

**TAX ABATEMENT AND INCENTIVE AGREEMENT
FOR PROPERTY IN A NEIGHBORHOOD EMPOWERMENT ZONE**

This Agreement is made and entered into by and between Andrea Arellano, duly authorized to transact business in Texas, and the City of Laredo, a Municipal Corporation and a home-rule city in Webb County, Texas, (the "City"), pursuant to the authority of Chapters 318 and 378 of the Texas Local Government Code, and shall be effective when duly executed by signature of the authorized representative for each party hereto.

RECITALS

WHEREAS, the City of Laredo pursuant to the provisions of Chapters 312 and 378 of the Local Government Code of the State of Texas, known as the "Neighborhood Empowerment Zone," has designated an area as an empowerment zone, thereby making the area eligible as a reinvestment zone for tax abatement under Section 312.002 of the Tax Code; and other incentives;

WHEREAS, Andrea Arellano is the owner of the land located within said Neighborhood Empowerment Zone and described as 405 Guerrero St, ("Property") which exhibit is incorporated herein by reference for all purposes; and

WHEREAS, the City desires to promote and encourage the development of the community and the expansion and growth of the Property;

NOW THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, the City and Andrea Arellano have this day entered into the following contract and agreement:

I. TERM

This agreement shall be for a period of five (5) years becoming effective on January 1st of the year following the year in which a Certificate of Occupancy is issued.

II. OWNER COVENANTS

A. Project

Andrea Arellano shall cause to be new construction a new project located at 405 Guerrero St, Lot 8 and Lot 9, Block 244, Eastern Division, that consists of a residential with an estimated value of at least \$55,043.00. Andrea Arellano agrees to limit the use of the property described herein for said residential development use as that term is defined in the Zoning Ordinance of the City of Laredo.

B. Completion Date

Andrea Arellano certifies that the residential project construction will be completed within one year from issuance and receipt of the building permit, unless delayed because of force majeure, in which case the one year shall be extended by the number of days comprising the specific force majeure. For purposes of this Agreement, force majeure shall mean an event beyond Andrea Arellano's reasonable control as determined by the City of Laredo in its sole discretion, which shall not be unreasonably withheld, including, without limitation, delays caused by adverse weather, delays in receipt of any required permits or approvals from any governmental authority, acts of God, or fires. Force majeure shall not include construction delays caused due to purely financial matters, such as, without limitation, delays in obtaining of adequate financing.

C. Use of Property

Andrea Arellano covenants that the project shall be new construction in a manner that is consistent with the general purposes of encouraging development or redevelopment in the Zone and the Property shall be continuously used as a residential development.

III. TAX ABATEMENT

Subject to and in accordance with this Agreement, the City hereby grants to Andrea Arellano a real property tax abatement of City of Laredo imposed taxes on the Property for a period of five (5) years. The total estimated amount of the Abatement granted under this Agreement shall be approximately \$1,750.00. The total certified Base Value for year 2017 as determined by the Webb County Appraisal District is \$192,874.00

IV. WAIVER OF PERMIT FEES

Subject to and in accordance with this Agreement, the City hereby agrees to waive all fees associated with acquiring the necessary building permit, plan review, plumbing permit, electrical permit, mechanical permit, fire inspection, right of way permit, water permit and sprinkler system permit for development of the property. The estimated amount of permit fees to be waived is approximately \$369.00.

V. RECORDS, AUDITS AND EVALUATION OF REQUIRED IMPROVEMENTS

A. Inspection of Property

Between the execution date of this Agreement and the last day of the Term, at any time during normal office hours throughout the Term and the year following the Term and following reasonable notice to Andrea Arellano the City shall have and Andrea Arellano shall provide access to the Property in order for the City to inspect the Property and evaluate the required improvements to ensure compliance with the terms and conditions of this Agreement. Andrea Arellano shall cooperate fully with the City during any such inspection and/or evaluation.

B. Certification

Andrea Arellano shall certify annually to the City that it is in compliance with each applicable term of this Agreement. The City shall have the right to audit the Property. Andrea Arellano shall make all applicable records available to the City following reasonable advance notice by the City and shall otherwise cooperate fully with the City during any audit.

VI. DEFAULT AND RECAPTURE

Andrea Arellano shall be in default of this Agreement if Andrea Arellano for any reason fails to substantially comply with the development of the property, discontinues the residential development operations as required by the terms of this Agreement, or if any representation made by Andrea Arellano is false or misleading in any material aspect. Termination of this Agreement may be effected if default is not cured within sixty (60) days after written notice by the City to Andrea Arellano. If the City terminates this Agreement as a result of default by Andrea Arellano, the tax abatement shall be immediately abolished and the City shall have the right to recapture the amount of all previously waived permit and inspection fees, and the taxes previously abated. In the event of termination, a bill for the total amounts due will be sent to Andrea Arellano, and Andrea Arellano hereby agrees to pay the total amounts due within sixty (60) days after receipt of the bill. Statutory penalties interest and attorney's fees will accrue if Andrea Arellano fails to

timely pay the bill. Nothing in this Agreement shall preclude Andrea Arellano from disputing the bill.

VII. TERMINATION AT WILL

If the City and Andrea Arellano mutually determine that the development or use of the Property is longer appropriate or feasible, or that a better use is preferable, the City and Andrea Arellano may terminate this Agreement in writing signed by both parties. In this event, if the Term has commenced, the Term shall expire as of the effective date of the termination of this Agreement; there shall be no recapture of any taxes previously abated or fees waived; and neither party shall have any further rights or obligations hereunder.

VIII. VENUE AND JURISDICTION

This Agreement shall be construed in accordance with the laws of the State of Texas and applicable ordinances, rules, regulations or policies of the City of Laredo. Venue for any action under this Agreement shall lie in the State District Court of Webb County, Texas. This Agreement is performable in Webb County, Texas.

IX. SEVERABILITY

If any provision of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.

X. BINDING EFFECT

This agreement shall insure to the benefit of and be binding upon the City and Andrea Arellano and their affiliated, subsidiaries, successors and assigns.

Executed this the day of December 7th, 2020, by City of Laredo.

BY: *Robert A. Eads* *Robert A. Eads*
Robert A. Eads, City Manager

ATTEST

Jose A. Valdez, Jr
Jose A. Valdez, Jr

City Secretary



APPROVED AS TO FORM:

For: Rene C. Benavides

City Attorney

Rene C. Benavides

APPROVED AS TO FORM:

Rene C. Benavides

City Attorney

Executed this the day of _____, 2020, by Andrea Arellano

BY: Andrea Arellano

Name: Andrea L. Arellano

Title: Owner

BY: _____

Name: _____

Title: _____