



LAREDO, TEXAS
1755

CITY OF LAREDO

Office of the City Manager

September 3, 2015

The Honorable Tano E. Tijerina
Webb County Judge
1000 Houston Street, 3rd Floor
Laredo, Texas 78040

Dear Judge Tijerina:

The City of Laredo has been working diligently with Horizon Group, Inc. (HGP) in support of the redevelopment of El Portal Center located between Zaragoza and Water Streets in Downtown Laredo. This development represents a minimum investment of \$80 million by HGP and includes the construction of a first-class retail outlet consisting of approximately 350,000 sq. ft. of leasable space that will house an estimated 76 retail shops. Also planned is a second phase of construction that will provide for the development of an additional 100,000 sq. ft. of leasable space to be occupied by approximately 25 retail tenants.

Laredo is set to become a shopper's destination rather than a pass-through to shops north. Already, HGP has commenced the lease-up process. Some of the outlet shops coming to Laredo include Fossil, Guess, Perry Ellis, Tommy Hilfiger, Michael Kors, Brooks Brothers, Puma, and Robert Wayne Footwear. Currently, 39 leases have been executed and an additional 20 lease proposals are being negotiated representing 82% of the leasable space. Interior demolition of the structure was initiated in June with exterior demolition currently underway. Opening of the mall is set for Fall of 2016.

A project of this magnitude will not only impact the current local economies of the City and the County but will be a major economic driver for the next 30-40 years. At project start, it is anticipated that 1,000 construction jobs will be created, followed by 1,200 permanent jobs and 1,600 seasonal jobs upon opening. It is further expected that the outlet stores will help spur additional retail development surrounding the Outlet Shoppes, throughout downtown and Laredo. Its presence will positively impact the service industry, including hotels, restaurants, convenience stores and gas stations, to name a few.

In support of the same, the City executed an Economic Development Performance and Program Grant Agreement with El Portal Center, LLC on September 3, 2014. As authorized by Article III, Section 52-a of the Texas Constitution and Chapter 380 of the Local Government Code, the agreement includes various economic incentives, one of which is a rebate to HGP of \$1,250,000 of the City's sales tax generated at the Outlet Shoppes to be used for enhanced marketing and improvements to the Center. The sales tax rebate will be paid in quarterly

installments throughout a 10-year period. The City further agreed to provide additional incentives in the form of land and infrastructure improvements.

El Portal Center, LLC has advised the City that the bids received for the construction of the mall were almost 80% higher than that originally estimated and is in need of additional local economic assistance of approximately \$6.6 million. In consideration of the Project's widespread area economic impact, I respectfully request that Webb County assist in helping to ensure that this development proceeds as planned by providing incentives in the estimated amount of \$6.6 million in the form of a sales tax rebate or other manner in which the County deems best.

Development of the Outlet Mall represents a tremendous opportunity for the future of this City and Webb County and its residents. I ask that the County give serious consideration to this request and provide a favorable response.

I am available to discuss this further at your earliest convenience.

Sincerely,


Jesus M. Olivares
City Manager