ECONOMIC DEVELOPMENT
CORPORATION BOARD OF DIRECTORS

Location:
City of Edinburg, City Hall-Council Chambers 415
W. University Drive, Edinburg, Texas
VIA ZOOM

MARCH 4, 2021

SPECIAL MEETING AGENDA
4:00 PM

1. **CALL TO ORDER, ESTABLISH A QUORUM**

2. **CERTIFICATION OF PUBLIC NOTICE**

3. **PUBLIC COMMENTS**

A specific portion of the meeting shall be dedicated to allowing Public Comments which will be limited to three (3) minutes. Because of the state of emergency due to the COVID-19 pandemic, public comment may be provided in-person abiding to the occupancy limits or by telephone. InÂ person requests shall be requested by completing the Public Comment Form available at City Council Chambers. Telephone requests shall be completed by (a) sending an email to publiccomment@cityofedinburg.com or (b) calling 956-388-8204.

All requests must be received beginning at 9am and end immediately before the start of the meeting. Your request should include your name, address, and telephone number. We ask for everyone's cooperation in following this procedure.

4. **DIRECTOR'S REPORT**

5. **REGULAR AGENDA ITEMS**

A. Consider accepting the Edinburg Economic Development Corporation 2020 Audit.

B. Discussion and possible action regarding real property Independence Dr - Lot 9, North Industrial Park Edinburg, Hidalgo, County, Texas.

6. **EXECUTIVE SESSION**

The EEDC will convene in Executive Session, in accordance with the Texas Open Meetings Act, Vernon's Texas Statutes and Codes Annotated, Government Code, Chapter 551, Subchapter D, Exceptions to Requirement that Meetings be Open. The EEDC May Elect To Go Into Executive Session On Any Item Whether Or Not Such Item Is Posted As An Executive Session Item At Any Time During The Meeting When Authorized By The Provisions Of The Open Meetings Act.

A. Discussion and possible action regarding the purchase, exchange, lease, or value of real property. (§551.072. Deliberation Regarding Real Property; Closed Meeting)

7. **OPEN SESSION**

The EEDC will convene in Open Session to take necessary action, if any, in accordance with Chapter 551, Open meetings, Subchapter E, Procedures Relating to Closed Meeting, §551.102, Requirement to Vote or Take Final Action in Open Meeting.

8. **ADJOURNMENT**

I hereby certify this Notice of an EEDC Meeting was posted in accordance with the Open Meetings Act, at the City Offices of the City of Edinburg, located at the 415 West University entrance outside bulletin board visible and accessible to the general public during and after regular working hours.

This notice was posted on 3/1/21 *, 2021 at* 2:16 *am / pm*

By:

Signature:
Name: *Ron Garza, City Manager*
City of Edinburg, Texas

Edinburg Economic Development Corporation
Meeting Date:March 4, 2021

Consider accepting the Edinburg Economic Development Corporation 2020 Audit.

1. **Agenda Item:**
   Consider accepting the Edinburg Economic Development Corporation 2020 Audit.
2. **Description/Scope:**
   Luis C Orozco, CPA firm conducting the audit will review the Annual Financial Report for the year ended September 30, 2020 with the board and will make himself available for questions.

   In the Auditor's opinion, the financial statements referred in the report present fairly. No findings were reported in the EEDC 2020 Audit Report. Auditor included a note on the Aggregate Receivables of the Financial Statements regarding pending receivable from Santana Textile, LLC in net amount of $13,367,203.
3. **Estimated Timeline:**
   Audit is completed once a year.
4. **Budget:**
   The audit was budgeted for in the FY2021 budget for $13,075.
5. **Procurement/Selection Process:**
   Engagement Letter.
6. **Staff's Recommendation:**
   N/A
7. **Justification:**
   N/A

____
Blanca Davila
Director of Economic Development

ATTACHMENTS

Approved:	________
Not Approved:	________
Tabled:	________

No Action:

EDINBURG ECONOMIC DEVELOPMENT CORPORATION

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED

SEPTEMBER 30, 2020

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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LUIS C OROZCO

CERTIFIED PUBLIC ACCOUNTANT
808 Del Oro Lane
Pharr, TX 78577
lcocpa@lcocpa.com

Independent Auditor's Report

President and Board of Directors of the
Edinburg Economic Development Corporation
Edinburg, Texas

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Edinburg Economic Development Corporation (EDC) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the EDC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

CERTIFIED PUBLIC ACCOUNTANT
808 Del Oro Lane
Pharr, TX 78577
lcocpa@lcocpa.com

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the Edinburg Economic Development Corporation as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note III - Aggregate Receivables of the Financial Statements, EEDC has a pending receivable from Santana Textile, LLC in net amount of $13,640,004. Santana Textile has ceased operations and is in default of loan payments and interest and is currently under an agreement to cover delinquent property taxes with Hidalgo County. EEDC is secondary lien holder on Loan until a compliance date of April 24, 2022. Management of EEDC feels that a satisfactory agreement will be placed on that date to satisfy the pending receivable either by contracting with other companies to take over the project or through asset liquidation. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison schedule, pension plan schedules, and related notes to the required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

LUIS C OROZCO
CERTIFIED PUBLIC ACCOUNTANT
808 Del Oro Lane
Pharr, TX 78577
lcocpa@lcocpa.com

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2021 on our consideration of the EDC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the EDC’s internal control over financial reporting and compliance.

Luis C. Orozco
Certified Public Accountant
Pharr, Texas
March 3, 2021

(956) 782-5481 Member of AICPA & TSCPA (956) 782-5484

In this section of the Annual Financial and Compliance Report, we, the managers of Edinburg Economic Development Corporation (EEDC), discuss and analyze the EEDC's financial performance for the fiscal year ended September 30, 2020. Please read it in conjunction with the independent auditors' report page 1, and the EEDC's Basic Financial Statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

General Fund

- At fiscal year-end, total fund balance for the General Fund was$ 33,580,680.
- General Fund revenues were $ 8,090,472 and General Fund expenses were $ 7,908,967.

Government-Wide

- EEDC's governmental activities reported program expenses of $6,870,773. General revenues totaled to $7,954,312 and charges for services $136,160, resulting in an increase in net assets of $1,219,699.
- At year end, EEDC's governmental activities reported combined total net assets of $12,302,791 and deferred outflows related to pensions of $155,775.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Assets and the Statement of Activities on pages' 11 and 12. These statements provide information about the activities of the EEDC as a whole and present a longer-term view of EEDC's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner like the financial reports of a business enterprise.

Fund financial statements, starting on page 13, report the EEDC's operations in more detail than the government-wide statements by providing information about the EEDC's most significant funds. For governmental activities, these statements tell how services were financed in the short- term, as well as, what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget.

The notes to the financial statements starting on page 17 provide narrative explanations or additional data needed for full-disclosure in the government-wide statements or the fund financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-Wide Financial Statements

The analysis of the EEDC's overall financial condition and operations begins on page 11. Its primary purpose is to show whether the EEDC is better off or worse off as a result of the year's activities. The Statement of Net Assets includes all the EEDC's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the EEDC's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All the current year's revenues and expenses are recognized regardless of when cash is received or paid. The EEDC's revenues are divided into those provided by outside parties who share the costs of some programs. All the EEDC's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the EEDC's net assets and changes in them. The EEDC's net assets (the difference between assets and liabilities) provide one measure of the EEDC's financial health or financial position. Over time, increases or decreases in the EEDC's net assets are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the EEDC, however, you should consider non-financial factors as well, such as changes in the EEDC's property tax base and the condition of the EEDC's facilities.

In the Statement of Net Assets and the Statement of Activities, we reflect the EEDC in only one kind of activity:

- Governmental activities: Most of the EEDC's basic services are reported here, including general government and economic development. Sales taxes designated for economic development finance most of these activities.

Fund Financial Statements

The fund financial statements begin on page 13 and provide detailed information about the most significant funds - not the EEDC as a whole. Certain funds are required by State law and by bond covenants. The EEDC's administration established several other funds to help it control and manage money for particular purposes. The EEDC has one fund type - governmental funds.

- Governmental funds: Most of the EEDC's basic services are reported in governmental funds. These funds use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the EEDC's general operations and the basic services it provides.

