



**HIDALGO COUNTY SMALL TOWN
ECONOMIC DEVELOPMENT GRANT PROGRAM
AGREEMENT**

By and Between

HIDALGO COUNTY, TEXAS,

And

CAPPADONA RANCH

Effective as of November 20, 2018

FILED
AT 4:09 P M
O'CLOCK
JAN 14 2019
ARTURO GUJARDO, JR. COUNTY CLERK
HIDALGO COUNTY, TEXAS
BY [Signature] DEPUTY

**HIDALGO COUNTY SMALL TOWN
ECONOMIC DEVELOPMENT GRANT PROGRAM AGREEMENT**

This **HIDALGO COUNTY SMALL TOWN ECONOMIC DEVELOPMENT GRANT PROGRAM REIMBURSEMENT AGREEMENT** (this "**Agreement**") is entered into to be effective as of the 20th day of November, 2018 (the "**Effective Date**"), by and between **HIDALGO COUNTY, TEXAS** (the "**County**") and **CAPPADONA RANCH** (the "**Company**").

RECITALS

WHEREAS, pursuant to Chapter 381.004(b)(2) and (3) of the Texas Local Government Code, the County has adopted a program to establish grant opportunities for Hidalgo County entrepreneurs with small or disadvantaged business development, benefitting county residents in the smaller communities, to stimulate, encourage, and develop business location and commercial activity in the County (the "**Small Town Economic Development Grant Program**" ("**STED Program**")), a copy of which is attached hereto as Exhibit "A"; and

WHEREAS, the County may develop and administer the STED program as authorized by subsection (b) of Chapter 381.004, for making grant funds; and

WHEREAS, the Company had the opportunity to compete for prize grant funds to be used for the betterment or launch of their business proposal and after completing Phase I through Phase IV of the program's process, has been selected as a recipient of the prize grant money; and

WHEREAS, the County and Company desire to set forth in this Agreement the terms and conditions of the prize grant money reimbursement structure to the County; and

WHEREAS, the parties recognize that all agreements of the parties hereto and all terms and provisions hereof are subject to the laws of the State of Texas and all rules, regulations and interpretations of any agency or subdivision thereof at any time governing the subject matters hereof;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. The Company agrees to start their business in the location originally presented and must remain in Hidalgo County, or retain their business in the stated location.
2. The Company represents to the County that the purchases and/or expenses

incurred are for, including but not limited to, supplies, equipment, marketing, website development, signage, construction costs, labor, resources (causally connected to the submitted business plan) and/or inventory, as previously identified in the awarded business plan. *See Exhibit "B"*.

3. The Company agrees to provide monthly invoices and/or expenditure receipts, starting on December 1, 2018 and continuing on the 1st day of every month, to the Hidalgo County Judge's Office for reimbursement of purchases and/or expenses incurred for the business, and related to the awarded business plan.

4. The County will review the invoices and/or expenditures submitted by the Company to assure that the purchase and/or expense is for an eligible cost as previously identified in the awarded business plan. *See Exhibit "B"*. The Company shall cooperate with any audits, inspections, compliance and enforcement measures of the County.

5. The Company agrees to submit all invoices and/or expenditures to the County no later than one year after the date of the award.

6. Reimbursement checks will be distributed by the Hidalgo County Treasurer's Office.

7. The payment of all indebtedness and obligations incurred by Company in connection with the development, construction, maintenance, marketing, resources (not connected to the submitted business plan) and/or inventory, and operation of the business shall be solely the obligations of Company. The County shall not be obligated to pay any indebtedness or obligations of Company.

8. The County shall have no obligation to make any payments hereunder unless the Company is in full compliance with the terms of this Agreement.

9. During the Term, the County shall pay to Company the applicable reimbursement payment on or before the thirty (30) calendar days following the County's receipt of the monthly invoices and/or expenditure receipts.

10. At any time during the Term of this Agreement, if Company is not in substantial compliance with this Agreement the County may send Company notice of such non-compliance. If such non-compliance is not either cured within sixty (60) days of such notice (the "*Cure Period*") or, if non-compliance is not reasonably susceptible to cure within 60 days, a cure begun within such Cure Period thereafter continuously and diligently pursued to completion (in either event, a "*Cure*"), then the County may, as its remedies hereunder, cease making reimbursement payments until such Cure occurs. Upon a Cure by Company, the County may opt to continue future reimbursement payments.

