rehabilitation of a TIRZ Project.

“*Financing Plan*” shall mean the reinvestment zone financing plan for the Zone as amended from time to time pursuant to the TIRZ Act, as adopted by the Zone Board and approved

by the City Council.

“*Interlocal Agreement*” means the Interlocal Agreement between the City, the Zone and any participating taxing unit approved by with respect to the participation of the taxing unit in the Zone, as such may be amended from time to time.

“*Project Cost*” shall mean those costs of public works and improvements and other costs for which payment can be made pursuant to the TIRZ Act that are identified in the TIRZ Plan.

“*Project Plan*” or “Plan” shall mean the project plan for the Zone as it may be amended from time to time pursuant to the terms of the TIRZ Act, as adopted by the Zone Board and approved by the City Council.

“*Projects*” shall mean the TIRZ Projects.

“*Revenue Fund*” shall mean the fund established by the Authority comprised of the TIRZ Revenue Fund sub-account.

“*School District*” shall mean any Independent School District providing educational services with the boundaries of the TIRZ.

“*Tax Increment*” shall mean the amount of property taxes collected each year by each Taxing Unit participating in the Zone (to the extent of their participation) on the Captured Appraised Value.

“*Tax Increment Base*” shall mean the total appraised value of all real property taxable by the City and located in the Zone as of January 1, 2024, the year in which the Zone was effective and designated as a reinvestment zone, plus the total appraisal of all real property taxable by the City and the other Taxing Units participating in the Zone and annexed to the Zone determined as of January 1 of the year in which any future area is annexed to the Zone.

“*Tax Increment Fund*” shall mean the Tax Increment Fund created by the City for the Zone including any sub-account therein into which the City shall deposit all Tax Increments.

“*Taxing Unit*” shall mean the City, the County, and any other Taxing Unit that participates in the TIRZ.

“*TIRZ Bonds*” shall mean the bonds of the Authority payable from a pledge of the TIRZ Revenue Fund.

“*TIRZ Plan*” shall mean the Project Plan and the Financing Plan.

“*TIRZ Project*” shall mean any project for which monies in the Tax Increment Fund can be used pursuant to the TIRZ Act and which has been approved in the Project Plan and the Financing Plan.

“*TIRZ Revenue Fund*” shall mean the sub-account of the Revenue Fund into which the Tax Increments are deposited by the City for the use of the Authority hereunder.

## II. SCOPE OF SERVICES BY AUTHORITY

To the extent of available funds and subject to the limitations of this Agreement, the services that the Authority may furnish consist of, among other things, the following:

A. Management and Administrative Services and Consultants. The Authority will provide management and administrative services for the Zone. The services without limitation may include the following:

1. Provide the staff, and administrative services that are necessary to manage the Zone and provide or supervise the services and the Projects;
2. Provide management, financial and program monitoring systems for the administration of the Zone;
3. Provide any required reports to the City and the Zone Board concerning the administration of the Zone;
4. Subject to the terms of this Agreement, recruit, hire, pay and supervise the consultants and any work force that the Authority will utilize to furnish services required for the development or redevelopment of the Zone;
5. Provide staff to participate in meetings concerning the administration of the Zone in all its capacities, including the services to the Zone Board when managing the Zone;
6. Provide liaison and coordination between the Zone, the City, the County, the School District, other Taxing Units, property owners, and other persons and groups interested in the redevelopment activities of the Zone;
7. Supervise and monitor the performance of consultants and subcontractors who are employed by the Authority;
8. Assist, where necessary, in briefing Developers, property owners and other persons concerning proposed activities and developments that would complement public and private development activities in the Zone;
9. Function as the information/complaint center for all matters relating to the administration of the Zone and advise the Zone Board and the City in a timely manner of any problems concerning the Zone; and
10. Provide engineering, planning, legal, financial, real estate, and other services through consultants engaged by the Authority as may be requested by the Zone Board or the City.

B. Services With Respect to the Plan and Enlargement of the Zone.

1. Act as consultant to the Zone in the implementation and amendment of the Plan in accordance with applicable law.

2. The Authority will review areas for addition to the Zone as requested by the Zone Board and will provide information with respect to any proposed enlargement that may be required by the Zone Board including, if requested, the information required for a preliminary Project Plan and a preliminary Financing Plan with respect to the enlargement of the Zone.

C. Tax and Assessment Rolls.

1. Assist the Zone Board and the City with respect to the preparation of special tax rolls relating to the Zone. The Authority will analyze property uses in the Zone, compare them to the records of the Appraisal District, and attempt to reconcile the tax rolls of the Appraisal District with the actual land uses.

2. Assist the City in securing a tax roll for the Zone each year, and assist the Zone Board, the City, and the Appraisal District in having the Zone tax rolls correctly reflect the total appraised value of real property in the Zone for that year and showing separately the Tax Increment Base and the Captured Appraised Value. The Authority will assist the Zone Board and the City in advising all Taxing Units participating in the Zone with respect to the Captured Appraised Value and the amount of Tax Increment of each Taxing Unit, which is to be paid into the Tax Increment Fund as, required by the TIRZ Act.

D. Zone Planning, Design and Infrastructure Improvements. The Authority will assist the City and the Zone Board in preparing a development plan and provide technical assistance to encourage public and private property owners to make improvements or provide services.

E. Development Programs. The Authority will assist the City and the Zone Board:

1. To establish a program to encourage economic development and redevelopment in the Zone;

2. In preparing a program to encourage the development of the Zone;

3. In identifying obstacles to development in the Zone and in preparing a plan for application to the Zone to eliminate those obstacles;

F. Construction of Projects. The Authority may construct infrastructure, buy equipment and supplies, and deal in real estate as necessary to implement the Plan and as permitted by the TIRZ Act and the Authority's Bylaws:

1. To the extent funds are available, the Authority may design and construct Projects identified in the Plan that meet the qualifications of the TIRZ Act as applicable;

and

2. To the extent funds are available, the Authority may buy, sell, lease and otherwise deal in real estate pursuant to the Project Plan and a Financing Plan for the Zone.

G. Subcontractors. The Authority may provide the services required by this Agreement through staff, subcontractors, and/or consultants subject to the conditions of this Agreement.

### **III. OBLIGATIONS OF THE AUTHORITY**

A. General Statement. The Authority has the authority to enter into Authority Obligations with Developers and enter into contracts with consultants and others to be paid from monies to be paid by the City and the Zone to the Authority from Tax Increments pursuant to this Agreement, and further, the Authority may issue Bonds with the consent of the City Council; provided that nothing in this Agreement shall be construed to authorize the Authority to expend any of the Tax Increment funds received pursuant to this Agreement for any costs other than Project Costs.

B. Power to Incur Authority Obligations. Subject to the provisions of this Article, the Authority shall have the power from time to time to issue and incur Authority Obligations and enter into contracts with consultants upon such terms and conditions as the Authority Board and the Zone Board shall determine to be necessary or desirable to implement the Plan. The Authority Obligations may be in the form of a Development Agreement with the Developer of a Development who agrees to construct, improvements or other facilities included in the Plan in exchange for the obligation of the Authority to repay the Developer for such costs from future payments made by the City and the Zone to the Authority pursuant to this Agreement. All Development Agreements shall specify which Plan pursuant to which it is entered, and shall provide that (i) the Authority will not reimburse any Developer for any Project that is determined to be an ineligible Project Cost under the TIRZ Act; and (ii) the Developer shall repay the Authority for any payment made by the Authority to the Developer that is determined to be ineligible.

C. Approval of Bonds and Other Obligations. The Authority may issue Bonds secured by payments made pursuant to this Agreement with the approval of City Council.