We describe the differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets (Government-Wide)

The following table summarizes the EEDC's net assets as of September 30, 2020.

Table I

	Governmental Activities 2020	Governmental Activities 2019	Increase (Decrease)
Assets			
Current and other assets	33,707,262	33,408,877	298,385
Capital assets	6,255,684	7,088,796	(833,112)
Total assets	39,962,946	40,497,673	(534,727)
Deferred outflow of resources	155,775	167,954	(12,179)
Total Assets and Deferred Outflow of Resources	40,118,721	40,665,627	(546,906)
Liabilities			
Current liabilities	1,216,582	940,858	275,724
Long-term liabilities	26,548,852	27,659,282	(1,110,430)
Total liabilities	27,765,434	28,600,140	(834,706)
Deferred inflow of resources	50,496	38,958	11,538
Total Liabilities and Deferred Inflow of Resources	27,815,930	28,639,098	(823,168)
Net Position			
Invested in capital assets net of related debt	3,255,684	3,388,796	(133,112)
Restricted	13,419,681	14,902,963	(1,483,282)
Unrestricted	(4,372,574)	(6,265,230)	1,892,656
Total Net Position	12,302,791	12,026,529	276,262
Total Liabilities and Net Position	40,118,721	40,665,627	(546,906)

The EEDC's assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by $12,302,791 at the close of the current fiscal year. Unrestricted net assets - the part of net assets that can be use d to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - were $(4,372,574) at September 30, 2020.

The restricted net assets decreased from $14,902,963 to $13,419,681 or by $1,483,282.

Statement of Activities (Government-Wide)

The following table summarizes the change in the EEDC's net assets from its activities for the fiscal year ended September 30, 2020.

Table 2

	Governmental Activities 2020	Governmental Activities 2019	Increase (Decrease)
Revenues			
Program Revenues:			
Charges for Services	136,160	206,748	(70,588)
General Revenues:			
Sales and Use Taxes	7,144,078	5,801,968	1,342,110
Investment Earnings	136,161	98,435	37,726
Note Receivable Interest	674,073	566,407	107,666
Miscellaneous Revenue	-	10,717	(10,717)
Total Revenue	8,090,472	6,684,275	1,406,197
Expenses			
Economic Development and Assistance	5,001,653	2,856,589	2,145,064
Debt Bond Interest	1,869,120	2,454,270	(585,150)
Total Expenses	6,870,773	5,310,859	1,559,914
Increase in Net Assets before transfers and special items	1,219,699	1,373,416	(153,717)
(Loss) on Sale of Asset	-	(546,173)	-
Increase in Net Assets after transfers and special items	1,219,699	827,243	(153,717)
Net Position Beginning	12,026,529	11,199,961	826,568
Prior Period Adjustment	(943,437)	(675)	(942,762)
Net Position Ending	12,302,791	12,026,529	(269,911)

The EEDC 's total revenues were $8,090,472. Sales tax contributed $7,144,078 or 88.3% of total revenues. Notes receivable interest earned contributed $674,073 or 8.3% of total revenue and investment earnings were $136,161 or 1.7%.

Total cost of all programs and services was $6,870,773.

Governmental Activities

As reflected in the Statement of Activities, total expenses for governmental activities were $6,777,679. General revenues of $8,090,472 exceeded the total net expenses for governmental activities of $6,870,773 by $1,219,699.

GENERAL FUND FINANCIALANALYSIS

The General Fund is the chief operating fund of the EEDC. At the end of the current fiscal year, the total fund balance of the General Fund was $33,670,799.

General Fund Budgetary Highlights

The EEDC did amend the General Fund Budget during the year. Those budget amendments fall into two categories. The first involved amendments moving funds from categories that did not need all the resources to categories with resource needs. The second involved adjusting the budgets to better reflect the needs and resources available.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the 2019-2020 year, the EEDC had $6,255,684 invested in a broad range of capital assets, including facilities, land, infrastructure, vehicles, and equipment.

Debt

At year-end, the EEDC had $26,945,000 in bonds outstanding versus $27,875,000 last year.

More detailed information about the EEDC' s long-term liabilities is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Fiscal year 2021 is projected to be a year of continued growth. Both public and private developmentt in building and infrastructure activity will serve to broaden the City's tax base and provide continuing employment opportunities for the residents. In 2020, the EEDC experienced a slight increase in sales tax revenue from 2019. Cash reserves are in place in accordance with the Investment Policy in secured investments.

The EEDC Board of Directors has approved the General Fund Budget for the Fiscal Year 2021 that includes funding for continued growth and development opportunities. Priority has been placed on the development of the North Industrial Park, infrastructure projects for the City of Edinburg, and the Downtown District. Revenues in the General Fund are estimated at $10,712,638. Budgeted expenditures are estimated at $11,134,699. If these estimates are realized, the EEDC's budgetary General Fund balance is expected to decrease modestly. However, unrestricted cash is expected to increase conservatively by the close of fiscal year 2021.

CONTACTING THE EEDC'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the EEDC's finances and to show the EEDC's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the EEDC' s administration office at:

Edinburg Economic Development Corporation
415 West University Drive
Edinburg, Texas 78541

BASIC FINANCIAL STATEMENTS

EXHIBIT A-1

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Data Control Codes		Primary Government Governmental Activities
	ASSETS	
1010	Cash and Cash Equivalents	$ 5,437,202
1050	Taxes Receivable, Net	1,178,534
1150	Accounts Receivable, Net	304,641
1210	Notes Receivable, Net	13,367,204
1611	Restricted Cash	13,419,681
	Capital Assets:	
1710	Land Purchase and Improvements	4,984,283
1730	Buildings, Net	1,269,571
1750	Furniture and Equipment, Net	1,830
1000	Total Assets	39,962,946
	DEFERRED OUTFLOWS OF RESOURCES	
1997	Deferred Outflow Related to Pension Plan	140,015
1998	Deferred Outflow Related to OPEB	15,760
1500	Total Deferred Outflows of Resources	155,775
	LIABILITIES	
2010	Accounts Payable	50,000
2020	Wages and Salaries Payable	76,582
2250	Bonds Payable - Current	1,090,000
	Noncurrent Liabilities:	
2502	Bonds Payable - Noncurrent	25,855,000
2580	Net Pension Liability	584,135
2585	Net OPEB Liability	109,717
2000	Total Liabilities	27,765,434
	DEFERRED INFLOWS OF RESOURCES	
2602	Deferred Inflow Related to Pension Plan	46,530
2603	Deferred Inflow Related to OPEB	3,966
2500	Total Deferred Inflows of Resources	50,496
	NET POSITION	
3200	Net Investment in Capital Assets	3,255,684
	Restricted for:	
3850	Restricted for Capital Acquisition	8,341,632
3860	Restricted for Debt Service	3,036,233
3890	Restricted for Other Purposes	2,041,816
3900	Unrestricted	(4,372,574)
3000	Total Net Position	$ 12,302,791

The notes to the financial statements are an integral part of this statement.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT B-1

Data Control Codes		Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Gov. Governmental Activities
	Primary Government:				
	GOVERNMENTAL ACTIVITIES:				
650	Economic Development and Assistance	$ 5,001,653	$ 136,160	$ -	$ (4,865,493)
700	Debt Service	1,869,120	-	-	(1,869,120)
	TOTAL PRIMARY GOVERNMENT	$ 6,870,773	$ 136,160	$ -	(6,734,613)

Data Control Codes	General Revenues:	
5120	General Sales and Use Taxes	7,144,078
5200	Investment Earnings	136,161
5700	Notes Receivable Interest	674,073
	Total General Revenues	7,954,312
	Change in Net Position	1,219,699
	Net Position-- Beginning	12,026,529
	Prior Period Adjustment	(943,437)
	Net Position - Ending	$ 12,302,791

The notes to the financial statements are an integral part of this statement.