11. The County shall have no obligation to reimburse the Company for

previous purchases and/or expenditures incurred prior to the execution of this Agreement.

12. The Company represents and warrants to the County, as of the Effective Date, that the execution, delivery and performance by Company of this Agreement is within Company's powers and has been duly authorized by all necessary actions of Company.

13. Neither the execution and delivery of this Agreement, nor the consummation of any of the transactions herein contemplated, nor compliance with the terms and provisions hereof will contravene the organizational documents of Company or any provision of law, statute, rule or regulation to which Company is subject or any judgment, decree, license, order or permit applicable to Company, or will conflict or be inconsistent with, or will result in a breach of any of the terms of the covenants, conditions or provisions of, or constitute a delay under, or result in the creation or imposition of a lien upon any of the property or assets of Company pursuant to the terms of any indenture, mortgage, deed of trust, agreement or other instrument to which Company is a party or, to the knowledge of Company, by which Company is bound, or to which Company is subject.

14. Neither this Agreement nor any schedule or exhibit attached hereto in connection with the negotiation of this Agreement contains any untrue statement of a material fact or omits to state any material fact necessary to keep the statements contained herein or therein, in the light of the circumstances in which they were made, from being misleading.

15. To the extent permitted by State law, no employee of the County, nor any commissioner, official or agent of the County, shall be personally responsible for any liability arising under or growing out of this Agreement.

16. This Agreement contains the entire contract between the parties hereto and each party acknowledges that neither has made (either directly or through any agent or representative) any representation or agreement in connection with this Agreement not specifically set forth herein. This Agreement may be modified or amended only by agreement in writing executed by City and County, and not otherwise.

17. In this Agreement, unless a clear contrary intention appears, reference to any party includes such party's successors and assigns, and reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof. This Agreement shall be binding on and inure to the benefit of the parties and their respective successors and assigns. This Agreement is not assignable without the prior written permission of the other party hereto,

and Company may not assign any rights hereunder without complying with the provisions applicable to assignment of the agreement.

18. No term or condition of this Agreement shall be deemed to have been waived, nor shall there be any estoppel to enforce any provision of this Agreement, except by written instrument of the party charged with such waiver or estoppel.

19. Any notice, statement and/or communication required and/or permitted to be delivered hereunder shall be in writing and shall be mailed by first-class mail, postage prepaid, or delivered by hand, messenger, telecopy, or reputable overnight carrier, and shall be deemed delivered when received at the addresses of the parties set forth below, or at such other address furnished in writing to the other parties thereto:

Company: Cappadona Ranch
Attn: Victoria Barrera Cappadona
P.O. Box 124
Linn, TX 78563

County: Hidalgo County
100 E. Cano, Suite 210
Edinburg, Texas 78539
Attn: County Judge
Telephone: (956) 318-2600
Facsimile: (956) 318-2699

20. This Agreement is made, and shall be construed and interpreted under the laws of the State of Texas, and venue shall lie in State courts located in Hidalgo County, Texas.

21. In the event any provision of this Agreement is illegal, invalid, or unenforceability under the present or future laws, then, and in that event, it is the intention of the parties hereto that the remainder of this Agreement shall not be affected thereby, and it is also the intention of the parties to this Agreement that in lieu of each clause or provision that is found to be illegal, invalid, or unenforceable a provision be added to this Agreement which is legal, valid and enforceability and is a similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

22. Nothing contained in this Agreement is intended by the parties to create a partnership or joint venture between the parties, and any implication to the contrary is hereby expressly disavowed. It is understood and agreed that this Agreement does not create a joint enterprise, nor does it appoint either party as an agent of the other for any purpose whatsoever. Except as otherwise specifically provided herein, neither party shall in any way assume any of the liability of the other for acts of the other or obligations of the other.

23. It is expressly agreed that this Contract and the performance by the parties hereunder does not create any agency relationship or master-servant relationship that County has no supervision of the performance of the Services provided by Contractor, and that Contractor is an independent contractor under this Contract.

