

STATE OF TEXAS §
 §
COUNTY OF WEBB §

**CHAPTER 381 ECONOMIC DEVELOPMENT GRANT AGREEMENT
BETWEEN THE COUNTY OF WEBB AND
KILLAM DEVELOPMENT, LTD.**

This Chapter 381 Economic Development Grant Agreement (the “Agreement”) is made and entered into by and between the **COUNTY OF WEBB**, a political subdivision of the State of Texas (the “County”), acting by and through its County Judge or his designee and **KILLAM DEVELOPMENT, LTD.**, a limited partnership registered to transact business in the State of Texas, and its affiliates (collectively, the “Company”), acting by and through its duly authorized officers. The County and the Company may be individually referred to as a “Party” and jointly as the “Parties.”

**ARTICLE I
RECITALS**

WHEREAS, under Article III, Section 52-a of the Texas Constitution (“Texas Constitution”) and Chapter 381 of the Texas Local Government Code (“Chapter 381”) the governing body of a county may establish and provide for the administration of a program for making loans and grants of public money to promote state or local economic development and to stimulate business and commercial activity in the county and thereby advancing the public purposes of developing and diversifying the economy of the state, eliminating unemployment or underemployment in the state, or expanding transportation or commerce in the state; and

WHEREAS, Webb County has identified lawfully available funds from which it may make grant payments annually to the Company, and to which amounts are based on the Company’s Webb County real property and personal property taxes and local sales and use tax (if applicable to the County) as determined in accordance with the Agreement; and

WHEREAS, the Company desires to redevelop approximately 32 properties in downtown within the unincorporated and/or incorporated areas of the County (“Property”); and

WHEREAS, the Company expects to invest no less than \$40,720,900 in the project, which includes costs for acquisition, improvements and equipment; and

WHEREAS, the County finds that the goals of downtown revitalization and Chapter 381 will be met by assisting the Developer in undertaking and completing the Project and has identified economic development tools for use in carrying out this purpose; and

WHEREAS, over the term of the Agreement, the project is expected to relocate approximately 25 full-time permanent jobs with a minimum wage in addition to temporary full-time jobs during the redevelopment phase of the project; and

WHEREAS, the parties agree that all conditions precedent for the Agreement to become a binding agreement have occurred and been complied with, including all requirements pursuant to the Texas

Open Meetings Act and all public notices and hearings, if any, have been conducted in accordance with Texas law.

ARTICLE II AUTHORITY AND TERM

1. **AUTHORITY.** This Agreement is entered into pursuant to:
 - A. Article III, Section 52-a of the Texas Constitution (“Texas Constitution”) and Chapter 381 of the Texas Local Government Code; Title 12, Subtitle A.
 - B. The foregoing recitals are declared true and correct by the Parties and are hereby incorporated as part of this Agreement.
2. **TERM.** This Agreement shall be effective when signed by the last party whose signing makes the Agreement fully executed. This Agreement will terminate ten (10) years from the effective date of this Agreement unless earlier terminated pursuant to Article V, or otherwise extended by mutual written agreement of the Parties. The Company’s eligibility for Grant Payments (hereinafter defined) shall be for ten (10) consecutive years within the term of the Agreement with an option to extend for an additional (10) consecutive years upon Commissioners Court approval.

DEFINITIONS

The following words shall have the following meanings when used in this Agreement.

3. **AGREEMENT.** The word “Agreement” means this Chapter 381 Economic Development Agreement, together with all exhibits attached to this Agreement.
4. **BUSINESS PERSONAL PROPERTY.** The words “Business Personal Property” mean any taxable tangible personal property that is (i) subject to ad valorem taxation by the County; (ii) is legally considered to be located on the Facility (as the term is defined below) and used in operation of the business; (iii) was not located on the Facility prior to the effective date of this agreement; and (iv) is owned or leased by the Company.
5. **COUNTY.** The word “County” means the County of Webb, Texas, a political subdivision of the State of Texas.
6. **COMPANY.** The word “Company” means Killam Development, Ltd. and affiliates.
7. **ENTERPRISE BUSINESS.** The active conduct of lawful commercial, industrial, professional, or revenue-generating activities on the Property, consistent with the intended use and purpose of the Project as described in this Agreement, and which generates taxable sales, payroll, or property value.
8. **FACILITIES.** The word “Facilities” means the downtown properties to be revitalized and parking lots acquired by the Company on the below-defined map.
9. **FULL-TIME JOBS.** A “Full Time Job” means a job with no predetermined end date (other than a retirement date), with a regular work week of 35 hours or more on average for the entire normal

year of local Company operations or for the entire time the position has been in existence (if less than one (1) calendar year), and with benefits substantially equivalent to other regular employees of the Company and that satisfies the requirements set forth in Article III, hereof.