EXHIBIT C-1

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

Data Control Codes			General Fund
	ASSETS		
1010	Cash and Cash Equivalents	$	5,437,202
1050	Taxes Receivable		1,178,534
1150	Accounts Receivable, Net		304,641
1210	Notes Receivable, Net		13,367,204
1611	Restricted Cash		13,419,681
1000	Total Assets	$	33,707,262
	LIABILITIES		
2010	Accounts Payable	$	50,000
2020	Wages and Salaries Payable		76,582
2000	Total Liabilities		126,582
	FUND BALANCE		
3415	Long Term Loans/Notes Receivable		13,367,203
3470	Restricted for Capital Projects		8,341,632
3480	Restricted for Debt Service		3,036,233
3490	Other Restricted Fund Balance		2,041,816
3600	Unassigned Fund Balance		6,793,796
3000	Total Fund Balance		33,580,680
4000	Total Liabilities and Fund Balance	$	33,707,262

The notes to the financial statements are an integral part of this statement.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Total Fund Balances - Governmental Funds	$	33,580,680
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.		(21,371,490)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements,but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2020 capital outlays and debt principal payments is to increase (decrease) net position.		155,407
Current year GASB 68 changes for the TMRS Pension plan this fiscal year required that the EDC report their net pension liability in the Government Wide Statement of Net Position. The items reported as a result of this implementation included a net pension liability of $584,135 and a Deferred Resource Outflow of $140,015. The net effect of these was to decrease the ending net position by $177.		177
Current year GASB 75 changes for the OPEB Pension plan this fiscal year required that the EDC report their net pension liability in the Government Wide Statement of Net Position.		(3,464)
The 2020 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(58,519)
Net Position of Governmental Activities	$	12,302,791

The notes to the financial statements are an integral part of this statement.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Data Control Codes		General Fund
	REVENUES:	
5120	General Sales and Use Taxes	$ 7,144,078
5200	Lease and Rental	136,160
5550	Note Receivable Interest	674,073
5610	Investment Earnings	136,161
5020	Total Revenues	8,090,472
	EXPENDITURES:	
	Conservation and Development:	
0650	Economic Development and Assistance	4,939,847
	Debt Service:	
0700	Debt Service	2,799,120
	Capital Outlay:	
0800	Capital Outlay	170,000
6030	Total Expenditures	7,908,967
1100	Excess of Revenues Over Expenditures	181,505
	OTHER FINANCING SOURCES (USES):	
7912	Sale of Real and Personal Property	1,156
7080	Total Other Financing Sources (Uses)	1,156
1200	Net Change in Fund Balance	182,661
0100	Fund Balance - October 1 (Beginning)	33,398,019
3000	Fund Balance - September 30 (Ending)	$ 33,580,680

The notes to the financial statements are an integral part of this statement.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Total Net Change in Fund Balances - Governmental Funds	$	182,661
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2020 capital outlays and debt principal payments is to increase (decrease) the change in net position.		1,098,844
Current year GASB 68 changes in EDC's net pension plan liability, deferred outflows and inflows related to the pension plan resulted in a net effect on the net position's ending balance.		177
Current year GASB 75 changes in EDC's net pension plan liability, deferred outflows and inflows related to the pension plan resulted in a net effect on the net position's ending balance.		(3,464)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(58,519)
Change in Net Position of Governmental Activities	$	1,219,699

The notes to the financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Edinburg Economic Development Corporation (EEDC), a component unit of the City of Edinburg, was incorporated on April 23, 1990, under the Constitution of the State of Texas. The EEDC was organized on behalf of the City of Edinburg for the purpose of promoting the development of commercial, industrial, and manufacturing enterprises within its city limits and encouraging new employment opportunities.

The EEDC is considered a 501(c)(4) corporation by the Internal Revenue Service, and thus, its income is generally exempt from federal income taxation.

The Corporation prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Government Accounting Standards Board and other authoritative sources identified in the *Statement on Auditing Standards No. 69* of the American Institute of Ce1tified Public Accountants and the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," provides guidance for determining which governmental organizations should be included within a reporting entity. GASB No. 14 sets forth financial accountability as the basic criterion for inclusion of a government unit in a governmental reporting entity. Financial accountability is defined as appointment of a voting majority of the component units board and either the ability to impose its will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Due to the primary government' s ability to impose its will on the EEDC, the EEDC is included as a component unit within the City of Edinburg's Audit Comprehensive Annual Financial Report and is an integral part thereof.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Edinburg EDC's non-fiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State funds, grants, and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the EBDC operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use or directly benefit from goods or services provided by a given function or segment of the EEDC. The "grants and contributions" column includes amounts paid by organizations outside the EEDC to help meet the operational or capital requirements of given function. If a revenue is not a program revenue, it is a general revenue used to support all of the EEDC's functions. Taxes are always general revenues.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Assets and as other resources and other uses on the governmental fund Statement of

Revenues, Expenses and Changes in Fund Net Assets. All interfund transactions between governmental funds are eliminated on the government-wide statements.
Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide State of Net Assets as internal balances and on the Statement of Activities as interfund transfers. lnterfund activities between governmental funds and fiduciary funds remain as due to/due *from* on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for the EEDC operations, they are not included in the government-wide statements. The EEDC considers some governmental and enterprise funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e. revenues and other financing sources and the expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long- term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The EEDC considers all revenues available if they are collectible within *60* days after year-end.

Revenues from local sources consist primarily of sales taxes. Sales tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The EEDC considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until received. Investment earnings are recorded as earned, since they are both measurable and available.

D. FUND ACCOUNTING

The EEDC reports the following major governmental funds:

1. **The General Fund** - The primary operating fund is the only major fund in the current fiscal year. It accounts for all of the financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the EEDC reports the following government fund types:

1. **Debt Service Fund** - Is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The debt service fund is not reported as a major fund.
2. **Capital Projects Fund** - Is used to account for financial resources to be used for the acquisition of capital assets or construction of major capital facilities. None of the capital projects funds are major.

E. OTHER ACCOUNTING POLICIES

1. In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as, issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

   In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as, bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

2. Capital assets, which include land, buildings, furniture, and equipment [and infrastructure assets] are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the EEDC as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

   The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture, and equipment of the EEDC are depreciated using the straight-line method over the following estimated useful lives. The estimated lives range from 5 to 20 years for equipment, 10 to 40 years for improvements, and 40 years for buildings.

3. *Restricted Assets:* Certain proceeds of enterprise fund revenue bonds, as well as, certain resources set aside for their repayment, are classified as restricted assets on the Balance Sheet because their use is limited by applicable bond covenants.

4. Deferred revenues are those for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Monies collected in advance from federal or state agencies are recorded as revenue in the year for which the expenditures are incurred.

5. When the EEDC incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

6. In the fund financial statements, governmental funds report fund balance based on the following classifications: non-spendable, restricted, committed, assigned or unassigned. Restricted fund balances are an1ounts legally restricted by outside parties for use by a specific purpose. Commitments of fund balance require approval of the Board of Directors through formal action. The Board of Directors delegates the responsibility to assign fund balance to the Executive Director or his/her designee, when appropriate. Funds will be utilized in the following order: restricted, committed, assigned, and unassigned.

7. In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment to GASE Statement No. 27,* effective for fiscal years beginning after June 15, 2014. The objective of GASB Statement No. 68 is to improve accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that arc administered through certain trusts. GASB Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expense/expenditures. GASB Statement No. 68 also identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, GASB Statement No. 68 addresses the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Management is evaluating the effects that the full implementation of GASB Statement No. 68 will have on its financial statements for the year ended September 30, 2020.

8. The EEDC adopted GASB Statement No. 75 for Accounting and Reporting for Other Post-Employment Benefits Other Than Pensions.

II. DEPOSITS AND INVESTMENTS

The EEDC Depository Agreement requires its designated financial institution to secure by collateral valued at fair value, less the amount of the Federal Deposit Insurance Corporation insurance. At September 30, 2020, the EEDC's deposits were entirely covered by federal deposit insurance or were secured by collateral held by the pledging financial institution 's agent in the EEDC's name, pursuant to the Depository Agreement. The bank balance consisted of the following at September 30, 2020:

Bank	Bank Statement Balance
Plains Capital Bank	1,000,000
Plains Capital Bank	4,752,959
Plains Capital Bank	184,958
Plains Capital Bank	1,276,473
Plains Capital Bank	549,402
Texas National Bank	800,000
Greater State Bank	1,492,414
TexStar	774,802
TexStar	8,341,632
Total Bank Deposits	**19,172,639**

The Public Funds Investment Act (Government Code, Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the EEDC to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity (2) portfolio diversification (3) allowable investments (4) acceptable risk levels (5) expected rates of return (6) maximum allowable stated maturity of portfolio investments (7) maximum average dollar- weighted maturity allowed based on the stated maturity date for the portfolio (8) investment staff quality and capabilities (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas (2) certificates of deposit (3) certain municipal securities (4) money market savings accounts (5) repurchase agreements (6) bankers acceptance (7) Mutual Funds (8) Investment Poo ls (9) guaranteed investment contract (10) and common trust funds.
The Act also requires the EE DC to have independent auditors perform test procedures related to investment practices as provided by the Act. The EEDC is in substantial compliance with the requirements of the Act and with local policies.