D. Use of Tax Increments. Amounts deposited in the TIRZ Revenue Fund shall be applied in the following order of priority (i) amounts pledged or required for the payment of outstanding Bonds secured by the TIRZ Revenue Fund, including Bonds in the process of issuance and refunding Bonds, (ii) administrative costs of the Zone and the Authority relating to the Zone, and (iii) payments of other Authority Obligations relating to the Zone.

E. Pledge of Revenue Fund. The Authority and the Zone Board may pledge and assign all or a part of the Revenue Fund under this Agreement to: With respect to the TIRZ Revenue Fund, the owners and holders of TIRZ Bonds, and Developers pursuant to a Development

Agreement for TIRZ Improvements.

F. The City consents to any assignment and pledge consistent with this Agreement and approves the terms and conditions of the instruments assigning or pledging the proceeds to be received by the Authority pursuant to this Agreement.

#### IV.

#### DUTIES AND RESPONSIBILITIES OF THE CITY AND THE ZONE

A. Tax Increment Fund. The City has established and will maintain a separate Tax Increment Fund, including sub accounts if necessary, in the City treasury into which Tax Increments shall be deposited. During the term of this Agreement, Tax Increments shall be paid to the Authority from the Tax Increment Fund as herein provided.

B. Limitation of Source of Payment. The City and the Zone shall have no financial obligation to the Authority other than as provided in this Agreement or in other agreements between the City, the Zone and the Authority. The obligation of the City and the Zone to the Authority under this Agreement is limited to the Tax Increments that are collected by the City. This Agreement shall create no obligation on the City or the Zone that is payable from taxes or other monies of the City other than the Tax Increments that are collected by the City.

C. The obligation of the City and the Zone to the Authority under this Agreement shall be subject to the rights of any of the holders of Bonds or other obligations that have heretofore or are hereafter issued by the City, the County, and any other Taxing Units that are payable from or secured by a general levy of ad valorem taxes throughout the taxing jurisdiction of the City, the County, and the other Taxing Units.

D. Collection and Payment of Tax Increments by the City and the Zone. In consideration of the services and TIRZ Projects to be provided by the Authority, the City and the Zone covenant and agree that they will, as authorized under the TIRZ Act and other applicable laws, continuously collect the Tax Increments from the Taxing Units whose participation in the Zone is reflected in the TIRZ Plan during the term of this Agreement in the manner and to the maximum extent permitted by applicable law. To the extent the City and the Zone may legally do so, the City and the Zone also covenant and agree that they will not permit a reduction in the Tax Increments paid by the Taxing Units except to the extent provided in the agreement with the Taxing Unit executed at the time the Taxing Unit agrees to participate in the Zone. In addition, the City covenants and agrees that it will not dissolve the Authority and that any repeal of the right and power to collect the Tax Increments will not be effective until all the TIRZ Bonds or other TIRZ-related Authority Obligations have been paid in full or until they are legally defeased. The City and the Zone further covenant and agree that they will make all payments as set forth in **Article V** below, by a direct deposit into the TIRZ Revenue Fund, without counterclaim or offset, but minus any expenses incurred by the City in connection with the collection of the Tax Increments and minus any amount retained pursuant to the provisions set forth in **Article V** below.

D. Obligations of City and the Zone to be Absolute. The obligation of the City and the

Zone to make the payments set forth in this Agreement shall be absolute and unconditional, and until such time as this Agreement, Bonds, and the contractual obligations of the Authority incurred pursuant to this Agreement have been fully paid or provision for payment thereof shall have been made in accordance with their terms (or, with respect to the Tax Increments, the date of expiration of the Zone, if earlier), the City and the Zone will not suspend or discontinue any payments provided for in this Agreement and will not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, the failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Agreement except as provided in **Article XVII**. Nothing contained in this section shall be construed to release the Authority from performance of any of the agreements on its part contained in this Agreement, and in the event the Authority shall fail to perform any such agreement on its part, the City may institute such action against the Authority as the City may deem necessary to compel performance so long as this action does not abrogate the obligations of the City and the Zone to make the payments set forth in this Agreement to pay the Bonds of the Authority or to meet its Authority Obligations to Developers.

## V.

### CITY PAYMENT TO AUTHORITY

A. TIRZ Payments. The City, on behalf of itself and the Zone, will pay the Authority, not later than July 1 of each year during the term of this Agreement, all monies then available in the Tax Increment Fund, subject to the retention by the City of (i) an amount equal to the City's direct administrative costs connected with the Zone and the TIRZ Plan, not to exceed three percent of the amount available in the Tax Increment Fund. The Authority shall deposit the payments received pursuant to this Section into the TIRZ Revenue Fund and use the monies in the TIRZ Revenue Fund for payment of its TIRZ- related costs, its obligations to the holders of its TIRZ Bonds, its obligations to Developers pursuant to a TIRZ Development Agreement, or its other contractual obligations. The obligation to make these payments shall survive a termination of this Agreement as provided by **Article XVII** hereof.

## VI.

### ACCOUNTING AND AUDITS

A. Accounts, records, and accounting reports. The Authority will maintain books of records and accounts in which full, true, and proper entries will be made on all dealings, transactions, business, and matters that in any way affect or pertain to the operation of the Zone, and the allocation and application of funds provided hereunder. All such records shall be maintained in accordance with accounting generally accepted principles and shall be clearly identified and readily accessible. The Authority shall provide free access to the books and records at all times to the City and the Zone or their representatives and shall permit them to examine and audit the same and make copies thereof. The Authority shall further allow the City and the Zone and their representatives to make inspections of all work data, documents, proceedings, and activities related to this Agreement. Such right of access and audit shall continue for a period of three years from the date of final payment under this Agreement or

for such longer period of time as proscribed by law. The Authority will operate on the basis of the same fiscal year as the City.

B. Audit. At the end of each fiscal year (beginning with the fiscal year or fraction thereof during which this Agreement is executed), the Authority will have an audit prepared by an independent Certified Public Accountant for that fiscal year that shall be submitted to the Authority, the Zone and the City within 120 days after the end of the fiscal year. The Authority shall furnish copies of the audit to the City Council, City Manager and the Zone Board.

C. Authority Depository. Any monies received from investing and reinvesting the monies paid by the City and the Zone to the Authority shall remain in the TIRZ Revenue Fund until used by the Authority for the purposes permitted by this Agreement, and may be commingled with other monies of the Authority; provided that these funds shall be accounted for separately. Such funds shall be invested and reinvested by the Authority only in investments that would be eligible for investment by the City pursuant to the provisions of the Public Funds Investment Act (Chapter 2256, Texas Government Code). The depository bank will secure such funds in the same manner as City funds are required to be secured at the City depository and in accordance with applicable law and City procedures.

D. During the term of this agreement, the Authority will submit to the City and the Zone Board its annual budget, setting forth the Authority's proposed expenditures during the ensuing fiscal year, including administrative costs incurred in connection with providing services under this agreement, and obligation payable to the holders of bonds, or a Developer, pursuant to their approved development agreement.

## **VII. RIGHT OF OWNERSHIP**

All property and improvements purchased by the Authority shall be the property of the Authority and shall be maintained by the Authority throughout the term of this Agreement and the Authority may lease, sell or otherwise dispose of such property upon such terms and conditions as the Authority deems desirable; provided that, if any TIRZ Project is integrated in and used as part of the City's infrastructure, it shall be conveyed to the City at the time of such integration, at the City's discretion. Upon termination of this Agreement or dissolution of the Authority, title to all Authority property shall immediately vest in the City without the need for further action on the part of the City.

## **VIII. PERSONAL LIABILITY OF PUBLIC OFFICIALS**

Except for illegal acts, malfeasance, or misfeasance, to the extent permitted by State law, no director of the Authority, nor any employee or agent of the Authority, no director of the Zone, nor any employee or agent of the Zone, and no employee of the City, nor any agent of the City, shall be personally responsible for

any liability arising under or growing out of the  
the Authority under the terms of this Agreement.