10. **EMPLOYMENT RECORDS.** Means records reasonably necessary to verify employment during any year of the Grant Period. These records include, but are not limited to, Employer's Quarterly Federal Tax Returns (IRS Form 941), Texas Employment Commission Employer's Quarterly Reports, Employer's Annual Tax Returns (IRS Form 940-EZ), Employee list, employment status, etc. Company will not be required to disclose any performance review records or any other materials that are subject to nondisclosure requirements. To the extent authorized by Texas law, the Parties will keep the Employee records confidential.
11. **PROJECT.** The word "Project" means (i) the Facilities and related improvements (collectively, the "Improvements") to be constructed by the Company on the Sites, (ii) the Sites described below on which the Improvements are to be constructed; and (iii) the Business Personal Property to be installed or located at the Facilities to support the operation.
12. **GRANT PAYMENT.** The words "Grant Payment" mean a payment from the County to the Company on a yearly basis based on real property County taxes and business personal property taxes on the terms of this Agreement so long as the Company is able to meet the minimum criteria regarding the number of permanent full-time jobs, benefits, minimum improvement valuation and submits the annual certification.
13. **GRANT PERIOD.** The words "Grant Period" mean the period beginning on January 1 of Year 1 (hereinafter defined) and continuing for ten (10) years during which the Company is eligible to receive Grant Payments from the County, as well as any extension of such term upon approval by County Court.
14. **SITES.** The word "Sites" means the real property upon which the Improvements are to be constructed, consisting of downtown properties to be revitalized and parking lots acquired by the Company and more particularly described on Exhibit A.1 and attached hereto and incorporated herein by reference.
15. **Year 1.** For purposes of this Agreement, "Year 1" shall mean the calendar year immediately following the year in which the Company makes a cumulative investment of at least \$4,000,000 in the Improvements as shown on Exhibit A.4 and the Company has received a Certificate of Occupancy after the date of this Agreement for at least one (1) Site, but in no case shall Year 1 be later than 2035. Notwithstanding the foregoing, the Company shall make a cumulative investment of not less than \$4,000,000 in the Improvements described in Article III of this Agreement by no later than January 1, 2028, across the cumulative portfolio of properties governed by this Agreement.
16. **Base Value.** The words "Base Value" shall mean the appraised value of the Property as determined by the applicable appraisal district for the then-current tax year in which the Rebate is calculated.
17. **Uncommitted Maintenance and Operations (M&O) ad valorem tax revenues** means those County ad valorem tax revenues derived from the Maintenance and Operations portion of the County's property tax rate that:
 - a) Have been collected and deposited into the County's general fund;

- b) Are not legally pledged, restricted, or otherwise dedicated to a specific use or obligation under state or federal law, bond covenant, interlocal agreement, Tax Increment Reinvestment Zone (TIRZ), or other contractual commitment; and
- c) Remain within the discretionary spending authority of the Commissioners Court during the County's annual budget process for that fiscal year.

ARTICLE III PROJECT REQUIREMENTS

COMPANY'S OBLIGATIONS. The obligation of the County to provide the Grant Payments to the Company shall be conditioned upon the Company's continued substantial compliance with and satisfaction of each of the following conditions set forth in this Agreement, as solely and finally determined by the Commissioners Court in its reasonable discretion:

1. The Company will invest an estimated amount of \$40,720,900 (Forty Million Seven Hundred and Twenty Thousand Nine Hundred Dollars) (the "Project Investment") towards the revitalization, construction and completion of the Project. The approximate capital costs for the Project **are \$20,780,000 (Twenty Million Seven Hundred Eighty Thousand Dollars) for acquisition of the Facilities and \$19,940,900 (Nineteen Million Nine Hundred and Forty Thousand Nine Hundred Dollars) for completion of Improvements and installation of Business Personal Property.** If Company fails to make Project Investment of at least \$19,940,900 (Nineteen Million Nine Hundred and Forty Thousand Nine Hundred Dollars), Company shall not be deemed to be in default under this Agreement, but the amount of the Grant Payments may be reduced proportionately based on the amount by which the Project increment value is less.

- A. Any Project Investment condition that has been met for any Year will continue to be met throughout the term of Grant Period for such Project Investment condition for so long as the Total Taxable Assessed Value of the Project does not decrease by more than twenty percent (20%) after the initial satisfaction of the Investment Condition for Year 1, which (notwithstanding any provision in this Agreement to the contrary) Total Taxable Assessed Value for any year may include the increases in the "assessed value" for such year the capital investment necessary for the replacement of Business Personal Property.

The term "Total Taxable Assessed Value" for a particular tax year means the "assessed value" by Webb County Appraisal District (within the meaning of chapter 26 of the Texas Tax Code) for property tax purposes, of the land, improvements and personal property on the property for such tax year.

- B. The Company shall own the Facilities by no later than January 1, 2026, if not already procured and owned by the Company at the time of application. The Company shall either provide proof of ownership document to the County within thirty (30) days after purchase has been executed, or within thirty (30) days of application if Company already owns the property.
- C. The Company will relocate the following number of Full-Time Jobs or hire new employees for Full-Time Jobs at the Project during each year of the Grant Period (each, an "Employment Condition") to achieve compliance. **See Exhibit A.2.**

Exhibit A.2 - Jobs Table

	Retained/New Full-Time Jobs
Year 1	10
Year 2	10
Year 3	10
Year 4	10
Year 5	10
Year 6	25
Year 7	25
Year 8	25
Year 9	25
Year 10	25

