

STATE OF TEXAS §  
  §  
COUNTY OF WEBB §

**EXHIBIT A**

**NEIGHBORHOOD EMPOWERMENT ZONE (NEZ)  
TAX ABATEMENT AND INCENTIVE AGREEMENT  
BETWEEN THE CITY OF LAREDO AND  
LUIS ALFREDO CASTILLO AND 2416 VENTURA ST**

This Agreement is made and entered into by and between **LUIS ALFREDO CASTILLO**, duly authorized to transact business in Texas (“OWNER”), 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. The City and Owner may be individually referred to as a “Party” and jointly as the “Parties.”

**ARTICLE I  
RECITALS**

The recitals set forth in **City Council Resolution No. 2025-R-67** are declared true and correct by the Parties and are hereby incorporated as part of this Agreement.

**ARTICLE II  
AUTHORITY AND TERM**

1. **AUTHORITY.** This Agreement is entered into pursuant to:
  - A. Chapters 312 and 378 of the Local Government Code of the State of Texas, under Section 312.002 of the Texas Tax Code.
  - B. **City Council Resolution No. 2025-R-67** which specifically and originally approved this Agreement.
  
2. **TERM.** This agreement shall be effective as of the date of execution by all parties. This Agreement will terminate on the date all obligations under this Agreement have been fulfilled, unless earlier terminated pursuant to Article V, or otherwise extended by mutual written agreement of the Parties. The OWNER’s eligibility for Tax Abatements (herein defined) shall be limited to a period of 5 consecutive years (“Period”) within the term of the Agreement.

## DEFINITIONS

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

3. **AGREEMENT.** The word "Agreement" means this Neighborhood Empowerment Zone (NEZ) Agreement, together with all exhibits attached to this Agreement.
4. **BASE VALUE.** The word "Base Value" means the most recent total certified value of the property prior to the execution of this Agreement, and as determined by the Webb County Appraisal District before improvements (herein defined) occur.
5. **CITY.** The word "City" means the City of Laredo, Texas.
6. **IMPROVEMENTS.** The word "Improvements" means the increase the Property's (herein defined) market value either through new construction or rehabilitation of the Property.
7. **OWNER.** The word "Owner" means **LUIS ALFREDO CASTILLO**
8. **PERIOD.** The word "Period" means the period beginning on January 1 of Year 1 (herein defined) and continuing for 5 consecutive years. The Period shall commence on Year 1. The Owner will be eligible for Tax Abatement (herein defined) after the full calendar year assessment of Year 1.
9. **PROJECT.** The word "Project" means the Property and related improvements (collectively the "Improvements") to be constructed by the Owner on the Property.
10. **PROJECT INVESTMENT.** The word "Project Investment" shall mean the total aggregate estimated monetary amount provided by the Owner to complete the Project.
11. **PROPERTY.** The word "Property" means the real property upon which the improvements are to be constructed, located at **2416 VENTURA ST.**
12. **TAX ABATEMENT.** The word "Tax Abatement" means an abatement of ad valorem taxes to the Owner by the City on a yearly basis based on real property city taxes on the terms of this Agreement so long as the Owner is able to meet the minimum criteria regarding the minimum improvement valuation and submits to the yearly Annual Certification. Tax Abatements shall become effective on January 1 the year after the project is approved by the City Council.
13. **TIME OF APPLICATION.** The word "Time of Application" shall mean the calendar year in which the Owner applied for a NEZ Tax Abatement with the City.
14. **YEAR 1.** The words "Year 1" shall mean the calendar year immediately following the year in which a Certificate of Occupancy is issued by the City of Laredo to the Owner.

## ARTICLE III

## PROJECT REQUIREMENTS

**OWNER'S OBLIGATIONS.** The obligation of the City to provide the Tax Abatements to the Owner shall be conditioned upon the Owner'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 City Council:

1. Owner will invest the aggregate estimated amount of at least **\$178,000** towards the construction and completion of the Project. The approximate estimated value of the property at the time of application is **\$62,615**. If Owner fails to make an investment of at least **\$178,000** on the Project, Owner may not be deemed to be in default of this Agreement, but the amount of the abatements may be reduced proportionately based on the amount by which the Project increment value is less.
  - A. Owner agrees to limit the use of the property as allowed pursuant to all Zoning Ordinances of the City of Laredo.
  - B. The Owner shall apply for any permits no later than 6 months after the Project is approved by the City Council. The Owner shall provide proof to the City within 30 days after permits have been issued by the City. If after 6 months from this date no permits have been pulled for the project, the tax abatement will automatically terminate, in accordance to Section F.2 of the NEZ Ordinance 2023-O-223.
  - C. Owner certifies that the project will be completed at least 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 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.
  - D. The Project shall be developed in accordance with the ordinances, rules, and regulations of the City, subject to any variances, approvals, and applicable laws authorizing the Project to vary from any such regulations.
  - E. The Owner shall not sell or lease any interest in the property to a member of the Laredo City Council, Planning & Zoning Commission or City officer as long as this Agreement is in effect.

F. The Owner shall at all times comply with the City's building codes and zoning regulations in addition to all applicable rules, regulations, environmental laws, land use covenants and other restrictions of record. Owner shall be solely responsible for obtaining any permits, licenses, certificates, or any other required documentation or approvals for the operation of the permissible use of the Property.