Agreement, or operations of

**IX.  
CITY AND ZONE NOT LIABLE FOR DELAY**

It is expressly agreed that in no event shall the City or the Zone be liable or responsible to the Authority or any other person for or on account of, any stoppage or delay in the work herein provided for by injunction or other legal or equitable proceedings, or from or by or on account of any delay for any cause over which the City or the Zone has no control.

**X.  
INDEMNITY AND RELEASE**

**A. INDEMNITY FOR PERSONAL INJURIES. THE AUTHORITY COVENANTS AND AGREES TO, AND DOES HEREBY, DEFEND, INDEMNIFY AND HOLD THE CITY, THE ZONE, AND THEIR OFFICERS, DIRECTORS, AND EMPLOYEES (THE “INDEMNIFIED PERSONS”), HARMLESS FOR ALL CLAIMS, CAUSES OF ACTION, LIABILITIES, FINES, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS’ FEES, COURT COSTS AND INTEREST) FOR INJURY, DEATH, DAMAGE OR LOSS INJURIES, INCLUDING DEATH, TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO ANY PERFORMANCE UNDER THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THOSE CAUSED BY:**

- 1. THE AUTHORITY’S AND/OR ITS AGENTS’, EMPLOYEES’, OFFICERS’, DIRECTORS’, CONTRACTORS’, OR SUBCONTRACTORS’ (COLLECTIVELY IN LETTERED PARAGRAPHS 1-3, “AUTHORITY’S”) ACTUAL OR ALLEGED NEGLIGENCE OR INTENTIONAL ACTS;**
- 2. THE INDEMNIFIED PERSONS’ AND THE AUTHORITY’S ACTUAL OR ALLEGED CONCURRENT NEGLIGENCE, WHETHER THE AUTHORITY IS IMMUNE FROM LIABILITY OR NOT; AND**
- 3. THE INDEMNIFIED PERSONS’ AND THE AUTHORITY’S ACTUAL OR ALLEGED STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY, WHETHER THE AUTHORITY IS IMMUNE FROM LIABILITY OR NOT. IT IS THE EXPRESSED INTENTION OF THE PARTIES HERETO THAT THE INDEMNITY PROVIDED FOR IN THIS ARTICLE X IS AN INDEMNITY BY THE AUTHORITY TO INDEMNIFY AND PROTECT THE INDEMNIFIED**

PERSONS FROM THE CONSEQUENCES OF (I) THE INDEMNIFIED PERSON'S OWN NEGLIGENCE, WHETHER THAT NEGLIGENCE IS THE SOLE OR CONCURRING CAUSE OF THE RESULTING INJURY, DEATH OR DAMAGE AND/OR (II) THE AUTHORITY'S OWN NEGLIGENCE, WHETHER THAT NEGLIGENCE IS THE SOLE OR A CONCURRING CAUSE OF THE RESULTING INJURY, DEATH OR DAMAGE THE AUTHORITY SHALL DEFEND, INDEMNIFY, AND HOLD THE INDEMNIFIED PERSONS HARMLESS DURING THE TERM OF THIS AGREEMENT AS WELL AS AFTER THE AGREEMENT TERMINATES. THE AUTHORITY SHALL NOT INDEMNIFY THE INDEMNIFIED PERSONS FOR THE INDEMNIFIED PERSONS' SOLE NEGLIGENCE.

**B. INDEMNITY TO CITY PROPERTY.** AUTHORITY SHALL LIKEWISE INDEMNIFY AND HOLD HARMLESS THE CITY FOR ANY AND ALL INJURY OR DAMAGE TO CITY PROPERTY ARISING OUT OF OR IN CONNECTION WITH ANY AND ALL ACTS OF AUTHORITY, ITS OFFICERS, AGENTS, EMPLOYEES, CONTRACTORS, SUBCONTRACTORS, LICENSEES, OR INVITEES.

**C. RELEASE.** THE AUTHORITY AGREES TO AND SHALL RELEASE THE INDEMNIFIED PERSONS FROM ALL LIABILITY FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE UNDER THIS AGREEMENT, EVEN IF THE INJURY, DEATH, DAMAGE, OR LOSS IS CAUSED BY THE INDEMNIFIED PERSONS' SOLE OR CONCURRENT NEGLIGENCE.

**D. DEFENSE OF CLAIMS.** IN THE EVENT THAT ANY ACTION OR PROCEEDING IS BROUGHT AGAINST AN INDEMNIFIED PERSON BY REASON OF ANY OF THE ABOVE, THE AUTHORITY FURTHER AGREES AND COVENANTS TO DEFEND THE ACTION OR PROCEEDING BY LEGAL COUNSEL ACCEPTABLE TO THE INDEMNIFIED PARTY.

**E. Payment from Tax Increment.** All costs of obligations of the Authority imposed by this Article may be paid from proceeds from insurance or, to the extent provided by law, Tax Increments.

## **XI. INDEPENDENT CONTRACTOR**

It is expressly understood and agreed that the Authority shall perform all work and services described herein as an independent contractor and not as an officer, agent, servant, or employee of the City or the Zone; that except as herein provided, the Authority shall have exclusive control of and the exclusive right to control the details of the services and work performed hereunder, and all persons performing the same; and shall be solely responsible for the acts of its officers,

agents, employees, contractors, and subcontractors; that the doctrine of respondeat superior shall not apply as between the City or the Zone and the Authority, its officers, agents, employees, contractors, and subcontractors; and that nothing herein shall be construed as creating a partnership or joint enterprise between the City or the Zone and the Authority. No person performing any of the work and services described hereunder shall be considered an officer, agent, servant, or employee of the City or the Zone.

## **XII. INSURANCE**

The Authority shall obtain and maintain insurance coverage continuously during the term of this Agreement, and the Authority shall contract with each contractor engaged by it hereunder to maintain (and cause each of its subcontractors to maintain) insurance coverage during the term of its contract, in substance and amount as may be agreed upon by the Parties.

## **XIII. ADDRESS AND NOTICE**

Any notice sent under this Agreement (except as otherwise expressly required) shall be written and mailed, or sent by electronic or facsimile transmission confirmed by mailing written confirmation at substantially the same time as such electronic or facsimile transmission, or personally delivered to an officer of the receiving party at the following addresses:

CITY OF MERCEDES  
City Hall  
400 S. Ohio Avenue  
MERCEDES Texas,

78570

Attention: City Manager

SAN JACINTO REDEVELOPMENT

AUTHORITY &  
REINVESTMENT ZONE #2,  
City of MERCEDES,  
c/o Bill Calderon  
Calderon Economic Development Strategies, LLC  
5523 Spellman Road  
Houston, Texas 77096

Each party may change its address by written notice in accordance with this section. Any communication addressed and mailed in accordance with this section shall be deemed to be given when so mailed, any notice so sent by electronic or facsimile transmission shall be deemed to be given when receipt of such transmission is acknowledged, and any communication so delivered in person shall be deemed to be given when received for by, or actually received by, the Authority, the Zone, or the City, as the case may be.

#### **XIV. APPLICABLE LAWS**

This Agreement is made subject to the Constitution and laws of the State of Texas and the Charter of the City.

#### **XV. CAPTIONS**

The captions at the beginning of the Articles of this Agreement are guides and labels to assist in locating and reading such Articles and, therefore, will be given no effect in construing this Agreement and shall not be restrictive of the subject matter of any article, section, or part of this Agreement.