- D.** The Project shall be developed (and any obligations described herein, related to such) in accordance with the ordinances, rules, and regulations of the County, subject to any variances, approvals, and applicable laws authorizing the Project to vary from any such ordinances, rules and regulations.
- E.** The Company shall be subject to an audit (by the County or the County's third-party designee) annually in the month of October for the term of this Agreement, in regard to the level of investment, number of employees, and other applicable information pertaining to conditional requirements as set in this Agreement. Company shall have the right to contest the appraised value of the Sites and Facilities as provided by law. However, Company covenants and agrees that during the term of this Agreement it shall not challenge or permit anyone else to take actions on its behalf to challenge any assessments by the Webb County Appraisal District at the Total Taxable Assessed Value for Year 1 or lower. For purposes of demonstrating compliance with investment requirements necessary to determine Year 1 and as otherwise required by this Agreement, the Company shall provide the County with proof of the costs incurred for completion of the Improvements and installation of Business Personal Property.
- F.** The Company shall not sell or lease any interest in the Sites or Facilities to a member of the Commissioners Court as long as this Agreement is in effect.
- G.** The Company shall at all times comply with the County's building codes and zoning regulations in addition to all applicable rules, regulations, environmental laws, land use covenants and other restrictions of record with respect to the Sites and Facilities. Company shall be solely responsible for obtaining any permits, licenses, certificates, or any other required documentation or approvals for the operation of business on the Sites.
- H.** Company shall allow the County or its agents reasonable access to records directly related to the economic development incentive annual performance compliance requirements described herein, which are in Company's possession, custody or control, for purposes of verifying the project investment, if so requested by the County. The confidentiality of such records will be maintained in accordance with and subject to all applicable laws including the Public Information Act, Chapter 552, Texas Government Code.

- I. The County reserves the right to confirm Company's compliance with the terms and conditions of this Agreement. County will provide the Company with a written report of the findings. If the monitoring notes deficiencies in the Company's performance of the terms of this Agreement, the monitoring report shall include corrections for such deficiencies by Company and a reasonable amount of time in which to attain compliance.
2. **COUNTY'S OBLIGATIONS.** As consideration for the Company's performance of its obligations under this Agreement, during the Term of the Agreement, County shall provide Company the following:
 - A. **GRANT PAYMENTS.**
 - 1) **M&O TAX REBATE GRANT.** The County shall pay an annual Grant Payment to the Company based on the Company Facilities ("Payment Formula") for each Year the Company satisfies Performance Conditions. The County shall pay an annual Grant Payment to the Company from available funds equivalent to the uncommitted Maintenance and Operations (M&O) ad valorem tax revenues attributable to the taxable value of both real property and business personal property located on the Project Sites, to the extent such revenues are not otherwise pledged, dedicated, or committed to another purpose under state law or prior County action. Grant Payments shall be calculated solely on the portion of M&O tax collections deposited into the County's general fund and legally available for discretionary use in the applicable fiscal year. The County expressly makes no commitment to pay from any "incremental" or "captured" value assigned to a Tax Increment Reinvestment Zone, debt service fund, or other restricted revenue. For purposes of calculating annual Grant Payments, the term "ad valorem tax revenues" shall include County M&O tax revenues collected from both real and business personal property located within the Project, as shown on the certified tax roll of the Webb County Appraisal District for the applicable tax year, excluding any pledged or restricted amounts. Grant Payments shall be made annually for a ten (10) year period, with the option for an additional ten (10) year extension upon approval by the Commissioners Court. All Grant Payments under this Agreement are subject to annual appropriation by the Webb County Commissioners Court from legally available funds, and nothing herein shall be construed to create a debt of the County within the meaning of Article XI, Section 7, or Article III, Section 52-a of the Texas Constitution.
 - 2) **SALES AND USE TAX GRANT.** The County shall pay the Company annual payments equal to one hundred percent (100%) of the County receipts of the one-half percent (0.5%) Sales and Use Tax imposed by the County and as reported by the Texas Comptroller, pursuant to Chapter 321 of the Texas Tax Code, on the sale of taxable items by the retailers consummated at the Facilities for a ten (10) year period, plus any ten (10) year extension upon approval by the County Court. Payment of such sales tax grants is subject to annual appropriation by the Webb County Commissioners Court.

EXHIBIT A.3 – “Grant Payment Formula”

Project ID	Property ID	Situs Address	County’s Non-Committed M&O Tax Rebate Percentage of Business Property Valuation	County’s Sales and use Tax Rebate on the Receipts of 0.5%	Base Value
1	182810	600 SAN BERNARDO AVE, LAREDO, TX, 78040	100%	100%	\$2,334,303
2	182808	700 SAN BERNARDO AVE, LAREDO, TX, 78041	100%	100%	\$3,379,300
3	159907	909 FARRAGUT ST, LAREDO, TX, 78040	100%	100%	\$86,395
4	182812	1120 MATAMOROS ST, LAREDO, TX, 78040	100%	100%	\$3,912,301
5	160037	1120 MATAMOROS ST, LAREDO, TX, 78040	100%	100%	\$271,736
6	182811	100 MATAMOROS ST, LAREDO, TX, 78040	100%	100%	\$249,783
7	160026	1004 MATAMOROS ST, LAREDO, TX, 78040	100%	100%	\$124,711
8	159911	1012 HIDALGO ST, LAREDO, TX, 78040	100%	100%	\$225,059
9	160656	916 HOUSTON ST, LAREDO, TX, 78040	100%	100%	\$750,000