Credit Risk: To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the EEDC limits investments to Certificates of Deposits, Public Funds Investment Pools and Guaranteed Investment Contracts, collateralize d by the U.S. Government Securities. As of September 30, 2020, the EEDC's investments were secured by the U.S. Government Securities, pursuant to the Depository Agreement.

Custodial Credit Risk for Investments: State la w requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the EEDC complies with this law, it has no custodial credit risk for deposits.

Concentration of Credit Risk: To limit the risk of loss attributed to the magnitude of a government' s investment in a single issuer, the investment portfolio shall be diversified in terms of investment instruments maturity scheduling, and financial institution s. To further limit the risk, all of the EEDC has 100% of its investment in Ce1tificates of Depo sits.

Interest Rate Risk: To limit the risk that changes in interest rates will adversely affect the fair value of investments, the EEDC requires that the investments shall be monitored by using specific identification.
Foreign Currency Risk for Investments: The EEDC limits the risk that changes in exchanges rates will adversely affect the fair value of an investment. At year-end, the EEDC was not exposed to foreign currency risk.

III. AGGREGATE RECEIVABLES

The aggregate receivables at September 30, 2020, were:

Notes Receivable- Santana Textile	13,640,004
Allowance for Uncollectible Notes	(272,800)
Accounts Receivable	1,588,422
Allowance for Uncollectible	(1,283,781)
Sales Tax Receivable	1,178,534
Total Receivable, net	14,850,379

The notes receivable (Santana Textiles) net account is comprised of two (2) notes from Santana Textiles, LLC. The first note originated on April 16, 2010, *in* the amount of $5,000,000. The second note originated on August 30, 2011, in the amount of $10,000,000. Listed below are dates in which the EEDC and Santana Textiles, LLC agreed to Reinstatement, Modify, Renew, and Extend the Note Receivable agreement. Under the most recent modification, December 17, 2017, the terms and amounts agreed for September 30, 2020, were as follows:

The $5,000,000 note receivable from Santana Textiles, LLC has payments of $23,167 monthly, including principal and interest (4.25%) beginning November 21, 2017, and ending upon maturity on October 21, 2022.

The $10,000,000 note receivable from Santana Textiles, LLC has payments of $52,658 monthly, including principal and interest (4.25%) beginning November 21, 2017, and ending upon maturity on October 21, 2022.

Santana Textile has ceased operations and is in default of loan payments and interest and is currently under an agreement to cover delinquent property taxes with Hidalgo County. EEDC is secondary lien holder on Loan until a compliance date of April 24, 2022. Management of EEDC feels that a satisfactory agreement will be placed on that date to satisfy the pending receivable either by contracting with other companies to take over the project or through asset liquidation.

The combined balance of the notes receivable is $13,640,004. An allowance for uncollectible has been setup at 2% of the note receivable balance. An additional allowance for uncollectible has been set up for the accrued interest and late fees that have been outstanding for over 90 days, the total allowance for uncollectible balance is $1,556,581 which brings the notes receivable, net balance to $12,083,422. A Cross-Collateralization and Cross-Default and Security Agreement was executed on August 30, 2011 and recorded in the Office of the County Clerk of Hidalgo County, Texas as Document No. 2237059 for both Notes.

JV. ACCOUNTS PAYABLE

The accounts payable at September 30, 2020, were:

Salaries and Benefits	76,582
Management Fees	50,000
Total Accounts Payable	**126,582**

V. REPLACEMENT FOR RESERVES

As of September 30, 2020, the replacement for reserves consisted of the following:

Account	Reserve Required	Balance at 09/30/20	Overfunded/Underfunded
Greater State Bank- Series 2015 Reserves	1,467,450	1,492,414	24,964
TexStar Series 19 Bond Reserve	768,049	774,802	6,753

On March 27, 2018, the EEDC Board of Directors held a Board meeting and authorized the Executive Director to replenish the Reserve account of the Sales Tax Revenue Refunding Bonds, Taxable Series 2015 to its original balance of $ 1,467,450. The EEDC Board took the steps to correct the inappropriate utilization of the Reserve Account funds by the EEDC to meet its semi-annual 2015 bond payments. At September 30, 2020, the Reserve Account had a balance of $1,492,414.

VI. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenue s from local and intermediate sources consisted of the following:

	General Fund
Sales and Use Taxes	7,144,078
Investment Income	136,161
Rental Income	136,160
Note Receivable Interest	674,073
Total	8,090,472

VII. CAPITAL ASSETS

A summary of changes in capital assets follows:

	Primary Government				
For the Years Ended September 30,	2019	Additions	Retirements	Adjustments	2020
Capital assets not being depreciated:					
Land	5,309,765	170,000	(495,482)	-	4,984,283
Total capital assets not being depreciated	5,309,765	170,000	(495,482)	-	4,984,283
Capital assets being depreciated:					
Buildings	2,602,371	-	(527,222)	1	2,075,150
Furniture and equipment	176,260	-	(135,197)	(1)	41,062
Total capital assets being depreciated	2,778,631	-	(662,419)	-	2,116,212
Less: accumulated depreciation for:					
Buildings	(824,923)	(57,152)	76,495	1	(805,579)
Furniture and equipment	(174,677)	(1,367)	136,811	1	(39,232)
Total accumulated depreciation	(999,600)	(58,519)	213,306	2	(844,811)
Total capital assets, being depreciated, net	1,779,031	(58,519)	(449,113)	2	1,271,401
Governmental activities capital assets, net	7,088,796	111,481	(944,595)	2	6,255,684

VIII. LONG-TERM DEBT

Long-term debt consists of the following at September 30, 2020:

$13,715,000 Sales Tax Revenue Refunding Bonds 2015 to the Bank of New York Mellon Trust Company, N.A.; payable in monthly installments of $8,333 plus interest of 5.55%, maturing August 2035, and is collateralized by economic development sales and use tax receipts.	$	13,235,000
$2,300,000 Bond Issue Series 2013A; payable in monthly installments of $18,750 plus interest of 3.12%, maturing November 30, 2024, and is collateralized by economic development sales and use tax receipts.		1,005,000
$4,575,000 Bond Issue Series 2013B; payable in monthly installments of $37,500 plus interest of 3.04%, maturing November 30, 2024, and is collateralized by economic development sales and use tax receipts.		1,995,000
$10,840,000 Bond Issue Series 2019; payable in monthly installments plus interest maturing September 30, 2044.		10,710,000
	$	26,945,000

Annual debt service requirements to maturity for the EEDC's general long-term debt are as follows:

Fiscal Year	Principal	Interest
2021	1,090,000	1,134,479
2022	1,125,000	1,098,280
2023	1,160,000	1,060,926
2024	1,200,000	1,022,354
2025	1,245,000	980,382
2026-2030	7,020,000	3,776,272
2031-2035	8,710,000	2,731,844
2036-2040	2,705,000	1,061,500
2041-2045	2,690,000	344,250
	26,945,000	13,210,286

A summary of changes in long-term debt follows:

Changes in Long-Term Liabilities
For the year ended September 30, 2020

	2019	Additions	Reductions	2020	Current Portion
Bonds payable					
Series 2013A	1,240,000	-	(235,000)	1,005,000	240,000
Series 2013B	2,460,000	-	(465,000)	1,995,000	475,000
Taxable Series 2015	13,335,000	-	(100,000)	13,235,000	110,000
Series 2019	10,840,000.00	-	(130,000)	10,710,000	265,000
Total Bonds Payable	27,875,000	-	(930,000)	26,945,000	1,090,000
Net pension liability	612,383	-	(28,248)	584,135	-
OPEB Liability	133,915	-	-	133,915	-
Total Long-Term Debt	28,621,298	-	(958,248)	$27,663,050	1,090,000

IX. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At the government-wide financial statements, deferred outflows include deferred charges on refunding of the bonds.