#### **XVI. SUCCESSORS AND ASSIGNS**

This Agreement shall bind and benefit the respective parties and their legal successors, and shall not be assignable, in whole or in part, by any party hereto without first obtaining the written consent of the other party. Nothing herein shall be construed as creating any personal liability on the part of any officer or agency of the City, of the Zone, or of the Authority.

#### **XVII. TERM AND TERMINATION, DISSOLUTION OF AUTHORITY**

A. In general. This Agreement shall become effective, and its initial term shall begin, on the date first set forth above, and end upon the later of (i) the date of completion of the Plan, or (ii) the date on which all Authority Obligations and Authority Bonds have been retired.

B. Termination for cause. A party may terminate its performance under this Agreement only upon default by the other party. Default by a party shall occur if the party fails to perform or observe any of the terms and conditions of this Agreement required to be performed or observed by that party. Should such a default occur, the party against whom the default has occurred shall have the right to terminate all or part of its duties under this Agreement as of the 60th day following the receipt by the defaulting party of a notice describing such default and intended termination, provided:

(i) such termination shall be ineffective if within said 60-day period the defaulting party cures the default, or (ii) such termination may be stayed, at the sole option of the party against whom the default has occurred, pending cure of the default. No termination of this Agreement will affect the obligation of the City and the Zone to pay an amount that will permit the Authority to pay its Bonds or Authority Obligations issued or incurred pursuant to and consistent with this Agreement prior to termination.

C. Dissolution of Authority. The City agrees not to dissolve the Authority or the Zone unless it makes satisfactory arrangements to provide for the payments of the Authority's Bonds, or other Authority Obligations incurred upon the Authority's dissolution.

## **XVIII. AMENDMENT OR MODIFICATIONS**

Except as otherwise provided in this Agreement, this Agreement shall be subject to change, amendment, or modification only by the mutual written consent of the parties hereto.

**IN TESTIMONY OF WHICH** this instrument has been executed on behalf of the Authority, the Zone and the City effective as of the date first above written.

**CITY OF MERCEDES**

OSCAR MONTOYA, SR.  
Mayor

**ATTEST:**

\_\_\_\_\_  
Joselynn Castillo  
City Secretary

**MERCEDES  
REDEVELOPMENT  
AUTHORITY**

\_\_\_\_\_  
Chairman, Board of Directors

**ATTEST:**

\_\_\_\_\_  
Secretary, Board of Directors

**REINVESTMENT ZONE NUMBER TWO,  
CITY OF MERCEDES**

\_\_\_\_\_  
Chairman, Board of Directors

**ATTEST:**

\_\_\_\_\_  
Secretary, Board of Directors

**THE STATE OF TEXAS**  
**COUNTY OF HIDALGO**

§  
§  
§

**CITY OF MERCEDES**

## **INTER-LOCAL AGREEMENT**

In consideration of the covenants set forth herein, and subject to the terms and conditions herein, the Parties (as defined below) hereby agree to the terms and conditions of this Agreement (as defined below).

### **I. PARTIES & INDEX**

#### **A. Parties**

1. INTER-LOCAL AGREEMENT is made by and between (i) the **CITY OF MERCEDES, TEXAS** (the "City"), a Texas Home Rule Municipality, acting through its governing body, the City Council; (ii) **HIDALGO COUNTY**, a political subdivision of the State of Texas, acting through its County Judge pursuant to authority granted by the Hidalgo County Commissioners Court (the "County"); and (iii) **REINVESTMENT ZONE NUMBER TWO, CITY OF MERCEDES, TEXAS**, a reinvestment zone created by the City pursuant to Chapter 311 of the Texas Tax Code (the "Zone"), acting by and through its duly authorized Board of Directors (the "Zone Board"), established to administer manage and/or operate the Zone pursuant to Sections 311.009(b) and 311.010, Texas Tax Code, as well as to implement and fund the Project and the Supplement Project (as such terms are defined below). Collectively, the City, the County and the Zone may be referred to as the "Parties." This Agreement is made pursuant to Chapter 791 of the Texas Government Code and Chapter 311 of the Texas Tax Code for the participation of the City and the County in the Project (as defined below).

2. The initial addresses of the Parties as of the date of this Agreement are listed below. Each party may designate a different address by giving the others at least ten (10) days prior written notice.

#### **If to the City, to:**

CITY OF MERCEDES  
400 S OHIO  
MERCEDES, TEXAS 78570  
Attention: City Manager

**B. Index**

This Agreement consists of the following sections:

<u>Section</u>	<u>Description</u>	<u>Pages</u>
I.	Parties & Index	1-3
II.	Definitions	3-5
III.	Background	5-6
IV.	Rights and Obligations of the County	6-12
V.	Rights and Obligations of City and Zone	13-15
VI.	Term and Termination	15
VII.	Miscellaneous	16-18
	Signature Page	19

**Exhibit 1** CITY OF MERCEDDES Ordinance No. 2024-22

**Exhibit 2** TIRZ Reinvestment Zone Project Plan and Reinvestment Zone Financing Plan

**Exhibit 3** Reinvestment Zone Plan Budget

**Exhibit 4** Tax Accounts

**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 aggregate reimbursable Administrative Costs for all the combined Participating Taxing Entities, which incur

Administrative Costs over the life of the Zone, shall not exceed an aggregate reimbursement of Two Million Fifty Thousand Dollars (\$2,050,000), representing Two Million (\$2,000,000) to the City and Fifty Thousand Dollars (\$50,000) to the County.

2. “Agreement” means this Interlocal Agreement.
3. “Final Project Plan and Reinvestment Zone Financing Plan”, dated August 5, 2025, a true copy of which is attached hereto as Exhibit 2.
4. “Available Tax Increment” shall mean (i) as to City, an amount calculated as a millage rate per \$100 of Captured Appraised Value of real property in the Zone that equals 100% of the City’s property tax as levied and collected x 70%; and (ii) as to County, an amount calculated as a millage rate per \$100 of Captured Appraised Value of real property in the Zone that equals 50% of the County’s Applicable M&O Tax Rate as levied, collected and allocated to the general fund (i.e., excluding only the portion of the County’s property tax rate that is apportioned for payment of outstanding general obligation bonded indebtedness commonly referred to as the “interest and sinking fund rate.”)
5. “Base Year” means the year in which a Tax Increment Reinvestment Zone is created by ordinance. The Base Year is 2024.
6. “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); e.g., the total appraised value in a given year of all real property taxable by a participating taxing entity and located in the Zone for that year less the total appraised value of that property in 2004, the Base Year of the Zone.
7. “City” has the meaning given such term in Section I.A.1 above.
8. “City Adopted Tax Rate” means 100% of the ad valorem tax rate used by the City as annually approved by City Council. The City Tax Rate may change from time to time. The City Tax Rate as of December 31, 2024 is \$0.7750 per \$100 dollars of valuation on the Captured Appraised Value and may be changed by the City during the Term of the Zone.
9. “County” has the meaning given such term in Section I.A.1 above.
10. “County Applicable M&O Tax Rate” for any given year means the lesser of (i) the Base Year M&O Tax Rate and (ii) the County M&O Tax Rate for the given year. The Base Year M&O Tax Rate was \$0.5752 per \$100 dollars of valuation.
11. “County M&O Tax Rate” means that portion of the ad valorem tax rate used by the County for maintenance and operation. The County M&O Tax Rate is subject to change by the County in accordance with applicable law.