Project ID	Property ID	Situs Address	County's Non-Committed M&O Tax Rebate Percentage of Business Property Valuation	County's Sales and use Tax Rebate on the Receipts of 0.5%	Base Value
10	160980	1020 DAVIS AVE, LAREDO, TX, 78040	100%	100%	\$239,286
11	159853	1302 LINCOLN ST, LAREDO, TX, 78040	100%	100%	\$43,993
12	159859	1314 LINCOLN ST, LAREDO, TX, 78040	100%	100%	\$150,804
13	159865	1220 LINCOLN ST, LAREDO, TX, 78040	100%	100%	\$308,493
13-a	302577	LINCOLN ST, LAREDO, TX, 78040	100%	100%	\$61,633
14	159902	513 SAN BERNARDO AVE, LAREDO, TX, 78040	100%	100%	\$113,085
15	159775	902 GRANT ST, LAREDO, TX, 78040	100%	100%	\$231,094
16	159773	906 GRANT ST, LAREDO, TX, 78040	100%	100%	\$105,020
17	159771	912 GRANT ST, LAREDO, TX, 78040	100%	100%	\$134,000
18	159697	1217 GRANT ST, LAREDO, TX, 78040	100%	100%	\$192,886
19	159878	502 FLORES AVE, LAREDO, TX, 78040	100%	100%	\$392,610

Project ID	Property ID	Situs Address	County's Non-Committed M&O Tax Rebate Percentage of Business Property Valuation	County's Sales and use Tax Rebate on the Receipts of 0.5%	Base Value
20	159698	1200 GRANT ST, LAREDO, TX, 78040	100%	100%	\$125,418
21	159855	1306 LINCOLN ST, LAREDO, TX, 78040	100%	100%	\$65,529
22	159932	1201 FARRAGUT ST, LAREDO, TX, 78040	100%	100%	\$700,000
23	159711	1103 GRANT ST, LAREDO, TX, 78040	100%	100%	\$467,706
24	159895	816 LINCOLN ST, LAREDO, TX, 78040	100%	100%	\$149,529
25 & 26	159893	820 LINCOLN ST, LAREDO, TX, 78040 505 SAN BERNARDO	100%	100%	\$101,560
27	159774	901 ITURBIDE ST, LAREDO, TX, 78040	100%	100%	\$815,000
28	159809	912 ITURBIDE ST, LAREDO, TX, 78040	100%	100%	\$303,989
29	159808	914 ITURBIDE ST, LAREDO, TX, 78040	100%	100%	\$142,239
30	160825	1601 FARRAGUT ST, LAREDO, TX, 78040	100%	100%	\$300,000
31	366399	620 SAN AGUSTIN AVE #1, LAREDO TEXAS 78040	100%	100%	\$70,214

Project ID	Property ID	Situs Address	County's Non-Committed M&O Tax Rebate Percentage of Business Property Valuation	County's Sales and use Tax Rebate on the Receipts of 0.5%	Base Value
32	366400	620 SAN AGUSTIN AVE #2, LAREDO TEXAS 78040	100%	100%	\$29,786

- B.** The Grant Period shall commence on Year 1. The County will make the first Grant Payment after the full calendar year assessment and payment pursuant to the timeline described in the following Section D.
- C.** The Company shall pay to the County ad-valorem taxes assessed on the Land, Improvements, and Business Personal Property in each year prior to the beginning of the Grant Period. Commencing at Year 1, the County will annually issue each Grant Payment to Company on or before the ninetieth (90th) day following the County receiving written notice, as provided herein, from the Company that such taxes have been paid in full. The written notice from Company to the County that relevant property taxes have been paid in full shall include a copy of the paid tax receipt or other proof such taxes have been paid. The Company acknowledges the Total Taxable Assessed Value may rise or decline during the Grant Period.

ARTICLE IV ANNUAL CERTIFICATION

- 1. ANNUAL CERTIFICATION.** Beginning October 1 of Year 1, and during the month of October of each calendar Year thereafter during the Term, the Company shall submit to a review for annual certification to meet compliance with each applicable term of the Agreement. Such annual certification shall include employment records and other documents that show:
- Number of jobs maintained, retained or created;
 - Receipt of property taxes paid; and
 - Other information relevant to the Project's development and operation.

If the Company fails to timely submit to an Annual Certification for a particular year, the County may give the Company written notice of its failure to timely submit, and the Company shall have thirty (30) calendar days from the date on which such written notice is given in which to submit to such annual certification.

Concurrent with the submittal of the annual certification, Company will submit to the County, or its designee, documentation as may be reasonably necessary to verify the project investment which have not otherwise been verified as part of a prior certification. The County, or its designee, will

provide to Company a written explanation for any expenditures that the County determines cannot be verified. Company may submit additional documentation to the County, or its designee, in order to obtain verification.