As of September 30, 2020, the various components of deferred outflows and inflows of resources are as follows:

Deferred Outflow Related to TMRS Pension	140,015
Deferred Outflow Related to OPEB	15,760
Total Deferred Outflows	155,775
Deferred Inflow Related to TMRS Pension	46,530
Deferred inflow Related to OPEB	3,966
Total Deferred Inflows	50,496

Employee Retirement Benefit
Texas Municipal Retirement System

Plan Description

The EEDC participates as one of the 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS), thn.1 the City of Edinburg (City).

TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the EEOC are required to participate in TMRS, as are employees of the City.

All terms, conditions and benefits of EEDC employees are identical to the City's employees and covered under the City's plan with TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and apply to EEDC employees.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in *an* amount equal to 12, 24 or 36 monthly payments which cannot exceed 75% of the member' s deposits and interest.

Employees Covered by Benefit Terms

At the December 31, 2019 valuation and measurement date, the following city employees which include EEDC employees were covered by the benefit terms:

As of December 31,2019	
Inactive employees or beneficiaries currently receiving benefits	282
Inactive employees entitled to but not yet receiving benefits	399
Active employees	854
Total	1,535

Contributions

The contribution rates for employee s in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200% both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (BAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.39 % and 14.47% in the calendar years 2019 and 2020, respectively. The City's contribution to TMRS for the year ended September 30, 2020, were $5,499,792 and were equal to the required contributions.

Net Pension Liability

The EEDC's Net Pension Liability (NPL) is included in the City's Net Pension Liability (NPL) and was measured as of December 31, 2019 and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. There is no specific information as it relates to the EEDC's portion.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Overall payroll growth	3.50%
Investment rate of return	6.75%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males' rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2019 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a *total* return basis with an emphasis on both capital appreciations, as well as, the production of income, in order to satisfy the short-term and long-term funding needs TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

The discount rate used to measure Total Pension Liability was 6.75%. The projections cash flow used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projectd future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Schedule of Changes in Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)- (b)
Net Pension Liability Beginning	$148,383,203	$111,223,541	$37,159,662
Changes for the year:			
Service cost	6,001,648		6,001,648
Interest	10,025,754		10,025,754
Change of benefit terms	-		-
Difference between expected and actual experience	588,622		588,622
Changes of assumptions	674,533		674,533
Contributions-employer		5,499,792	(5,499,792)
Contributions-employee		2,681,017	(2,681,017)
Net investment income		17,217,376	(17,217,376)
Benefit payments, including refunds of employee contributions	(5,708,662)	(5,708,662)	-
Administrative expense		(97,159)	97,159
Other changes		(2,919)	2,919
Net Changes	11,581,895	19,589,445	(8,007,550)
Net Pension Liability Ending	159,965,098	130,812,986	29,152,112

The amount presented above includes pension liabilities for the City's discretely presented component units. At September 30, 2020, the City's Governmental Activities portion of the net pension obligation was $21,911,838, and the Business type activities was $6,287,940, the Boys & Girls Club of Edinburg's portion was $368,199, and the EEDC's portion was $584,134. The total net pension liability for the Primary Government was$28,199,777.

Sensitivity of the Net Pension Liability to Changes in the Discounted Rate

The following presents the Net Pension Liability of the City, calculated using the discount rate of 6.75%, as well as, what the City's Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

	1% Decrease	Current Single Rate Assumption	1% Increase
	5.57%	6.75%	7.75%
Governmental Activities net pension liability	$41,960,527	21,911,838	$5,812,921
Business type activities net pension liability	12041220.58	6,287,940	1,668,107
Boys & Girls Club	705,090	368,199	97,678
Edinburg EDC's net pension liability	1,118,601	584,135	154,963
Total net pension liability	$55,825,439	$29,152,112	$7,733,670

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2020, the City and component units recognized a combined pension expense of $1,259,477. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	947,840	1,700,395
Changes in actuarial assumptions	542,530	44,575
Differences between projected and actual investment earnings	-	3,928,907
Contributions Subsequent to Measurement Period	4,413,760	-
Total	5,904,130	5,673,877

Of the total deferred outflows relating to the pension plan, $4,415,927 is reported in Governmental Activities, $1,239,597 is reported in Business-Type Activities. The Boys and Girls Club of Edinburg' s portion is $108,591, and the remaining $140,015 pertains to the EEDC.

Of the total deferred inflows relating to the pension plan, $4,427,278 is reported in Governmental Activities, $1,101,832 is reported in Business-Type Activities. The Boys and Girls Club of Edinburg's portion is $98,237, and the remaining $46,530 pertains to the EEDC.

$4,413,760 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and the inflows of resources related to pensions will be recognized in pension expense as follows:

	Net Deferred Outflows (Inflows) of Resources
2020	(1,296,564)
2021	(1,197,115)
2022	234,616
2023	(1,876,049)
2024	27,190
Thereafter	-
Total	(4,107,922)

X. OTHER POST EMPLOYMENT BENEFITS

Plan Description

The EEDC, thru the City also participates in the cost sharing multiple-employer benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Benefits

The death benefit for active employees provides a lump-sun1payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB plan.

Contributions

The EEDC, thru the City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

As of December 31, 2019, the following employee s were covered by the benefits terms:

Inactive employees currently receiving benefits	219
Inactive employees entitled to but not yet receiving benefits	38
Active employees	854
Total	1,111

Accounting Policy

GASB 75 requires employers to recognize the total OPEB liability and the OPEB expense on their financial statements. The OPEB expense recognized each fiscal year is equal to the change in the total OPEB liability from the beginning of the year to the end of the year, adjusted for deferred recognition of certain changes in the liability. An irrevocable trust has not been established that meets the criteria in paragraph 4 of GASB Statements No.75. Therefore, the Plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

Funding Policy

The benefits levels and contribution rate are approved annually by the city management t and the City Council as part of the budget process. By the City not contributing anything toward this plan in advance, the city employs a pay-as-you-go method through ensuring the annual retiree contribution are equal to the benefits that are paid on behalf of the retirees. OPEB expenses for the SDBF program as actuarially determined for the city was $11,490 and $2,842,479 for Health Insurance program.

Actuarial Methods and Assumptions

Significant methods and assumptions used in the December 31, 2019, actuarial valuation for the SDBF program are as follows:

SDBF Program

Inflation	2.50%
Salary Increases	3.50% to 11.5% including inflation
Discount rate•	2.75%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Health Insurance Program

Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Discount Rate:	
Prior Measurement Date	2.66%
Measurement Date	2.21%
Mortality Table	Pub-2010 General and Public Safety Employees / Retirees Headcount-Weighted Mortality Tables projected fully generationally using scale MP-2020
Health Care Cost Trends	5.70% from 2020 to 2021 decreasing gradually to an ultimate rate of 4.04% by 2075

These assumptions are estimates of the future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investments income and compensations increase. The actuarial valuation report determines, as of the actuarial valuations date, the service cost, total OPEB liability, and related actuarial present value of projected benefits.

Total OPEB Liability

The total OPEB Liability for the SDBF and Health Insurance Program respectively of $1,765,479 and $28,227,567 was determined by an actuarial valuation as of December 31, 2019.
The total OPEB liability and related information are as follows for the city at December 31, *2019*:

SDBF Program
As of Measurement Date of December 31, 2019

Actuarial Valuation and Measurements Date, December 31,2019 Total OPEB Liability

Total OPEB Liability - beginning of year	$1,415,523
Changes for The year	
Service Cost	57,450
Interest on Total OPEB Liability	53,368
Changes of benefit terms	-
Differences between expected and actual experience	(64,335)
Changes in assumptions or other inputs	314,963
Benefit payments **	(11,490)
Net changes	349,956
Total OPEB Liability - end of year	$1,765,479

Health Insurance Program

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)- (b)
Net Pension Liability Beginning	$23,450,817	-	$23,450,817
Changes for the year:			
Service cost	1,500,352		1,500,352
Interest	654,662		654,662
Change of benefit terms	-		-
Difference between expected and actual experience	1,062,821		1,062,821
Changes of assumptions	2,243,038		2,243,038
Contributions-employer		684,123	(684,123)
Contributions-employee		-	-
Net investment income		-	-
Benefit payments, including refunds of employee contributions	(684,123)	(684,123)	-
Administrative expense		-	-
Other changes		-	-
Net Changes	4,776,750	-	4,776,750
Net Pension Liability Ending	28,227,567	-	28,227,567

OPEB Expense and Deferred Outflows of Resources Related to OPEBs:

For the year ended September 30, 2020, the city recognized OPEB expenses of $152,440 for the SDBF Program and $2,842,479 for the Health Insurance program.