G. The City reserves the right to confirm the Owner's compliance with the terms and conditions of this Agreement. The City will provide the Owner with a written report of the findings. If the monitoring notes deficiencies in the Owner's obligations under terms of this Agreement, the monitoring report shall include corrections for such deficiencies by the Owner and a reasonable amount of time in which to attain compliance.

H. Owner covenants that the project shall be developed 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 such.

2. **CITY'S OBLIGATIONS.** As consideration for the Owner's performance of its obligations under this Agreement, during the Term of the Agreement, City shall provide the Owner the following:

A. **TAX ABATEMENTS.** An annual Tax Abatement to the Owner on City of Laredo imposed taxes on the real property for Year the Owner satisfies obligations.

**EXHIBIT A.4 - "Tax Abatement Formula"**

<b>Term Year</b>	<b>Total estimated assessed Base Value of real property</b>	<b>Percentage tax abatement of total increased valuation</b>
<b>YR 1</b>	<b>62,615</b>	<b>100%</b>
<b>YR 2</b>	<b>62,615</b>	<b>100%</b>
<b>YR 3</b>	<b>62,615</b>	<b>100%</b>
<b>YR 4</b>	<b>62,615</b>	<b>100%</b>
<b>YR 5</b>	<b>62,615</b>	<b>100%</b>

B. If the Owner fails to substantially satisfy any of the obligations included in Article III, or an Annual Certification reasonably acceptable to the City, then no Tax Abatement will be considered and Owner would be considered noncompliant.

C. The Period of Tax Abatements shall commence on Year 1. The City will issue the first Tax Abatement for the full calendar year beginning on January 1 the year after a

Certificate of Occupancy is issued, and pursuant to the timeline described in the following Section D.

**D.** The first Tax Abatement will be issued to the Owner upon satisfaction of the following timeline:

- Application of NEZ
- Approval of NEZ through the Laredo City Council
- NEZ Agreement signed by Owner and City of Laredo
- Application for permits
- Issuance of Permits
- Issuance of Certificate of Occupancy
- Year 1 (January 1 through December 31 of the full calendar year after the Certificate of Occupancy is issued)

**E. WAIVER OF PERMIT FEES.** The City shall waive all pertinent 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 the Improvements on the Property.

#### **ARTICLE IV**

### **RECORDS, AUDITS AND EVALUATION OF REQUIRED IMPROVEMENTS**

#### **1. 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 Owner, the City shall have and Owner 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. Owner shall cooperate fully with the City during any such inspection and/or evaluation.

#### **2. Certification**

**OWNER** 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. **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 audit.

#### **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 City Tax Assessor-Collector.

**TO THE COMPANY:**  
**LUIS ALFREDO CASTILLO**  
Owner/Applicant  
2416 Ventura Street  
Laredo, TX 78040

**TO THE CITY:**  
**CITY OF LAREDO**  
ATTN: Joseph W. Neeb  
City Manager  
1110 Houston Street  
PO Box 579  
Laredo, TX 78042-0579

#### **TRANSFER.**

If the property on which tax is being abated is sold, the new owner may enter into a tax abatement agreement on the property for the remaining term so long as the use of the premises does not change or violate the businesses that are not allowed by the NEZ.

#### **VI. DEFAULT AND RECAPTURE**

**OWNER** shall be in default of this Agreement for any reason it fails to substantially comply with the development of the property, discontinues the 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. Termination of this Agreement may be issued if default is not cured within sixty (60) days after 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. Nothing in this Agreement shall preclude **OWNER** from disputing the bill.

#### **VII. TERMINATION AT WILL**

If the City and **OWNER** 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 **OWNER** 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.

a. In addition to the other terms of this Agreement, the tax abatement shall automatically terminate if the owner receives one conviction of a violation of the City of Laredo's Building Code regarding the property subject to the abatement agreement during the term of the tax abatement agreement.

### **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 **OWNER** and their affiliated, subsidiaries, successors and assigns.

**EXECUTED** on this \_\_\_\_\_ day of \_\_\_\_\_, 2025.

**OWNER/APPLICANT**

Signature Luis Castillo /DATE/ 11.13.25

Printed Name: Luis Castillo

**FOR CITY OF LAREDO**

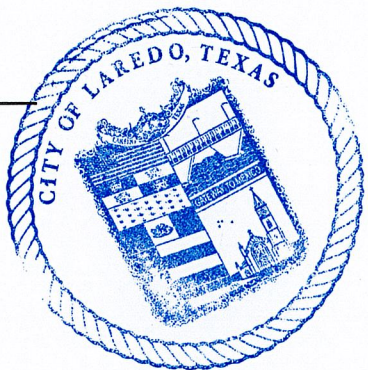
Signature Joseph W. Neeb /DATE/ 11.13.25

Printed Name: Joseph W. Neeb

Position: City Manager

**ATTEST:**

Mario I. Maldonado, Jr. /DATE/ 11-13-25  
Mario I. Maldonado, Jr.  
City Secretary



**APPROVED AS TO FORM:**

Doanh T. Nguyen for /DATE/ 11/13/25  
Doanh T. Nguyen  
City Attorney