ARTICLE V TERMINATION/RECAPTURE

- 1. ACTS TRIGGERING TERMINATION.** During the Grant Period covered by this Agreement, the County may, subject to the notice provisions below, declare a default of this Agreement by the Company if the Company:
 - A.** Refuses or neglects to comply with any of the terms of this Agreement; or
 - B.** Makes a representation that is false or misleading in any material respect as to any of the terms of this Agreement; or
 - C.** Substantially fails to satisfy the Investment Conditions hereof such that in any Year of the Grant Period; or
 - D.** Materially breaches any of the terms or conditions of this Agreement and such default or breach is not cured as provided below following written notice thereof by the County; or
 - E.** Ceases conducting enterprise business during the Grant Period at the Project for a period of six (6) months or more for any reason other than suspension due to fire, explosion, accident, natural disaster or other casualty; temporary cessation due to substantial renovations, capital improvements, or environmental remediation; or reasonable efforts to locate and secure a replacement tenant in the case of a leasehold interest, provided that the Company has made commercially reasonable efforts to mitigate the vacancy and resume Enterprise Business within twelve (12) months.
 - F.** Allows the ad valorem taxes due on the Project to become delinquent without timely and properly filing a protest under Chapter 41 of the Texas Property Tax Code; or
 - G.** By mutual written agreement of the Parties.
- 2. NOTICE OF TERMINATION.** In the event that the County makes a reasonable determination that the Company has materially defaulted under this Agreement, then County shall give Company written notice of such. Company shall have sixty (60) days following receipt of said written notice to reasonably cure such default or this Agreement may be terminated by the County. Notice of default shall be in writing and shall be attempted or delivered by certified mail to the Company at the address provided in Section VI of this Agreement. If default is not cured with sixty (60) days from the date of such notice (the "Cure Period") then the Agreement may be terminated at the County's sole option. However, in the case of default for causes beyond the Company's reasonable control and which cannot, with due diligence, be cured within such sixty (60) day period, the Cure Period may be extended in the County's sole discretion if the Company:
 - A.** Immediately upon receipt of such notice, advises the County of the reasons the default is beyond the Company's control and state Company's intention to institute all steps necessary to cure such default; and

- B.** Institutes and thereafter carries to completion with reasonable dispatch all steps necessary to cure same.
- C.** The County may terminate this Agreement for its convenience and without the requirement of an event of default by Company, which shall become effective immediately if any state or federal statute, regulation, case law, or other law renders this Agreement ineffectual, or illegal, including any case law holding that a Chapter 381 Economic Development Agreement such as this Agreement is an unconstitutional debt.
- 3. RECAPTURE.** All taxes by virtue of this Agreement shall be reinstated immediately after termination of this Agreement and shall accrue without abatement for all tax years thereafter. Upon termination by the County, the County shall have the right to demand recapture from the Company for the total amount of any Grant Payment previously made while the Company was in default of its obligations hereunder. Payment of recaptured Grant Payments shall become due sixty (60) days following receipt of such demand.
- The right of the County to require recapture and demand payment, and the obligation of Company to repay such, shall survive termination of this Agreement. The County Attorney has the authority, on behalf of the County, to initiate any necessary litigation against the Company to pursue the County's remedy of recapture.
- 4. EXCEPTION.** In the event, the Property, the Improvements and/or Business Personal Property are taken by the state or federal government through exercise of the power of eminent domain, this Agreement shall terminate to the extent the property is affected, however, the County shall not be entitled to recapture Grant Payments related thereto.

ARTICLE VI INDEMNIFICATION

- 1. COMPANY COVENANTS AND AGREES TO FULLY INDEMNIFY AND HOLD HARMLESS, COUNTY AND ITS ELECTED OFFICIALS, EMPLOYEES, OFFICERS, DIRECTORS, AND REPRESENTATIVES, INDIVIDUALLY AND COLLECTIVELY, FROM AND AGAINST ANY AND ALL COSTS, CLAIMS, LIENS, DAMAGES, LOSSES, EXPENSES, FEES, FINES, PENALTIES, PROCEEDINGS, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITY AND SUITS OF ANY KIND AND NATURE WHATSOEVER, INCLUDING BUT NOT LIMITED TO, PERSONAL INJURY OR DEATH AND PROPERTY DAMAGE, MADE UPON COUNTY DIRECTLY OR INDIRECTLY ARISING OUT OF, OR RESULTING FROM OR RELATED TO THE COMPANY'S NEGLIGENCE, WILLFUL MISCONDUCT OR CRIMINAL CONDUCT IN ITS ACTIVITIES UNDER THIS AGREEMENT, INCLUDING ANY SUCH ACTS OR OMISSIONS OF THE COMPANY, ANY AGENT, OFFICER, DIRECTOR, REPRESENTATIVE, EMPLOYEE, CONSULTANT OR SUBCONSULTANTS OF THE COMPANY, AND THEIR RESPECTIVE OFFICERS, AGENTS, EMPLOYEES, DIRECTORS AND REPRESENTATIVES WHILE IN THE EXERCISE OR PERFORMANCE OF THE RIGHTS OR DUTIES UNDER THIS AGREEMENT, ALL WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO COUNTY AND UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW. THE PROVISIONS OF THIS INDEMNIFICATION ARE SOLELY FOR THE BENEFIT OF THE COUNTY AND ARE NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY.**

2. **COMPANY SHALL PROMPTLY ADVISE COUNTY, IN WRITING, OF ANY CLAIM OR DEMAND AGAINST COUNTY AND RELATED TO OR ARISING OUT OF OWNER'S ACTIVITIES UNDER THIS AGREEMENT AND SHALL SEE TO THE INVESTIGATION AND DEFENSE OF SUCH CLAIM OR DEMAND AT OWNER'S COST. COUNTY SHALL HAVE THE RIGHT, AT ITS OPTION AND AT ITS OWN EXPENSE, TO PARTICIPATE IN SUCH DEFENSE WITHOUT RELIEVING OWNER OF ANY OF ITS OBLIGATIONS UNDER THIS PARAGRAPH.**