12. “County’s Effective Termination Date” has the meaning given such term in Section V.F below.
13. “County’s Maximum Contribution” is the lesser of (i) Thirty Five Million Dollars (\$35,000,000) or (ii) the City’s aggregate contribution to the Tax Increment Fund over the Term of the Zone. Amounts deducted by the County from a Tax Increment Payment for the County’s Administrative Costs in accordance with Section IV below count toward the County’s Maximum Contribution as if those amounts had been contributed by the County into the Tax Increment Fund as part of such Tax Increment Payment.
14. “Creation Ordinance” has the meaning given such term in Section III.B below.
15. “Participating Taxing Entity” means both the City and County.
16. “Parties” has the meaning given such term in Section I.A.1 above.
17. “Project” means the improvements for water, waste water, drainage, sidewalks, streets, lights and bridges identified in the Preliminary Project Plan.
18. “Project Costs” mean the items set forth in Section 311.002(1) of the Texas Tax Code that are included in the Amended Plan for the Project. The Project Costs in the aggregate for the life of Zone are estimated to be Ninety One Million Two Hundred Fifty Two Thousand Seven Eighty One Dollars (\$91,252,781), as more completely set forth in Exhibit 3.
19. “Tax Increment” for a Participating Taxing Entity means the total amount of ad valorem taxes levied and collected each year by that Participating Taxing Entity each year on the Captured Appraised Value of taxable real property in the Zone. Further, with respect to the County, this term shall be further limited to the total amount of ad valorem taxes levied and collected only on behalf of the County each year.
20. “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, 2024 the year in which the Zone was designated.
21. “Tax Increment Fund” means the tax increment fund created by the City for the deposit of Available Tax Increments for the Zone, entitled “REINVESTMENT ZONE NUMBER TWO CITY OF MERCEDES, Texas Tax Increment Fund,” which fund must be segregated and kept apart from any other funds of the City and may only be used to pay for expenses and costs approved by the Zone Board for the Zone.
22. “Tax Increment Payment” means the Available Tax Increment that a Participating Taxing Entity is required to deposit annually into the Tax Increment Fund in accordance with this Agreement.

- 23. “Term of the Zone” has the meaning given such term in Section III. A., below.
- 24. “Zone” has the meaning given such term in Section I.A.1. above.
- 25. “Zone Board” has the meaning given such term in Section I.A.1 above.

### **III. BACKGROUND**

- A. On November 19, 2024, the City created the Zone over the property contained in the Zone by adoption of City Ordinance No. 2024-22, a true and correct copy of which is attached hereto as **Exhibit 1**, for the purposes of development and redevelopment of the property within the Zone (a legal description of which is contained in Exhibit 1). The City agreed to participate in the Zone by contributing tax increments produced in the Zone to the Tax Increment Fund. With approval of this inter-local agreement, The County has agreed to participate in the Zone, beginning with the 2026 tax year.
- B. The City and the Zone represent and warrant that (i) each has found that the City and the Zone have complied with all legal requirements, including notice requirements, in the creation of the Zone, the adoption and amendment of the Creation Ordinance, and the adoption of both the Preliminary Plan; (ii) the Plan is feasible and (iii) construction pursuant to the Plan will commence within two (2) years of creation of the Zone.
- C. The Zone is now projected to terminate on December 31, 2059, unless earlier termination occurs under this Agreement (the “Term of the Zone”).
- D. The Parties now desire to enter into this Agreement pursuant to Section 31.1013(f) of the Texas Tax Code.

### **IV. RIGHTS AND OBLIGATIONS OF THE COUNTY**

#### **A. Tax Increment Participation by the County**

1. Subject to the limitations set out in this Agreement, the County agrees to participate in the Zone by contributing to the Tax Increment Fund an amount equal to 50% of the revenue generated from the County Applicable M&O Tax Rate as assessed and collected on the Captured Appraised Value for each respective tax year during the Term of the Zone. For the purpose of this Agreement, the County Applicable M&O Tax Rate shall be calculated as set forth in Section IV.B of this Agreement. In no event shall the County contribution to the Tax Increment Fund (including amounts allocated to the County’s Administrative Costs in accordance with Subsection IV.B.1.e. below) be greater than the County Maximum Contribution over the Term of

the Zone (which for purposes of this provision will be deemed to end no later than December 31, 2059) beginning with tax payments generated from 2025 taxable values and paid in the 2026 tax year.

2. The Parties hereto agree that the County's contribution to the Tax Increment Fund pursuant to Section IV.A.1 above shall be used to fund Project Costs. The County's contributions to the Tax Increment Fund shall end when the County has contributed the County Maximum Contribution, or when it has made contributions of all Tax Increment Payments, as specified in the Project Plan, attributable to all periods through the end of the County's fiscal year 2059 (ending on December 31, 2059), whichever occurs first.

## **B. Tax Increment Payment**

1. a. The County's obligation to contribute its Tax Increment Payment to the Tax Increment Fund, as provided in Section IV.A. of this Agreement, shall accrue as the County collects its Available Tax Increment. The Parties hereto agree that all ad valorem property taxes collected each year by the 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 value of the Tax Increment Base have been collected, then the remaining ad valorem taxes collected shall constitute the taxes collected on the value of the Tax Increment.

b. The County agrees to deposit its next Tax Increment Payment to the Tax Increment Fund, which will be for tax year 2026, by the later of:

- (i) thirty (30) days after collection reports and any other documentation required under this Agreement have been provided to the Hidalgo County Auditor's Office and/or the County;
- (ii) the information required under Section 311.016 of the Tax Code having been provided to the County;
- (iii) no later than May 1, 2026;

For the avoidance of doubt, the amount of the first Tax Increment Payment due pursuant to this Agreement after the date hereof shall be based on the Tax Increments that were received on or before January 31, 2027, but which have not been previously deposited into the Tax Increment Fund or otherwise part of a calculation of a previously made Tax Increment Payment.

d. For subsequent payments, the County agrees to contribute its yearly Tax Increment Payment to the Tax Increment Fund annually not later than the later of:

- (i) thirty (30) days after collection reports and any other information required under this Agreement have been provided to the Hidalgo County Auditor's Office and/or the County;

- (ii) the information required under Section 311.016 of the Tax Code having been provided to the County;

The amount of each Tax Increment Payment shall be based on the Tax Increments that are received up to January 31<sup>st</sup> following the end of the tax year, but which have not been previously deposited in the Tax Increment Fund or otherwise part of a calculation of a previously made Tax Increment Payment, during the annual periods preceding each deposit date.

e. Under no circumstances shall the County be required to participate in the Zone with taxes attributable to periods after 2059, or to make any Tax Increment Payment from any source other than the County's Available Tax Increment.

f. The County shall have the right to deduct the County's Administrative Costs prior to contribution of its Tax Increment Payment into the Tax Increment Fund. For the avoidance of doubt, if the County deducts Administrative Costs prior to making the payment into the Tax Increment Fund, the amount of the deducted Administrative Costs shall be counted as having been made by the County to the Tax Increment Fund for purposes of determining whether the County has reached the County Maximum Contribution. The County will not deduct more than \$1200 in any calendar year for Administrative Costs.

g. The City shall request collection reports from the Hidalgo County Tax Assessor Collector and provide a copy of these reports along with a payment request detailing the payment calculation as illustrated in the chart in Subsection h. below to the County one month prior to the payment required to be made under this Agreement.

h. The chart below is for illustrative purposes only and is an example of the calculation of the County's Tax Increment Payment.