24. The parties hereto covenant and agree that they will execute such other further instruments and documents as are or may become necessary or convenient to effectuate and carry out the terms of this Contract.

25. It is understood that the employee of County or individuals acting as agents for County are not authorized to receive any type of personal payment, reimbursement, compensation, commission, gift or gratuity for services provided under this Contract. Contractor warrants that no employee or agent of the County has been retained to solicit or secure this Contract and that Contractor has not paid or agreed to pay any employee of County any fee, commission, percentage brokerage fee, gift or any other consideration contingent upon the making of this Contract, or as an inducement for entering into this Contract. The unauthorized offering or receipt of such payments may result in the immediate termination of this Contract.

26. Indemnity and Hold Harmless. Contractors agrees to indemnify and hold County harmless from any loss, costs, liabilities or damages which are incurred by County which are primarily attributable to the acts or omissions of Contractors or the acts or omissions of Contractors employees, agents or other representatives, including the violation of any law or regulation related to Contractors duties under this Agreement.

27. Contractors, including subcontractors, assignees and successors in interest, ensures that no person shall on the grounds of race, religion, color, national origin, sex, age, or disability, or any other protected class under law, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination or retaliation in any federally or non-federally funded program or activity when providing any services described herein under this contract/agreement.

[Signature page follows]

EXECUTED to be effective as of the Effective Date.

HIDALGO COUNTY, TEXAS

By: Ramon Garcia
Ramon Garcia
Hidalgo County Judge

ATTEST:

Arturo Guajardo, Jr.
Arturo Guajardo, Jr.
County Clerk



CAPPADONA RANCH

By: Victoria Barrera Cappadona
Victoria Barrera Cappadona

Approved by Commissioners' Court
on 11/30/18 [Signature]

APPROVED AS TO FORM:

Office of Criminal District Attorney
Ricardo Rodriguez, Jr.

Jennifer D. Smith
By: Jennifer D. Smith
Assistant District Attorney

EXHIBIT A
STED GRANT PROGRAM REQUIREMENTS

Hidalgo County Small Town Economic Development Grant Program

The purpose of this project is to promote business entrepreneurship within the smaller communities of Hidalgo County. This project is funded by funds allocated to Hidalgo County from Unclaimed Property Capital Credits from the Texas Comptroller of Public Accounts. In order to pursue economic development opportunities within Hidalgo County, the county has certified to the state that the purpose of these funds will be in compliance with the provisions of Section 381.004 of the Texas Local Government Code. The intent of this project is to encourage entrepreneurship, create critical jobs, advance commerce, and promote tourism to boost our local economy.

The project seeks to encourage entrepreneurially oriented residents to develop and grow new ideas and promote growth in existing and new businesses. This project will provide the participants with support and resources for the development of their business proposals. All proposals will be presented before an evaluation committee for consideration and input. Applicants will be subject to a written evaluation of a business plan and an oral presentation before the evaluation committee.

Participants will have the opportunity to compete for prize grant money to be used for the betterment or launch of their proposal. Qualifying entrants can request an amount not to exceed \$20,000 in grant funds committed to stay within the business.

Eligibility Rules

Participants. The grant opportunity is for Hidalgo County residents who currently own a business or who are seeking to establish a business and may have challenges obtaining traditional financing. The business must be within Hidalgo County either (a) within a municipality with a population of 20,000 or less OR (b) an unincorporated area within the county. Applicants are required to be active participants with management roles in the business and own significant equity.

Team Composition. Applicants may consist of a single person or a group not to exceed six (6) members.

Nature of Enterprise. The grant is for new or existing qualifying businesses with economic challenges. Challenges can be defined as having limited access to funding from traditional commercial sources and/or having access to resources due to geographic location. A qualifying business is one that has demonstrated stability and viability by remaining in business for two (2) consecutive years.

Prior Activity. Applicants are eligible to submit one application per cycle. Once an applicant(s) has been awarded funding, they are ineligible to apply for future funding for a period of two (2) years.