ARTICLE VII GENERAL PROVISIONS

1. **NOTICE.** Any notice required or permitted to be given hereunder by one party to the other shall be in writing and the same shall be given and shall be deemed to have been served and given if, (a) placed in the United States Mail with postage prepaid, return receipt requested, properly addressed to such party at the address hereinafter specified; or (b) deposited into the custody of a nationally recognized overnight delivery service such as FedEx or UPS, addressed to such party at the address hereinafter specified. Any notice mailed in the above manner shall be effective upon its deposit into the custody of the United States Postal Service or such nationally recognized delivery service, as applicable; all other notices shall be effective upon receipt. A party may designate a different address by giving the other party ten (10) days written notice. All notices must be filed with the County Tax Assessor-Collector.

TO THE COMPANY:

Killam Development, Ltd.

ATTN: Dr. Rolando Ortiz
Chief Operating Officer
4320 University Boulevard
Laredo, Texas 78041

TO THE COUNTY:

Webb County

ATTN: Webb County Judge
1000 Houston Street
PO Box 579
Laredo, Texas 78042-0579

and

Commissioners Court Administrator
1000 Houston Street, Second Floor
Laredo, Texas 78040

- A. **CONDITION.** This Agreement is conditioned entirely upon the approval of the Webb County Commissioners Court by the affirmative vote of a majority of the members at a scheduled meeting.
- B. **ASSIGNMENT.** If the Company sells, assigns or exchanges the Project, this Agreement shall cease and any subsequent Grant Payments shall be subject to recapture. However, Commissioners Court, at their discretion, may consider amending the Agreement to accommodate such new owner. A written request must be made by the new owner to the Webb County Economic Development. Notwithstanding the foregoing, no termination or recapture shall occur in the event of an assignment or transfer to an Affiliate of the Company, provided that the Company provides prior written notice to the County

identifying the Affiliate and certifying that the Affiliate will assume and perform all obligations of the Company under this Agreement. For purposes of this section, an "Affiliate" means any entity that directly or indirectly controls, is controlled by, or is under common control with the Company.

- C. AMENDMENT.** This Agreement may be terminated, changed, modified, or amended in whole or in part by mutual written agreement between the Parties, their successors or assigns and as approved by the governing body of the County. No amendment, modification, or alteration of the terms hereof shall be binding unless in writing dated subsequent to the date of this Agreement and duly authorized by the Parties. The Company acknowledges that County Court approval is required for any of these actions.
- D. SEVERABILITY.** In the event any section, subsection, paragraph, subparagraph, sentence, phrase or work herein is held invalid, illegal, or unenforceable, the balance of this Agreement shall stand, shall be enforceable and shall be read as if the Parties intended to delete said invalid section, subsection, paragraph, subparagraph, sentence, phrase or word. In such event there shall be substituted for such deleted provision one that is valid, legal and enforceable. This Agreement constitutes the entire Agreement between the Parties related to the subject matter herein and supersedes all prior, oral or written agreements, commitments or understandings with respect to the matters provided for herein.
- E. EMPLOYMENT OF UNDOCUMENTED WORKERS.** During the term of this Agreement, the Company agrees to not knowingly employ any undocumented workers and if convicted of a violation under U.S.C. Section 1324a(f) such action shall be an Event of Default and the Company shall be liable for repayment of taxes previously rebated and any other funds received by the Company from the County after the date of such violation. Such repayment shall be due within one-hundred and twenty (120) days after the date the Company is notified by the County of such violation. The Company is not liable for an unknown violation of this Section by a subsidiary, affiliate, or franchisee of the Company or by a person with whom the Company contracts provided however that identical federal law requirements provided for herein shall be included as part of any agreement or contract which the Company enters into with any subsidiary, assignee, affiliate, or franchisee.
- F. COMPANY STANDING.** The Company, as a party to this Agreement, shall be deemed a proper and necessary party in any litigation questioning or challenging the validity of this Agreement or any of the underlying ordinances, resolutions, or County Court actions authorizing same, and the Company shall be entitled to intervene in said litigation.
- G. GOVERNING LAW.** The laws of the State of Texas shall govern the Agreement; and this Agreement is fully performable in Laredo, Webb County, Texas with exclusive venue for any action concerning this Agreement being in a state court of competent jurisdiction in Webb County, Texas.
- H. INDEPENDENT CONTRACTOR.** It is expressly understood and agreed by all Parties hereto that in performing their services hereunder, the Company at no time will be acting as an agent of the County and that all consultants or contractors engaged by the Company respectively will be independent contractors of the Company; and 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. The Parties hereto understand and agree that the County will not be liable for any claims that may be

asserted by any third party occurring in connection with the obligations performed by the Company respectively under this Agreement, unless any such claims are due to the fault of County.