OPEB Expense:	
Service cost	57,450
Interest on total OPEB liability	53,368
Changes in benefit terms	-
Employer administrative costs	-
Recognition of deferred outflows/inflow s of resources:	
Differences between expected and actual experience	(5,154)
Changes in assumptions or other inputs	46,776
Total OPEB expense	152,440

Health Insurance Program

OPEB Expense:

Service cost	1,500,352
Interest on total OPEB liability	654,662
Changes in benefit terms	-
Employer administrative costs	-
Recognition of deferred outflows/inflow s of resources:	
Differences between expected and actual experienc	139,877
Changes in assumptions or other inputs	547,588
Total OPEB expense	2,842,479

The city shall include contributions made subsequence to the measurement date through the City's fiscal year end as deferred outflows resources.

Other amounts to reported as deferred outflow related to OPEB will be recognized in OPEB expense as follows:

Deferred (Inflows)/Outflows of Resources:	Deferred (Inflows) of Resources	Deferred Outflows of Resources
Differences between expected and actual experience OPEB Death	55,144	21,112
Differences between expected and actual experience OPEB Health	-	972,112
Changes in assumptions and other inputs - OPEB Death	81,127	343,120
Changes in assumptions and other inputs - OPEB Health	650,732	4,346,786
Contributions made subsequent to measurement date	*N/A*	45,754
Total	$787,003	5,728,884

Sensitivity of the Total OPED Liability to changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of (2.75%) as well as what the city's total OPEB liability would be if it were calculated using a discount rate that is 1- percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current discount rate:

SDBF Program - Current Discount

	1% Decrease 1.75%	Current Discount Rate 2.75%	1% Increase 3.75%
Total OPEB Liability	2,198,831	1,765,479	1,441,606

Health Insurance Program - Current Discount

Healthcare Cost Trend	1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
1% Decrease		24,542,572	
Current	31,128,869	28,227,567	25,570,246
1% Increase		32,678,699	

The City's contributions to the TMRS SDBF for the year ended 2019 was $45,754 which equaled the required contributions.

Schedule of Contributions
(retiree-only portion of the rate, for OPEB)

Plan/Calendar Year	Total SDB Contribution (Rate)	Retiree Portion of SDB Contribution (Rate)
2020	0.15%	0.03%
2019	0.15%	0.03%
2018	0.15%	0.03%
2017	0.14%	0.03%

XI. RISK MANAGEMENT

The EEDC maintains insurance for all business and government functions of which it may be liable for claims, through the City of Edinburg, Texas. The more significant of these include general liability insurance, property insurance covering the EEDC's industrial park buildings and structures, and the Executive Director and Board of Directors. Employees were covered by a fully-insured health insurance plan provided by the City of Edinburg. There have been no significant reductions *in* insurance coverage.

XII. TAX INCREMENT REINVESTMENT ZONE

In 1997, the City Council approved Ordinance No. 1915 which created a tax increment reinvestment zone pursuant to Chapter 311 of the Texas Code. This was originally designated as Reinvestment Zone Number One, City of Edinburg, Texas (1997 Zone). However, no public or private improvements were made to the 1997 Zone and expected development never materialized. Therefore, on November 18, 2008, an ordinance was passed terminated the 1997 zone. However, the new zone established in 2007 (TIRZ #1 described below) was inadvertently named Reinvestment Zone Number One, City of Edinburg, Texas. Since the 1997 Zone was terminated, there was no need to change the name of the 2007 tax increment zone. There is no Tax Increment Zone Number Two. Reinvestment Zone Number One, City of Edinburg, Texas (TIRZ #1) is a reinvestment zone created by the City of Edinburg, pursuant to the Tax Increment Financing Act, Chapter 311, Texas Tax Code. Creation of the tax increment zone along with an economic development agreement between the City of Edinburg, Hidalgo County, the Edinburg Economic Development Corporation, the City of Edinburg Local Government Finance Corporation, and the developer, allowed for property tax increment funding to support development activities relating to the development of a retail shopping center containing approximately 800,000 square feet in multiple buildings. On March 16, 2015, the development agreement with First Harford Realty Corporation dated February 20, 2007 and subsequently amended on August 16 and November 15, 2011 was cancelled. All work under the agreement had been performed by the developer and the City desired to use TIRZ #1 to help finance the repayment of debt issued for the construction of a new municipal facility in TIRZ #4.

Under the developer agreement, the City was required to provide a Chapter 380 Grant Reimbursement equal to the difference between $8,000,000 and the public infrastructure reimbursement. This was being paid from the City's dedicated 1% sales tax revenues within TIRZ #1. The remaining amount due to the developer under the agreement was $1,575,266. In addition, the EEDC owed a remaining balance of $1,975,684, for a total amount of $3,547,950. Under the agreement to terminate the economic development agreement, both the City and the EEDC agreed to pay off these balances. In return, the developer would release both the City and the EEDC from future obligations under the agreement. The amount needed to pay off this balance was provided by a contribution from the Vipers Arena, LLC. Tax increment revenues received by the City of Edinburg are deposited into a separate bank account designated for the tax increment reinvestment zone and transferred to the City of Edinburg Local Government Finance Corporation for the purpose of discharging obligations arising out of Public Infrastructure Bonds issued for which tax increment revenues have been pledged. Other than the City of Edinburg and Hidalgo County, no other taxing jurisdictions are participating in TIRZ #1. At the expiration of the term of the tax increment zone, any remaining tax increment revenues will be distributed into the general fund of the City in proportion to its contribution s to the zone for the tax year most recently ended.

Reinvestment Zone Number One, City of Edinburg, Texas, has a Board of Directors composed of six members, with one of the members appointed by Hidalgo County and the remaining five members appointed by the City Council of the City. Each Board Member serves a two-year term. The zone is managed by the City of Edinburg Local Government Finance Corporation, which is presented as a blended component unit of the City. Reinvestment Zone Number Three, City of Edinburg, Texas (TIRZ #3), is a reinvestment zone created by the City of Edinburg, pursuant to the Tax Increment Finance Act, Chapter 311, Texas Tax Code. The zone was created on November 18, 2008. Creation of the tax increment zone along with an economic development agreement between the City of Edinburg, Hidalgo County, the City of Edinburg Local Government Finance Corporation, and the developer, allows for property tax increment funding to TIRZ #3 to support qualifying development activities related to 704 acres of land located in the northeast quadrant of the City. The developer will be responsible for the development and construction of the project at their cost and expense. In exchange, taxes generated in TIRZ #3 will reimburse the developer for all, or a portion of reimbursable public infrastructure costs as defined in the agreement. Tax. increment revenues received by the City of Edinburg are deposited into a separate bank account designated for the tax increment reinvestment zone and transferred to the City of Edinburg Local Government Finance Corporation for the purpose of discharging obligations under the development agreement. Other than the City of Edinburg and Hidalgo County, no other taxing jurisdictions are participating in TIRZ #3. Per the development agreement, the City will contribute the lesser of the tax rate of $0.52 per $100 of assessed valuation or the City's then current maintenance and operations tax rate for the applicable year. The zone will terminate upon the earlier of (i) the date on which the reimbursement commitments or tax increment bonds have been fully paid or defeased in accordance with the terms of the development agreement or (ii) 30 years (December 31, 2045) from the effective date of the ordinance creating the zone. At the expiration of the term of the tax increment zone, any remaining tax increment revenues will be distributed into the general fund of the City in proportion to its contributions to the zone for the tax year most recently ended. Reinvestment Zone Number Three, City of Edinburg, Texas, has a Board of Directors composed of five members, with one of the members appointed by Hidalgo County, and the remaining four members appointed by the City Council of the City. Each Board Member serves a two-year term. The zone is managed by the City of Edinburg Local Government Finance Corporation, which is presented as a blended component unit of the City.