Hidalgo County Small Town Economic Development Grant Program Submission Requirements

Property Guidelines

- The originator of the business plan will reserve all rights to the business plan. Nondisclosure statements for any business project will not be required to be agreed upon by any judge, reviewer, staff, or audience.
- Business projects may become public and entrants should not assume any right of confidentiality in any information disclosed.
- Hidalgo County, the organizers of this project, may make photocopies, photographs, videotapes and/or audiotapes of the presentations including the business plan and other documents, charts or material prepared for use in presentation. Participants retain all proprietary rights.

THE PROCESS

Phase I – Intent to Apply

An *Intent to Apply Form* must be completed by participants.
Description may not exceed 1000 words.

Description must include:

- The nature, demand, and purpose of the business.
- Amount to be requested and purpose
- Management, educational, professional experience.
- Employment creation projections.

All intent to apply forms will be reviewed and a maximum of twenty (20) projects will be selected to move forward to Phase II. All applicants selected must submit an acknowledgement agreement to the Hidalgo County Judge's Office indicating their commitment to comply with the rules and requirements set forth herein. The deadline for submission of the Intent to Apply form is March 15, 2018.

Phase II – Formats

- If the intent to apply is accepted, applicants will be asked to submit an executive summary of a business plan in accordance with the format below. Hidalgo County will partner with the UTRGV Small Business Development Center to provide business advisement, provide training, and assist in the development of the executive summary.

- Summaries should not exceed 10 pages of text, including the summary financial data. Detailed spreadsheets and appropriate appendices may follow the text portion of the plan but should be limited to 5 pages maximum. In total, the plan should be no longer than 15 pages.

- Financial data should include a cash flow statement, income statement, and balance sheet. Include an explanation of the offering to investors indicating how much money is required, how it will be used, and the proposed structure of the deal, i.e., stock, debentures, etc. The team is not required to reveal its desired deal, although the judges may ask questions about it. Also, delineate the possible exit strategies.

- Attachments should only be included when they support the plan. The text portion of the plan (10 pages) must contain all pertinent information in a clear and concise manner.

- Six (6) hard copies and one (1) electronic copy of the final plan will be due at the Hidalgo County Judge's office at 100 E Cano, Edinburg, TX 78539 on or before May 31, 2018, with no exceptions. Five (5) copies will be distributed to the panel of judges for evaluation and the Hidalgo County Judge's Office will retain the final copy.

Phase III – Written Plan Evaluation Criteria

- Judges will use the *Business Plan Evaluation Form - Written Plan* to assess the written portion of the business plan. This section is worth a total of 60 points.

- It consists of six parts; Part I – Market Opportunity, Part II – Distinctive Competence, Part III – Management Capability, Part IV - Financial Understanding, Part V – Investment Potential and Part VI – Innovation.

Phase IV - Presentation Guidelines & Evaluation Form

- An oral presentation will be made before the evaluation committee.

- The Business Plan – Oral Presentation Evaluation Form will be used to determine the quality of the presentation and is worth a total of 40 points.

- 15 minutes will be provided to present the business plan. Applicant(s) will be allotted additional time to respond to questions.

- Please give advance notice of equipment needs.

Awards

- The project winners will be considered for funding up to \$20,000. Funding can be in the amount requested in the application, or an amount determined by the evaluation of committee.
- The entrepreneurs MUST start their business in the location originally presented and must remain in Hidalgo County or retain their business in the stated location.
- Funds will be distributed on a reimbursement basis. Request for reimbursement will be submitted by the grantee to the Hidalgo County Judge's Office.
- Request will be reviewed to assure the expense is for an eligible cost as previously identified in the awarded business plan.
- Checks will be distributed by the Hidalgo County Treasurer's Office.
- The entrepreneurs must submit their request for reimbursement no later than one year after the date of award.

For more information on the Hidalgo County Small Town Economic Development Grant Program, please contact:

Michael Leo
Director of Economic Development
Hidalgo County Judge's Office
100 E. Cano, Ste. 201
Edinburg, TX 78539
956-318-2600
Michael.leo@co.hidalgo.tx.us

**EXHIBIT B
BUSINESS PLAN**



I. Introduction

Mesquite trees have not always been on the best terms with farmers and ranchers. Cappadona Ranch begs to differ. The Native Indians who once roamed Texas referred to the mesquite tree as the tree of life. Mesquite flour was 20% of the native Indian diet. They used every part of the tree from the root to the leaves for food, medicine and shelter.