- I. ACCESS TO INFORMATION.** The Company agrees to provide the County access to information related to the Company's compliance with the Agreement during regular business hours upon reasonable notice. The County shall have the right to require the Company to submit any necessary information, documents, invoices, receipts or other records to verify the completion of the Project by Company. During the Term of this Agreement, Company shall allow designated representatives of the County access to the Facility during normal business hours and, upon notice to Company, to inspect the Facility and Business Personal Property to determine if the terms and conditions of this Agreement are being met, as long as County representatives are accompanied by Company's representative and as long as such inspections are conducted in such a manner as to: (i) not unreasonably interfere with the operation of the Facility; and (ii) comply with Company's reasonable securing requirements.
- J. REMEDIES.** No right or remedy granted herein or reserved to the Parties is exclusive of any right or remedy herein by law or equity provided or permitted; but each shall be cumulative of every right or remedy given hereunder. No covenant or condition of this Agreement may be waived without consent of the Parties. Forbearance or indulgence by either party shall not constitute a waiver of any covenant or condition to be performed pursuant to this Agreement.
- K. HEADINGS.** The headings of this Agreement are for the convenience of reference only and shall not affect in any manner any of the terms and conditions hereof.
- L. Immunity.** Webb County does not waive or relinquish any immunity or defense on behalf of themselves, commissioners, officers, employees and agents as a result of the execution of this Agreement and performance of the functions and obligations described herein.
- M. No rights created.** This Agreement is not intended and does not create any rights or interest in persons not a party hereto.

EXECUTED on this _____ day of _____, 2025.

Webb County

Killam Development, Ltd. and affiliates

Tano E. Tijerina
Webb County Judge

Radcliffe Killam II
President & CEO

Date: _____

Date: _____

ATTEST:

Margie Ramirez Ibarra
Webb County Clerk

Exhibit A.1 Sites

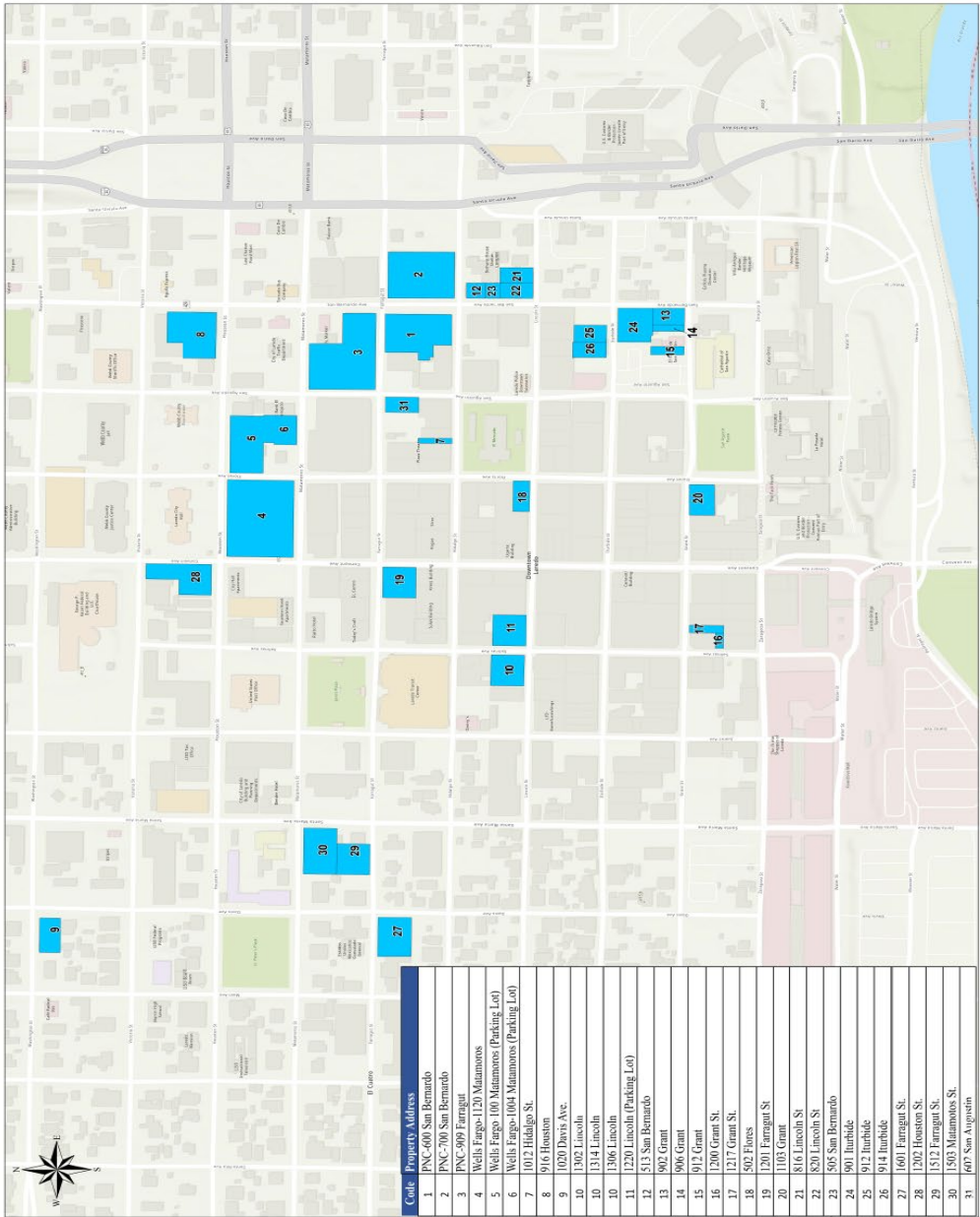


Exhibit A.4 Projected Investment

Priority (Map Code)	Property Location	Already Invested	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10 Year Investment	Rehab Costs	Roof Repairs	Asbestos ADR	Estimated Repairs	Minimum Investment Scenario	Median Investment Scenario	Projected Investment Scenario	
1	PNC - 600 San Bernardo		778,494	778,494	778,494	778,494	778,494	778,494	778,494	778,494	778,494	778,494	7,784,938		357,408	1500	98,300	6,986,620	7,784,938	7,784,938	
2	PNC - 700 San Bernardo		488,880	488,880	488,880	488,880	488,880	488,880	488,880	488,880	488,880	488,880	4,888,795		143,083	593,700	493,490	3,624,256	4,888,795	4,888,795	
3	PNC - 901 Faragut		0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	
4	Vale's Fargo - 120 Maamoras (main building)		70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	700,000		21,550	0	678,450	700,000	700,000	700,000	
5	Vale's Fargo - 120 Maamoras		0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	
6	Vale's Fargo - 101 Maamoras (Parking Lot)		0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	
7	Vale's Fargo - 104 Maamoras (Parking Lot)		0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	
8	1012 Hidalgo St.		65,726	141,775	0	0	18,725	18,725	18,725	18,725	0	0	238,441		15,726	94,975	46,500	78,900	65,726	238,441	
9	99 Houston		130,000	0	0	0	0	0	0	0	0	0	130,000		10,000	0	23,000	96,400	10,000	130,000	
10	1020 Davis Ave.		38,200	0	0	33,000	18,208	18,208	18,208	18,208	0	0	144,033		38,200	0	33,000	72,833	38,200	144,033	
11	1302 Lincoln		10,000	0	0	0	187,955	187,955	187,955	187,955	0	0	788,140		10,000	0	750,000	10,000	788,140	788,140	
12	1314 Lincoln		0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	
13	1220 Lincoln (Parking Lot)		0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	
14	501 San Bernardo		10,040	9,650	0	0	26,400	26,400	26,400	26,400	0	0	128,610		10,040	9,650	0	96,520	10,040	128,610	
15	901 Grant		6,932	0	0	12,241	55,320	55,320	55,320	55,320	0	0	242,851		6,932	12,241	0	22,679	6,932	242,851	
16	985 Grant		2,468	0	0	4,353	18,944	18,944	18,944	18,944	0	0	86,464		2,468	4,353	0	79,656	2,468	86,464	
17	921 Grant		14,620	0	0	0	56,940	56,940	56,940	56,940	0	0	242,380		14,620	0	0	227,760	14,620	242,380	
19	1217 Grant St.		72,820	0	0	0	0	7,200	47,000	47,000	47,000	47,000	268,340		72,820	0	7,200	88,220	72,820	268,340	
20	502 Flores		18,940	0	0	0	0	0	62,786	62,786	62,786	62,786	270,084		18,940	0	25,144	18,940	8,940	270,084	
21	1300 Grant		0	0	0	0	0	2,750	0	0	0	0	2,750		0	0	2,750	0	0	2,750	
21	1306 Lincoln		17,000	0	0	0	0	335,000	201,361	201,361	201,361	201,361	1,917,522		17,000	0	335,000	88,442	17,000	1,917,522	
22	1301F Faragut St.		83,200	0	0	0	0	6,800	156,576	156,576	156,576	156,576	722,305		83,200	0	6,800	626,305	83,200	722,305	
23	1101 Grant		43,140	0	0	0	0	81,955	45,020	45,020	45,020	45,020	305,173		43,140	65,555	16,400	80,078	43,140	305,173	
24	881 Lincoln		30,950	0	0	0	0	47,500	52,691	52,691	52,691	52,691	268,443		30,950	0	47,500	20,763	30,950	268,443	
25	820 Lincoln		0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	
26	505 San Bernardo		0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	
27	901 Huibide		72,400	0	0	0	0	0	80,000	120,274	120,274	120,274	634,495		72,400	80,000	0	48,086	72,400	634,495	
28	921 Huibide		23,492	0	0	0	0	0	40,657	40,657	40,657	40,657	184,188		23,492	0	0	80,626	23,492	184,188	
29	94 Huibide		21,793	0	0	0	0	0	37,254	37,254	37,254	37,254	170,008		21,793	0	0	14,016	21,793	170,008	
30	1601F Faragut		40,700	0	0	0	0	0	146,886	146,886	146,886	146,886	624,365		40,700	0	0	893,895	40,700	624,365	
31	620 San Augustin		6,885	0	0	165,525	0	0	42,547	42,547	42,547	42,547	384,380		6,885	16,775	88,750	170,180	6,885	384,380	
Total Current Repairs			2,011,889	1,484,788	1,333,363	1,568,488	1,718,065	2,279,270	2,663,706	2,663,706	2,285,004	2,285,004	20,305,265		1,081,633	984,655	1,887,680	16,341,397	13,893,239	20,305,265	
Future Total Investment (Est.)																					
Based on probabilities, future costs will vary based on future repair rates and hypothetical losses																					
Acquisitions			22,210,000										22,210,000							22,210,000	22,210,000
Total Investment			22,210,000	2,011,889	1,484,788	2,656,488	2,957,770	3,178,811	3,810,953	4,277,973	4,358,386	4,053,118	55,143,550						38,102,239	43,393,857	55,143,550