Reinvestment Zone Number Four, City of Edinburg, Texas (TIRZ #4), is a reinvestment zone created by the City of Edinburg, pursuant to the Tax Increment Financing Act, Chapter 311, Texas Tax Code. The zone was created on November 19, 2013. Creation of the tax increment zone allows for property tax increment funding to TIRZ #4 to support financing of costs associated with the construction of public improvements related to several possible development and redevelopment projects, including the construction of a mW1icipal facility. On March 1, 2015, an agreement was entered into between the City, the LGFC, TIRZ # I, TIRZ #4, and the EEOC. Under the terms of the agreement, the LGFC will aid in the financing, constructing, furnishing, and owning of an indoor multipurpose event center. The LGFC will be the landlord and lease the municipal facility to Vipers Arena, LLC as further described in the Lease and Development Agreement. In connection with this agreement, the LGFC issued bonds to finance the construction. Under the terms of the agreement, the developer was responsible for half of the construction costs of the municipal facility and any cost overruns. As of the end of the year, no tax increments have been levied or collected within the zone. The zone will terminate on December 31, 2045, unless otherwise terminated earlierr as a result of payment in full of all project costs or tax increment bonds, if issued. Reinvestment Zone Number Four, City of Edinburg, Texas, has a Board of Directors composed of five members, with one of the members appointed by the Hidalgo County and the remaining four members appointed by the City Council of the City. Each Board Member serves a two-year term. The zone is managed by the City of Edinburg Local Government Finance Corporation, which is presented as a blended component unit of the City.

XIII. RELATED PARTY TRANSACTIONS

The EEOC has a receivable for sales tax revenue sharing from the City of Edinburg. The receivable balance as of September 30, 2020 was $1,178,534.

XIV. EXPENDITURES EXCEEDING APPROPRIATION

For fiscal year ended September 30, 2020 expenditures exceeded budget in the General Fund in the following:

Function	Amount
Economic Development Assistance	598,575
Total	598,575

XV. LITIGATION

From time to time the Edinburg EDC is involved in legal proceeding arising from its operations. The Edinburg EDC's administration believed the outcome of these proceedings, if not favorable to the Edinburg EDC, will not materially affect the Edinburg EDC's financial position and therefore no allowances have been made.

XVI. SUBSEQUENT EVENTS

The Edinburg EDC considered all events through March 3, 2021, the financial statement issuance date.

XVI. PRIOR PERIOD ADJUSTMENTS

The EEDC recognized a prior period adjustment in the government wide financial statements totaling $943,437. The adjustment was due to the update of the capital asset schedule to reflect prior year disposals. The adjustment was necessary to reflect the actual balances at the beginning of the year.

REQUIRED SUPPLEMENTARY INFORMATION

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EXHIBIT G-1

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5120	General Sales and Use Taxes	$ 5,950,000	$ 6,483,300	$ 7,144,078	$ 660,778
5200	Lease and Rental	46,170	98,161	136,160	37,999
5550	Note Receivable Interest	-	-	674,073	674,073
5610	Investment Earnings	-	136,161	136,161	-
5020	Total Revenues	5,996,170	6,717,622	8,090,472	1,372,850
	EXPENDITURES:				
	Conservation and Development:				
0650	Economic Development and Assistance	5,146,954	4,341,272	4,939,847	(598,575)
	Debt Service:				
0700	Debt Service	3,128,600	2,901,743	2,799,120	102,623
	Capital Outlay:				
0800	Capital Outlay	-	170,000	170,000	-
6030	Total Expenditures	8,275,554	7,413,015	7,908,967	(495,952)
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,279,384)	(695,393)	181,505	876,898
	OTHER FINANCING SOURCES (USES):				
7912	Sale of Real and Personal Property	-	1,156	1,156	-
7080	Total Other Financing Sources (Uses)	-	1,156	1,156	-
1200	Net Change	(2,279,384)	(694,237)	182,661	876,898
0100	Fund Balance - October 1 (Beginning)	33,398,019	33,398,019	33,398,019	-
3000	Fund Balance - September 30 (Ending)	$ 31,118,635	$ 32,703,782	$ 33,580,680	$ 876,898

The notes to the financial statements are an integral part of this statement.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
A. Total Pension Liability			
Service Cost	$ 6,001,648	$ 5,451,177	$ 5,271,339
Interest (on the Total Pension Liability)	10,025,754	9,496,321	8,778,659
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	588,622	(1,994,144)	1,028,193
Changes of Assumptions	674,533	-	-
Benefit Payments, Including Refunds of Employee Contributions	(5,708,662)	(5,061,598)	(4,010,576)
Net Change in Total Pension Liability	$ 11,581,895	$ 7,891,756	$ 11,067,615
Total Pension Liability - Beginning	148,383,203	140,491,447	129,423,832
Total Pension Liability - Ending	$ 159,965,098	$ 148,383,203	$ 140,491,447
B. Total Fiduciary Net Position			
Contributions - Employer	$ 5,499,792	$ 5,075,953	$ 5,094,161
Contributions - Employee	2,681,017	2,477,808	2,401,271
Net Investment Income	17,217,376	(3,362,715)	13,244,540
Benefit Payments, Including Refunds of Employee Contributions	(5,708,662)	(5,061,598)	(4,010,576)
Administrative Expense	(97,159)	(64,934)	(68,598)
Other	(2,919)	(3,393)	(3,476)
Net Change in Plan Fiduciary Net Position	$ 19,589,445	$ (938,879)	$ 16,657,322
Plan Fiduciary Net Position - Beginning	111,223,541	112,162,421	95,505,098
Plan Fiduciary Net Position - Ending	$ 130,812,986	$ 111,223,542	$ 112,162,420
C. Net Pension Liability	$ 29,152,112	$ 37,159,661	$ 28,329,027
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.78%	74.96%	79.84%
E. Covered Payroll	$ 38,300,244	$ 35,397,255	$ 34,296,282
F. Net Pension Liability as a Percentage of Covered Payroll	76.11%	104.98%	82.60%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
	$ 4,897,533	$ 4,465,697	$ 3,905,080
	8,221,195	7,952,791	7,415,662
	-	-	-
	(1,032,455)	(237,828)	(554,280)
	-	(377,240)	-
	(4,018,322)	(3,651,078)	(3,096,759)
	$ 8,067,951	$ 8,152,342	$ 7,669,703
	121,355,911	113,203,569	105,533,866
	$ 129,423,862	$ 121,355,911	$ 113,203,569
	$ 4,621,389	$ 4,444,421	$ 3,999,261
	2,222,723	2,127,970	1,968,692
	5,874,570	123,828	4,388,353
	(4,018,322)	(3,651,078)	(3,096,759)
	(66,307)	(75,414)	(45,809)
	(3,572)	(3,725)	(3,766)
	$ 8,630,481	$ 2,966,002	$ 7,209,972
	86,874,617	83,908,615	76,698,643
	$ 95,505,098	$ 86,874,617	$ 83,908,615
	$ 33,918,764	$ 34,481,294	$ 29,294,954
	73.79%	71.59%	74.12%
	$ 317,403,259	$ 30,399,572	$ 28,124,170
	10.69%	113.43%	104.16%

EDINBURG ECONOMIC DEVELOPMENT CORPORATION

SCHEDULE OF CONTRIBUTIONS

TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE FISCAL YEAR 2020

	2020	2019	2018
Actuarially Determined Contribution	$ 5,806,114	$ 5,075,953	$ 5,094,161
Contributions in Relation to the Actuarially Determined Contributions	5,806,114	5,075,953	5,094,161
Contribution Deficiency (Excess)	$ -	$ -	$ -
Covered Payroll	$ 40,178,654	$ 35,397,255	$ 34,296,282
Contributions as a Percentage of Covered Payroll	14.45%	14.34%	14.85%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented as of the governmental entity's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

2017	2016	2015
$ 4,621,389	$ 4,586,475	$ 4,351,814
4,621,389	4,586,475	4,351,814
$ -	$ -	$ -
$ 31,740,329	$ 30,399,572	$ 28,124,170
14.56%	15.09%	15.47%

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
Total OPEB Liability			
Service Cost	$ 57,450	$ 63,715	$ 51,444
Interest on the Total OPEB Liability	53,368	47,160	45,625
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(64,335)	29,186	-
Changes of Assumptions	314,963	(112,151)	125,031
Benefit Payments*	(11,490)	(10,619)	(10,289)
Net Change in Total OPEB Liability	349,956	17,291	216,629
Total OPEB Liability - Beginning	1,415,523	1,398,232	1,186,421
Total OPEB Liability - Ending	$ 1,765,479	$ 1,415,523	$ 1,403,050
Covered Payroll	$ 38,300,244	$ 35,397,255	$ 34,296,282
Total OPEB Liability as a Percentage of Covered Payroll	4.61%	4.00%	(4.08%)

*The Supplemental Death Benefit Fund is considered to be an unfunded OPEB plan under GASB 75. Because of this benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Note: GASB Codification, Vol. 2, P52.139 states that the information on this schedule should be determined as of the measurement date of the plan.