***[Remainder of page intentionally blank]***

*Assuming for the purpose of this example, the tax value of the Zone is \$100,000.00, the base value is \$10,000.00, the Administrative Costs are \$10.00 per year, the overall County tax rate is \$.0059 and there is no overlap with the Transportation Zone.*

<b>Tax Increment Reinvestment Zone (TIRZ) Payment Calculation</b>	<b>EXAMPLE</b>
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD))	\$ 100,000.00
<i>(Multiplied by)</i> Hidalgo County Current (GHD) Tax Rate (.59/100)	0.0059
GHD Actual Tax Levy for all real property tax accounts located within the TIRZ	<b>\$ 590.00</b>
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD))	\$ 100,000.00
<i>(Less)</i> Base Year Real Property Certified Appraised Value for Tax Accounts located within the TIRZ (Provided by HCAD)	\$ 10,000.00
<b>Captured Appraised Value</b>	<b>\$ 90,000.00</b>
Captured Appraised Value	\$ 90,000.00
<i>(multiplied by)</i> 100% of M&O Rate (.005752*.50)	0.002876
<b>Tax Levy Due to TIRZ</b>	<b>\$ 258.84</b>
<b>TAX INCREMENT PAYMENT AMOUNT DUE TO TAX INCREMENT FUND</b>	<b>\$ 258.84</b>

2. At least thirty (30) days prior to the expected date of a payment required under Section IV.B. of this Agreement, the City shall provide to the County:

- (i) the Zone annual audit report, if a Redevelopment Authority /Local Government Corporation is managing the zone; otherwise a reconciliation of collections will be provided;
- (ii) an updated fact sheet that includes detail as to what portion of the Project has been completed to date;
- (iii) a schedule of what portion of the Project is expected to be completed in the following year;
- (iv) a current roster of the Zone’s board members, including the term of each board member

- (v) a formal request for payment, including the calculation in the form of the chart set forth in Section IV.B.1.h above.

In addition to and as part of the City's fact sheet, the City shall supply the County with all information as required under Section 311.016 of the Texas Tax Code on or before the 90<sup>th</sup> day following the end of the fiscal year of the City. Such reports and documentation also shall include sufficient information on to allow the County and the Hidalgo County Auditor to confirm the expenditures from the Tax Increment Fund were for Project Costs. A copy of the annually required reporting filed with the Texas Comptroller's office will be satisfy this requirement.

3. Pursuant to Chapter 311 of the Texas Tax Code, in the event there is a conflict between the Parties in regards to the amount of the Tax Increment owed by the County, the Hidalgo County Auditor will make the final determination as to the amount of any Tax Increment owed by the County under this Agreement. Upon written request from another Party, the County will provide the Parties information showing the difference in the County's calculation of such amount owed. The annual Captured Appraised Value for the real property contained within the Zone shall be determined by the Hidalgo County Appraisal District on the assessed appraised values and the Hidalgo County Tax Offices' verification of collections in regards to the real property contained with the Zone.

4. Any delinquent deposit by the County of a Tax Increment Payment under this Agreement shall be administered as provided in Section 311.013(c) and (c-1) of the Texas Tax Code, which state as follows:

(c) Notwithstanding any termination of the reinvestment zone under Section 311.017(a) and unless otherwise specified by an agreement between the taxing unit and the municipality or county that created the zone, a taxing unit shall make a payment required by the Subsection (b) [Tax Increment Payment], not later than the 90<sup>th</sup> day after the later of:

- (1) the delinquency date for the unit's property taxes or
- (2) the date the municipality or county that created the zone submits to the taxing unit an invoice specifying the tax increment produced by the taxing unit and the amount the taxing unit is required to pay into the tax increment fund for the zone.

(c-1) A delinquent payment incurs a penalty of five percent of the amount delinquent and accrues interest at an annual rate of 10 percent.

The Parties expressly agree that the County shall not owe any penalty or interest on Tax Increments attributable to taxes that have been levied, but not received by the County, or with respect to any payment made prior to the date hereof. Further, the County shall not be liable for the payment of any penalties or interest if the report required to be filed by the City under Section 311.016 of the Texas Tax Code is not filed timely; or if the fact sheet, the Zone's annual audit report, payment request or other documentation required by this Agreement are not

provided to the County timely, or under any other situation in which the City does not pay interest or penalties.

5. As a condition of the County's participation in this Agreement, the Zone's Project Plan must be followed and implemented by the Zone. The City and the Zone agree to provide prior written notice to the County of a proposed change to the Plan at least thirty (30) days prior to the submission of the proposed change to the city Commission for approval. The County, and any member of the County Commissioners Court, may comment upon any proposed amendment to the Plan prior to its approval by the City Commission.

6. If the City or the Zone Board materially breaches this Agreement, then the County may provide written notice to the City, and the Zone (with a copy to any other Participating Taxing Entity still contributing Tax Increment Payments) demanding that all breaches must be resolved within ninety (90) days. If the objections and/or concerns, as set out in the notice, are not resolved within ninety (90) business days from the date of such notice, then the County may suspend its Tax Increment Payments until such breach is cured.

7. Except for contributing its respective Tax Increment Payments to the Tax Increment Fund as set out in this Agreement, the 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 Plan, including, without limitation, any obligation to pay or repay any bond or other debt issued by another Participating Taxing Entity, the Zone or the Zone Board relating to the Zone or any costs associated with the operation of Zone, the Project or any other projects relating thereto.

8. Notwithstanding anything herein to the contrary, the County's total Tax Increment Payment to the Tax Increment Fund over the Term of the Zone, including any amounts paid prior to execution of this Agreement and amounts allocated to Administrative Costs, shall not exceed the County's Maximum Contribution, plus any applicable penalty and/or interest allowed in Section 311.013 of the Tax Code, subject to the limitations on Section IV.B.4. hereof.

9. a. *General Provisions.* Subject to the provisions of this Agreement,, the County agrees to participate at fifty percent (50%) of the County Applicable M&O Tax Rate per \$100 valuation on the Captured Appraised Value) of real property in the Zone.

b. *Greater County M&O Tax Rate.* If the County M&O Tax Rate for any given year is greater than the Applicable M&O Tax Rate per \$100 valuation on the Captured Appraised Value during any year during the Term of the Zone, the County shall retain all taxes collected in excess of the County Applicable M&O Tax Rate per \$100 valuation on the Captured Appraised Value and to the extent any such excess has been contributed into the Tax Increment Fund, such excess shall be promptly refunded to the County.

10. Any portion of the taxes included in the calculation of a County Tax Increment Payment that are refunded by the County pursuant to applicable law after such calculation, shall be offset against the County's future Tax Increment Payment.

11. County taxes that are delinquent for more than five years will be considered uncollectible and shall not be included in the Tax Increment Payment.

**C. Management of the Zone**

1. The Zone shall in all respects be managed by the Zone Board, including the director appointed by the County. The Zone Board shall have all powers allowed under Chapter 311 of the Texas Tax Code to manage the Zone and carry out the Plan as limited by the City's ordinance creating the Zone. The Participating Taxing Entities, during the term of this Agreement, may inspect the Project site and review Project plans and drawings at times and intervals in a manner that will not interfere with ongoing operations.

2. The Zone Board shall be composed of seven (7) directors.

3. Notwithstanding anything to the contrary in the Creation Ordinance, pursuant to the provisions of Section 311.009(a) of the Texas Tax Code, the County shall have the unequivocal right to appoint and thereafter at all times to maintain one (1) director on the Zone Board. Failure of the County to appoint a person to the Zone board shall not be deemed a waiver of the County's right to make an appointment at a later date. If it is necessary for the City to make or confirm the appointment, the City shall appoint or confirm the County's designee. The County may also appoint and maintain as many non-voting ex-officio members to the Zone Board as the County desires.

**D. Expansion of the Zone**

Notwithstanding anything to the contrary contained herein, the obligation of the County to participate in the Zone is limited to the legal description of the Zone contained in Exhibit 2 attached hereto and is subject to the terms of this Agreement. The County's participation shall not extend to the Tax Increment on any additional real property added to the Zone by the City unless the County approves such participation in a written amendment to this Agreement.

