

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

This Agreement is made and entered into by and between 786 KNR Store LLC, 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 Chapter 312 of the Texas Tax Code and Chapter 378 of the Texas Local Government Code Has Created a Neighborhood Empowerment Zone, thereby making the area eligible as a reinvestment zone for tax abatement and other incentives;

WHEREAS, the Neighborhood Empowerment Zone (“Zone”) was created by the City of Laredo on March 18, 2013 and is fully described in Resolution No. 2013-R-023;

WHEREAS, the owner of the land located within said Neighborhood Empowerment Zone and municipally known and numbered as 2819 Springfield Ave, (“Property”) which Exhibit “A” attached hereto and 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 the Owner have agreed as follows:

I. TERM

This agreement shall be for a period of Ten (10) 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

Owner shall cause to be constructed a new project located, at the Property that consists of a COMMERCIAL building with an estimated value of at least \$322,709.59. Owner agrees to limit the use of the property described herein for the COMMERCIAL use as that term is defined in the Zoning Ordinance of the City of Laredo.

B. Completion Date

Owner certifies that the COMMERCIAL project construction will be completed within one year from issuance and receipt of the building permit, unless delayed because of the 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 Owner'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

Owner 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 COMMERCIAL use. The project shall be in full compliance with all applicable City of Laredo codes and Regulations.

III. TAX ABATEMENT

Subject to and in accordance with this Agreement, the City hereby grants to Owner a real property tax abatement of City of Laredo imposed taxes on the Property for a period of Ten (10) years. The total estimated amount of the Abatement for the Term shall be approximately **\$17,230.92**. The total certified Base Value for year 2023 as determined by the Webb County Appraisal District is \$130,919.00

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, Street cut permit, water permit and sprinkler system permit for development of the Property. The estimated amount of permit fees to be waived is approximately **\$857.00**.

V. RECORDS, AUDITS AND EVALUATION OF REQUIRED IMPROVEMENTS

A. Inspection of Property

During the Term of the Agreement and one year following the expiration of the Term, the City shall have access to the Property to inspect and confirm compliance with the terms and conditions of this Agreement. The City shall provide Owner with advance notice of inspections and they shall cooperate fully with the City during any such inspection and/or evaluation.

B. Certification

Owner shall certify annually to the City that it is compliance with each applicable term of this Agreement. The City shall have the right to inspect the Property. Owner 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 inspection and audit of records. Failure to cooperate with the inspections and audits requested by the City shall be an event of default.

VI. DEFAULT AND RECAPTURE

In the event Owner shall be in default of this Agreement, for any reason fails to substantially comply with the development of the property, discontinues the COMMERCIAL Development operations as required by the terms of this Agreement, or if any representation made by Owner is false or misleading in any material aspect, then the City in its sole discretion may terminate this Agreement if default is not cured within Sixty (60) days after receipt of written notice by the City to Owner. If the City terminates this Agreement as a result of default by Owner, 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 Owner, and Owner 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 Owner fails to timely pay the bill.

VII. TERMINATION AT WILL

If the City and Owner mutually determine that the development or use of the Property is no longer appropriate or feasible, or that a better use is preferable, the City and Owner may terminate this Agreement in writing signed by both parties. In the event of mutual termination 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 inure to the benefit of and be binding upon the City and 786 KNR Store LLC and their affiliated, subsidiaries, successors and assigns.

Executed this the day of _____, 2024, by City of Laredo.

City of Laredo

BY: _____

Joseph W. Neeb

City Manager

ATTEST:

Jose A. Valdez, Jr.

City Secretary

APPROVED AS TO FORM:

Amber R. Holmes

Assistant City Attorney

Executed this the day of _____, 2024, by **Owner(s)**

Owners(s) or Authorized Agent:

Printed Name: 786 KNR Store LLC

Printed Name: _____