Rio Grande Mesquite, LLC dba Cappadona Ranch is located on a private 5-acre ranch in Linn, Texas in northern Hidalgo County and is owned and operated by Victoria Barerra Cappadona.

In the summer of 2012 Texas was going through a heavy drought, which left the ranch barren and dry. Victoria was fascinated by all the plentiful mesquite bean pods hanging from the trees, intrigued how they continued to thrive during this harsh environment. She asked her father-in-law Fred, "Besides nutrition for the cattle, what can people do with all these mesquite beans?" His response was jelly.

Victoria, her husband Justin, and their sons gathered mesquite bean pods from their backyard and began to experiment with recipes. Through trial-and-error, she found the perfect mesquite bean jelly recipe. Their children preferred it over traditional jellies and soon her entire family was asking for more.

What started out as a hobby, soon lead to a serious business with multiple mesquite bean products. In April of 2016 Victoria created Rio Grande Mesquite, LLC dba Cappadona Ranch. Cappadona Ranch products include: Mesquite Bean Jelly, Mesquite Bean Jelly with Chili Pequin, Mesquite Bean Coffee, Mesquite Bean Flour, and Mesquite Bean Tea.

Cappadona Ranch is requesting \$20,000 from the Hidalgo County Small Town Economic Development Grant Program. Cappadona Ranch is currently in the process of attaining quotes for a commercial kitchen on their property. These funds will be used to purchase some of the commercial kitchen appliances and inventory to convert a non value added product, mesquite beans, to a value added product such as mesquite bean jelly, mesquite bean jelly with chili pequin, mesquite bean coffee, mesquite bean flour, and mesquite bean tea. The items include but not limited to:

- Model 5 Hammer Mill and associated equipment
- Work Tables
- Convection Oven, Gas
- Hotplate, Countertop, Gas
- Wire Shelving Units
- Hand Sink

- Mop Sink
- Exhaust Hood
- Product Packaging and Supplies
- & Delivery

II. Products and Services

Cappadona Ranch is proud of their unique products! They include:

Mesquite Bean Jelly and Mesquite Bean Jelly with Chili Pequin

Cappadona Ranch Mesquite Bean Jelly is rich in flavor. This home-made jelly has a unique earthy sweetness, slightly fruity, and with the perfect hint of caramel, Cappadona Ranch Mesquite Bean Jelly has quickly becoming a family favorite.

Cappadona Ranch Mesquite Bean Jelly with Chili Pequin is the perfect combination of down South sweetness with just the right kick of Texas zing.



Mesquite Bean Coffee

Cappadona Ranch's Mesquite Bean Roasted Coffee offers a unique alternative to the traditional style. It has a bold flavor profile, five grams of dietary fiber, and just the right amount of fructose sugar to leave you feeling energized and in better spirits - just like regular coffee!

Mesquite Bean Flour

Our Mesquite Bean Flour is in a category all of its own! It is 100% gluten-free. This amazing flour has a wonderful natural sweetness from the fructose found in the mesquite bean pod. It has a caramel, cinnamon, mocha flavor and is amazing in baked goods. This flour is also known as a superfood due to its low Glycemic index, high in protein calcium, and a natural sugar content.

Mesquite bean flour has several different names, including: powder and meal. It has a low glycemic-index of 25. In comparison white flour and whole wheat flour's GIs are 71 & 74 respectively. A low GI means the flour creates smaller instabilities in the blood glucose and insulin levels, which reduces the risk of type 2 diabetes and heart disease. Consuming a low GI is one of the secrets to long-term health and a key to maintaining weight loss. Mesquite flour is high in protein, gluten-free, lysine, and dietary fiber. It is also a measurable content of calcium, magnesium, potassium, iron and zinc.

Mesquite Bean Tea

Cappadona Ranch Roasted Tea is a rare treat made from seeds of mesquite trees and is amazingly high in protein. Once used by the Native Americans of the Mojave Desert as a