**IV. RIGHTS AND OBLIGATIONS OF CITY AND ZONE**

**A. Tax Increment Participation by the City**

Subject to the terms of this Agreement, the City agrees to participate in the Zone by contributing to the Tax Increment Fund one hundred percent (100%) of the revenue generated from the City's Annually Adopted Tax Rate x 70%, as levied and collected on the Captured Appraised Value each respective tax year during the term of the Zone, beginning with the 2026 tax year. The City agrees to require the Zone to implement the Adopted Project Plan. The City's contributions to the Tax Increment Fund pursuant to this Section V.A.1 shall end when the City has contributed all Tax Increments attributable to periods before the Zone termination date.

**B. Tax Increment Payment**

1. The City's obligation to contribute its Tax Increment Payment to the Tax Increment Fund as provided above in Section V.A. of this Agreement shall accrue as the City collects its Tax Increment. The City agrees to deposit its Tax Increment Payments to the Tax Increment Fund annually on or before May 1, (or the first business day thereafter) of each tax year. Any delinquent deposit of a Tax Increment Payment by the City under this Agreement shall be administered as provided in Section 311.013(c) of the Texas Tax Code (or its successor provision).

2. The County, the City and the Zone expressly agree that the City shall not owe any interest on Tax Increments that have been levied, but not received by City by the delinquency dates specified herein.

**C. Financing of Project Costs**

Each Participating Taxing Entity shall participate in the payment of Project Costs only to the extent described herein. The City and the Zone shall be entitled to enter into any other agreements for the City or the Zone to pay Project Costs and other reasonable related expenses from the Available Tax Increments paid into the Tax Increment Fund without the consent of any other Participating Taxing Entity, but they will provide notice of such agreement(s) to each Participating Taxing Entity.

**D. Disbursement of Funds in the Tax Increment Fund**

1. Each Participating Taxing Entity agrees the Zone Board shall administer the Tax Increment Fund on behalf of the Zone, pursuant to the Creation Ordinance, and pursuant to this Agreement. Except for amounts to be paid to the City and County for Administrative Costs, no funds shall be disbursed from the Tax Increment Fund without the prior written approval of the Zone Board (except for amounts to be deducted by the County for Administrative Costs), and notice of the amount of funds used and disbursement of funds by the Zone shall be given at least annually to the County. The Parties agree that the Zone Board shall be responsible for the annual administration of the Zone.

2. The parties agree and understand that under no circumstances shall the amount reimbursable as Administrative Costs, in the aggregate, exceed the amount set out and described in Section II.2 above

3. The City and Zone will use funds in the Tax Increment Fund to reimburse expenditures set forth in the Project Plan as set forth in an approved in any approved Development Agreements. The foregoing notwithstanding, no such funds will be paid from the Tax Increment Fund to a Participating Taxing Entity for its financial or legal services incurred in any dispute arising under this Agreement with another Participating Taxing Entity or Participating Taxing Entities or the Zone Board.

**F. Project Plan.**

1. The City and the Zone Board agree to comply with and implement the Zone Project Plan.

2. The City agrees to provide prior written notice to the County of any proposed amendments to the Plan. The County shall have a period of thirty (30) business days from receipt of such notice of a proposed change to provide comments and objections to the proposed change. If the County timely provides written notice to the City that it objects to the proposed change, and (i) the change, on its own or taken together with any prior changes, constitutes a Material Change to the Plan; (ii) the objection, as set out in the notice, is not resolved within forty-five (45) business days from the date of the City's receipt of the County's notice; and (iii) the City approves such change notwithstanding the County's objection, then the County may thereafter discontinue its Tax Increment Payments and terminate its participation in the Zone; *provided that* the County's discontinuation shall not become effective until such time as (x) all Project Costs incurred in accordance with the Plan prior to the adoption of the proposed change and which the Zone is obligated to reimburse are paid in full or (y) the County has made aggregate Tax Increment Payments equal to Maximum County Participation of Project Costs (the "County's Termination Effective Date"). Prior to the County's Termination

Effective Date, the County shall remain a participant in this Agreement and shall be bound by its terms.

3. A change to the Plan is a Material Change if (i) it provides for improvements or costs unrelated to the projects and costs in the Plan as of the date of this Agreement; (ii) it would constitute at least a twenty percent (20%) increase or decrease in either the Project Costs or the scope and scale of the Project; (iii) has the effect of directly or indirectly increasing the percentage of Tax Increment to be contributed by the County; or (iv) increases or reduces the geographical area of the Zone.

4. If the County does not provide notice of its objections within 45 days as provided above, the changes to the Plan, as amended are deemed approved.

5. Notwithstanding any other provision hereof, no change, regardless of whether it is a Material Change, without a corresponding specific written amendment to this Agreement will change the amount of Tax Increment Payments due from the County or increase the County Maximum Contribution.

#### **G. Tax Accounts; Plats and Subdivisions**

The Parties agree to cooperate so that the City and the County can properly account for all tax accounts within the Zone. The Zone agrees to use its best efforts to (i) provide such information as the County and the Hidalgo County Appraisal District may reasonably need to properly allocate tax accounts to the Zone, and (ii) provide copies of all plats approved within the Zone to the County, the County Auditor, and the Hidalgo County Appraisal District. The tax accounts identified as of the date of this Agreement are listed on **Exhibit 5** attached hereto.

### **VI. TERM AND TERMINATION**

#### **A. Term of the Zone and Termination**

This Agreement shall become effective as of the last date of execution by the Parties hereto. The term of the Agreement will commence with the tax year beginning on January 1, 2026. This Agreement terminates on the earlier of (i) December 31, 2059; (ii) the termination of the Zone as provided in Section 311.017 of the Texas Tax Code; or (iii) termination by the Parties hereto consistent with all applicable laws. Upon termination of this Agreement, the obligation of the County to contribute to the Tax Increment Fund for the Zone shall end; however, any refund obligations of the City, the Zone or any related redevelopment authority shall survive such termination.

#### **B. Early Termination**

The Zone may terminate early pursuant to the provisions of Section 311.017 of the Texas Tax Code.

### **C. Disposition of Tax Increments**

Upon expiration or termination of the Zone and after all bonds and/or notes have been paid and all reimbursements have been made, 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, or any successor provision thereto. Such payment shall be made to the County not later than sixty (60) days after such termination. Accounting to determine the pro rata distribution of remaining funds to the respective taxing entities shall be conducted according to generally accepted accounting principles, and shall be subject to review and audit by the County upon reasonable request. In the event a discrepancy occurs between the reviews conducted by the City and County, said dispute will be resolved by the respective audit offices of the City and County. In the event the dispute cannot be resolved it shall be submitted to mediation under the rules of the American Mediation Association with a mediator agreed upon by the County Judge of the County and the Mayor of the City, or the Mayor's designee..

## **VII. MISCELLANEOUS**

### **A. Understanding**

Any and all costs incurred by the Zone or the City are not, and shall never become, general obligations or debt of the County. With respect to the City and County costs, only eligible Project Costs and other allowable expenses under applicable law, if any, incurred by the City or County shall be payable from the Tax Increment Fund in the manner and priority provided in the Plan, and only to the extent that funds become available in the Tax Increment Fund. The Parties agree and understand that eligible costs exceeding the maximum specified in the Amended Plan, shall not increase the amount due from the County beyond what is actually collected as its Available Tax Increment during the Term of the Zone, which shall be deposited into the Tax Increment Fund, subject to the County Maximum Contribution and the other provisions of this Agreement.

### **B. Severability**

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.

In the event any term, covenant or condition shall be held invalid and affects in any manner the limitations on the County's, or any other Party's, contributions or participation, then neither the County, nor any other Party, shall have any liability for any incremental or other payments as may otherwise be provided for in this Agreement.

