

**RESOLUTION OF SUPPORT FOR CHANGES TO SANTANA TEXTILES,  
L.L.C. TAX ABATEMENT PROJECT**

**WHEREAS**, the County of Hidalgo is committed to the promotion of high quality development in the County, and desires to promote and encourage the types kinds of investment that result in the creation of new jobs, new income and positive economic growth, which is beneficial to the County as a whole; and

**WHEREAS**, the County gives consideration on a case-by-case basis to providing tax abatement as a stimulation for economic development in the County in accordance with Guidelines and Criteria for Granting Tax Abatements in Hidalgo County, Texas (the "Guidelines and Criteria"); and

**WHEREAS**, pursuant to the then effective Guidelines and Criteria, the County entered into that certain Tax Abatement Agreement between Hidalgo County and Santana Textiles, L.L.C. dated as of July 6, 2010 (the "Santana Agreement"), concerning the project being developed by Santana Textiles, L.L.C., in Reinvestment Zone No. 2010-01 of the City of Edinburg (the "Project"); and

**WHEREAS**, Santana Textiles, L.L.C. has informed the County that it has already invested over 27 million dollars in the Project and completed approximately 95% of the 240,765 square foot Facility (as defined in the Santana Agreement), but has been unable to finance the Project as originally planned due to international restrictions on the flow of capital from its Argentina operation, and instead will be finishing the Project through financing that includes the use of the New Market Tax Credit Program, which will necessitate the restructuring of the Project as set forth on Exhibit A attached hereto and made a part hereof; and

**WHEREAS**, the proposed financing related changes to the Project will include two new entities, Santana Real Estate, L.L.C., and Santana Leverage Lender, Inc., both of which will also be owned by the owners of Santana Textiles, L.L.C.; and

**WHEREAS**, the proposed restructuring includes the sale of certain property to Santana Real Estate, L.L.C., which property will then be leased back to Santana Textiles, L.L.C., for the Project; and

**WHEREAS**, Santana Textiles, L.L.C., has informed the County that the proposed restructuring does not entail any changes to how the Facility will be operated or to any of the economic development advantages that the County expected when entering into the Santana Agreement; and

**WHEREAS**, the proposed restructuring would add Santana Real Estate, L.L.C., as a party to the Santana Agreement and will require an amendment to the Santana Agreement, which cannot be approved pursuant to the Guidelines and Criteria while certain taxes are due from Santana Textiles, L.L.C., but would not increase the expected value of the tax abatement granted pursuant to the Santana Agreement; and

**WHEREAS**, Santana Textiles, L.L.C., has informed the County that the proposed restructuring will allow the Facility to become operation during 2015; and

**WHEREAS**, based on the benefits for economic development that will be generated through the completion of the Project and the operation of the Facility, the County wishes to express its non-binding support for the proposed financing related changes to the Project, subject to negotiation

## Exhibit A

### Proposed Financing Related Restructuring of Project

Summary of information on the proposed financing related restructuring of the Project from Santana Textiles, L.L.C.:

The New Market Tax Credit (NMTC) is a program of the US Department of the Treasury designed to incentivize the infusion of capital in economically distressed areas and thus stimulate the economy. A qualifying project must first be identified in the census tract as an area of high poverty. Other considerations to qualification include regional economic impact, environmental sustainability, community partnerships/support and most importantly, job creation and its effects on minorities in the region. Santana Textiles, L.L.C. (STLLC) is an approved project and the funding is scheduled for closing on January 20<sup>th</sup>, 2015.

Santana Textiles, L.L.C., owners have contributed in excess of \$27M. A 240,765 square foot facility that is 95% complete, filled with state of the art manufacturing equipment will be in full production with the proceeds of this loan. The STLLC NMTC loan requires the creation of two wholly owned, owner controlled subsidiaries: Santana Leverage Lender, Inc., and Santana Real Estate, L.L.C. These are the entities that we ask Hidalgo County Commissioners Court to acknowledge and support. The Hidalgo County tax abatement agreement is tremendously important in the financial model considered for funding.

More specifically, Santana Textiles, L.L.C., has carved out three independent structures (administration, cafeteria, and water treatment plant) for a sale (at cost) to Santana Real Estate, L.L.C., and they will then be leased back to STLLC. Both entities are wholly owned and operated by the same owners. No third parties involved.

The timeline for this transaction is as follows:

January 20, 2015 – New Market Tax Credit funding  
March 20, 2015 – completion of construction and equipment installation  
April 20, 2015 – equipment start-up and trial production runs  
May 20, 2015 – full production


The delinquent taxes (2013) are to be paid from the proceeds at closing. STLLC will enter in to an approved installment agreement for the 2014 taxes to be paid in full no later than September 2015.

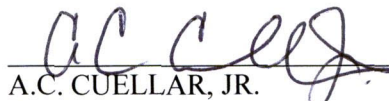
and future approval by the Commissioners Court of an acceptable agreement amending the Santana Agreement in accordance with the Guidelines and Criteria;

**NOW, THEREFORE, BE IT RESOLVED** that the Hidalgo County Commissioners Court does hereby express its non-binding support for the proposed financing related changes to the Project, subject to and conditioned on all of the following:

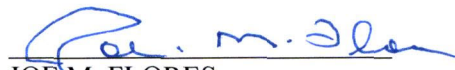
1. The restructured financing related changes to the Project are implemented with Santana Real Estate, L.L.C., and Santana Leverage Lender, Inc., which is another new entity owned by the owners of Santana Real Estate, L.L.C., and Santana Textiles, L.L.C..
2. The Project will be completed in accordance with the Santana Agreement and the Facility will be operational during 2015.
3. Santana Real Estate, L.L.C., becomes a party to the Santana Agreement, as a lessor of part of the facility to Santana Textiles, L.L.C.
4. All conditions, including with respect to taxes, for approving an assignment pursuant to the Guidelines and Criteria are satisfied.
5. An appropriate agreement amending the Santana Agreement is executed by the parties setting forth acceptable terms and conditions for the approval of the assignment of part of the Project to Santana Real Estate, L.L.C., and such other terms as are acceptable to or required by the County in furtherance of the nonbinding intent expressed herein and in accordance with applicable law and the Guidelines and Criteria.

**Approved this 14<sup>th</sup> day of January, 2015.**

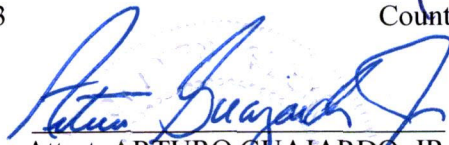
  
RAMON GARCIA  
County Judge

  
A.C. CUELLAR, JR.  
County Commissioner, Pct. 1

  
EDUARDO "EDDIE" CANTU  
County Commissioner, Pct. 2

  
JOE M. FLORES  
County Commissioner, Pct. 3

  
JOSEPH PALACIOS  
County Commissioner, Pct. 4

  
Attest: ARTURO GUAJARDO, JR.  
Hidalgo County Clerk