### **C. Entire Agreement**

1. This Agreement merges all negotiations and understandings of the Parties hereto. There are no other agreements, assurances, conditions, covenants (express or implied), or other terms with respect to the covenants, whether written or verbal, antecedent or contemporaneous, with the execution hereof.

2. With respect to the County's obligations, to the extent there is any irreconcilable conflict between the terms contained in the body of this Agreement and any exhibit hereto, the terms contained in the body of this Agreement shall control over those contained in such exhibit.

#### **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 the City and only the Commissioners Court of the County have authority to approve a change or amendment to this Agreement on behalf of the City or the County, respectively.

#### **E. Notices**

All notices required or permitted hereunder shall be in writing and delivered by personal delivery, facsimile or United States Postal Service (certified mail, return receipt requested) and 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. Such notices shall be deemed delivered the earlier of: (i) when actually received by personal delivery or facsimile if received during normal business hours and on the next business day if received after normal business hours; or (ii) if sent by the United States Postal Service, on the date indicated by the United States Postal Service on the return receipt as the date on which it was received by the respective other 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, or 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**

No Party shall assign this Agreement at law or otherwise without the prior written consent of the other Parties. No Party shall delegate any portion of its performance under this Agreement without the written consent of the other Parties.

## **H. Successors**

This Agreement shall bind and benefit the Parties and their legal successors or assigns. This Agreement does not create any personal liability on the part of any trustee, officer, owner, partner, principal, employee, elected official or agent of a Party to this Agreement.

## **I. Access to Financial Information**

1. The Zone agrees to conduct or to cause to be conducted, at a minimum, an annual financial review, a copy of which will be provided to the County. Furthermore, each Party to this Agreement shall have reasonable access to financial or other information and audit reports, when prepared in concert with a Redevelopment Authority / Local Government Corporation created to manage the zone, regarding the operation of the Zone, contribution of Tax Increment Payments to the Tax Increment Fund, and expenditures from the Tax Increment Fund for Project Costs. In addition, the City agrees, during the term of this Agreement, to prepare and deliver an annual report to the County in accordance with Section 311.016 and 311.0101(c), Texas Tax Code. The County shall have the right to withhold or delay payments to the Tax Increment Fund until such time as it has received the financial report (and other documentation and information pursuant to Section IV.B. above) from the City for the applicable tax year, and shall not incur any penalties or interest with respect to any such withheld or delayed payments notwithstanding any provision herein to the contrary.

2. The County Auditor shall be authorized to audit Zone records at the County's expense upon reasonable notice to the Zone and the City. The Zone and the City shall cooperate with the County Auditor with respect to such audit.

3. In the event the City recreates a redevelopment authority / local government corporation in connection with the Zone, the City shall provide to the County, with a copy to the County Auditor, a copy of each of the audits required by the agreement between the City, the Zone and any such redevelopment authority within thirty (30) days of receipt of each audit.

## **J. Zone Designation**

The City represents that its designation of the Zone meets the criteria of Section 311.005(a), Texas Tax Code.

## **K. No Waiver of Immunity**

No Party hereto waives or relinquishes any immunity or defense on behalf of itself, its elected officials, trustees, officers, employees, directors and agents as a result of its execution of this Agreement and performance of the covenants contained herein.

**L. Force Majeure**

The Parties agree that in the event a Party's performance of any obligation under this Agreement is delayed due to the act or failure or delay in acting of another Party or another government entity (so long as such failure is not caused by an act or omission of the delaying Party), then such Party's time to perform shall be extended by the length of the delay; provided that the Party whose performance has been delayed gives prompt notice thereof to the other Parties hereto. The Parties further agree that in the event any payment hereunder is miscalculated due to errors in the information provided to the Party making the calculation or making the payment based on such calculation, that such payment shall be promptly adjusted upon the Parties becoming aware of the miscalculation and agreeing to the proper calculation (e.g., in the event the Hidalgo County Appraisal District omits a tax account that should be in the Zone from calculations of the tax increment attributable to the Zone). It is the Parties intention that all of the Parties work together in good faith to correct any such delays or miscalculations and that no interest or penalty shall be due with respect to any such delays or miscalculations.

*[Signature page follows]*

**IN WITNESS HEREOF**, the City, the County and the Zone have made and executed this Agreement in triplicate originals on this \_\_\_<sup>th</sup> day of (Month) , 2025.

**CITY OF MERCEDES**

**HIDALGO COUNTY**

\_\_\_\_\_  
Oscar Montoya  
City Mayor

\_\_\_\_\_  
Hon. Richard Cortez  
County Judge

**ATTEST/SEAL:**

**ATTEST/SEAL:**

\_\_\_\_\_  
Joselynn Castillo  
City Secretary

\_\_\_\_\_  
Arturo Guajardo, Jr.  
County Clerk

**APPROVED AS TO FORM FOR  
THE CITY OF MERCEDES:**

**APPROVED AS TO FORM FOR  
HIDALGO COUNTY:**

\_\_\_\_\_  
City Attorney

By: \_\_\_\_\_  
County Attorney

**REINVESTMENT ZONE NUMBER TWO,  
CITY OF MERCEDES, TEXAS**

\_\_\_\_\_  
Oscar Montoya  
Chair, Board of Directors

**Exhibit 1**

**CITY OF MERCEDES Ordinance No. 2024-22**  
(Creation of Zone)

[See attached \_\_\_ pages]

**Exhibit 2**

**CITY OF MERCEDES TIRZ #2 Project Plan**

[See attached \_\_\_ pages]

**Exhibit 3**

**CITY OF MERCEDES TIRZ #2 Zone Budget**

[See attached \_\_\_ pages]

## Exhibit 4

### Tax Accounts

\*This is a list of the tax accounts within the Zone. The Parties acknowledge that it is subject to correction based on any errors discovered by the Hidalgo County Appraisal District or the Hidalgo County Auditor's Office. Any errors uncovered after a payment is made will be accounted for in the next payment after discovery of the error.

SJE Project	prop_id	file_as_name	legal_acreage	legal_desc	land_val
12	1569415	HIDALGO & CAMERON COUNTIES WATER CONTROL & IMP DIST NO. 9	4.72	CAMPACUAS ADDN AN IRR TR S575.95'-W640' LOT 1 BLK 116 4.72AC NET	129550
	1569412	HIDALGO & CAMERON COUNTIES WATER CONTROL & IMP DIST NO. 9	2.89	CAMPACUAS ADDN AN IRR TR S575.95'-E436.50' LOT 2 BLK 116 2.89AC NET	120825
	1240516	SAN JACINTO ENTERPRISES LLC	1.47	CAMPACUAS ADDN W50' BLK 116 LT 15 1.52AC GR 1.47AC NET	13965
	130118	SAN JACINTO ENTERPRISES LLC	5.12	CAMPACUAS ADDN NE 5.73AC LOT 8 BLK 116 5.12 AC NET	104960
	130114	SAN JACINTO ENTERPRISES LLC	109.2	CAMPACUAS ADDN SE 25.75AC LOT 7 & ALL LOTS 8 EXC NE 5.73AC & W660' LOT BLK 116 109.20AC NET	1037400
				<b>123.4</b>	
16	130111	OLIVAREZ JOE DANIEL & JACINTO GARZA	24.24	CAMPACUAS ADDN N825' LOT 16 BLK 115 24.24AC	496920
	130103	OLIVAREZ JOE DANIEL & JACINTO GARZA	38.49	CAMPACUAS ADDN LOT 9 BLK 115 38.49AC NET	789045
	129931	OLIVAREZ JOE DANIEL & JACINTO GARZA	19	CAMPACUAS ADDN N660' LOT 12 BLK 102 EXC S317'-W190' BEING AN IRR TR 19.0AC	389500
				<b>81.73</b>	
					<b>\$3,082,165.00</b>