As required by GASB 75, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

CITY OF EDINBURG, TEXAS

Schedule of Changes in Total OPEB Obligation and Related Ratios
Post-Retirement Medical Plan
Last Ten Years Exhibit

SEPTEMBER 30,	2020	2019	2018
Total OPEB Liability			
Service cost	$ 1,500,352	$ 1,069,819	$ 1,149,843
Interest	654,662	826,562	715,606
Changes of benefit terms	-	-	-
Differences between expected and actual experience	1,062,821	56,192	-
Changes of assumptions	2,243,038	3,178,838	(1,041,173)
Benefit payments, including refunds of employee contributions	(684,123)	(762,157)	(607,647)
Net Change in Total OPEB Liability	4,776,750	4,369,254	216,629
Total OPEB Liability - Beginning	**23,450,817**	**19,081,563**	**18,864,934**
Total OPEB Liability - Ending (a)	**28,227,567**	**23,450,817**	**$ 19,081,563**
Plan Fiduciary Net Position			
Contributions - employer	$ 684,123	$ 762,157	$ 607,647
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	(684,123)	(762,157)	(607,647)
Administrative expense	-	-	-
Other	-	-	-
Net Change in Plan Fiduciary Net Position	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-
Plan Fiduciary Net Position - Ending (b)	$ -	$ -	$ -
Net OPEB Liability - Ending (a) - (b)	$ 28,227,567	$ 23,450,817	$ 19,081,563
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.0%
Covered - Employee Payroll	$ 32,264,732	$ 29,675,741	$ 29,675,741
City's Net OPEB Liability as a Percentage of Covered - Employee Payroll	87.5%	79.0%	64.3%

Note: GASB 75 requires 10 fiscal years of data to be provided in this schedule. However, until a full 10-year trend is compiled, the city will present information for those years for which information is available.

Notes to Schedule: N/A

FEDERAL SECTION

LUIS C OROZCO
CERTIFIED PUBLIC ACCOUNTANT
808 Del Oro Lane
Pharr, TX 78577
lcocpa@lcocpa.com

Independent Auditor's Report

President and Board of Directors of the
Edinburg Economic Development Corporation
Edinburg, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Edinburg Economic Development Corporation (EDC) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the EDC's basic financial statements, and have issued our report thereon dated March 3, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the EDC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the EDC's internal control. Accordingly, we do not express an opinion on the effectiveness of the EDC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the EDC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standard.

LUIS C OROZCO
CERTIFIED PUBLIC ACCOUNTANT
808 Del Oro Lane
Pharr, TX 78577
lcocpa@lcocpa.com

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pharr, Texas
March 3, 2021

(956) 782-5481 Member of AICPA & TSCPA (956) 782-5484

EDINBURG ECONOMIC DEVELOPMENT CORPORATION

SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

I. Summary of the Auditor's Results:

a The type of report issued on the financial statements of *Edinburg Economic Development Corporation*:
Unmodified opinion.

b Significant deficiencies in internal control disclosed by the audit of the financial statements:
None

c Significant deficiencies identified as material weakness:
None

d Noncompliance material to the Financial Statements:
None

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

None

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

(Prepared by the EDC's Management)

None.

Edinburg Economic Development Corporation
Meeting Date:March 4, 2021

Discussion and possible action regarding real property Independence Dr - Lot 9, North Industrial Park Edinburg, Hidalgo, County, Texas.

1. **Agenda Item:**
   Discussion and possible action regarding real property Independence Dr - Lot 9, North Industrial Park Edinburg, Hidalgo, County, Texas.
2. **Description/Scope:**
   Campos Bros Produce LLC, a family-owned producer and distributor of key limes, is requesting to purchase Lot 9 in the North Industrial Park in order to relocate their business to Edinburg. Lot 9 is the approximately 3.55 acre tract between FedEx and what was NUCO Tool. The cash offer is for $177,500. Campos is proposing to build a 20,000 SF cold storage facility on the property.

   Jobs: 15

   Capital Investment: $2,477,500

   Incentives: N/A

3. **Estimated Timeline:**
   The offer includes a 30-day feasibility period, with a closing date at 30 days after expiration of the feasibility period. Construction is expected to start six to twelve months after closing.

4. **Budget:**
   Property sales are not budgeted. Proceeds would go to unrestricted cash.

5. **Procurement/Selection Process:**
   N/A

6. **Staff's Recommendation:**
   Staff recommends approval.

7. **Justification:**
   Campos Bros Produce LLC would be a welcome addition to Edinburg's food production and distribution industry. The property is adjacent to Primo Trading's future facility and could create opportunities for synergy. UTRGV's fiscal impact analysis estimates five-year net benefits of approximately $133,000 and 29 total direct and indirect jobs. The offer of $50,000 per acre is in line with a recent appraisal of property at the Industrial Park.

____

Blanca Davila
Director of Economic Development

ATTACHMENTS

Attachment A: Campos Bros Produce LLC Offer
Attachment B: Campos Bros Produce LLC Commercial Contract
Attachment C: Campos Bros Produce LLC Incentive Application
Attachment D: Campos Bros Produce LLC Fiscal Impact Analysis

Approved:	_________
Not Approved:	_________
Tabled:	_________
No Action:	

HANNA SOLUTIONS

N INDUSTRIAL PARK

Edinburg, TX 78541

BUYER PROFILE

camposbrosproduce.com

Campos Bros. Produce L.C.

About Us

A family owned business specialized on growing, packaging and distributing the freshest key limes in Mexico and The United States. Campos Produce has been providing their services in Mexico for over 50 years being one of the pioneers on the key lime distribution in Mexico City and along the country.

Mission

Campos Produce is a company dedicated to providing high quality products to their customers and a rewarding work environment for our employees. We are made out of the support and commitment of our employees, our final consumers and the environment.

HANNA SOLUTIONS

N INDUSTRIAL PARK

Edinburg, TX 78541

VALUE BROUGHT

Campos Bros. Produce L.C.

+

EDINBURG Economic Development Corporation

PLANNED USAGE

Buyer will build a 20,000 SF cold storage facility under Phase I of development. Buyer has plans to build an additional facility with the remaining tract.

BENEFITS

- Additional anchor to industrial park
- Job creation
- Multiple development phases planned

PRICE OFFERED

$177,500

$50,000 PER ACRE

YOUR COMMERCIAL TEAM

HANNA SOLUTIONS

MARK HANNA
(956) 821-8001
mark@hanna.solutions

LUKE LANCASTER
(956) 292-6419
luke@hanna.solutions

TEXAS REALTORS

COMMERCIAL CONTRACT - UNIMPROVED PROPERTY

1. **PARTIES:** Seller agrees to sell and convey to Buyer the Property described in Paragraph 2. Buyer agrees to buy the Property from Seller for the sales price stated in Paragraph 3. The parties to this contract are:

Seller: **Edinburg Economic Development Corp**

Address: **415 W University Dr, Edinburg, TX 78539-4353**
Phone: **(956)383-7124)-** E-mail: **bdavila@cityofedinburg.com, bkelsey@cityofedinburg.com**
Fax: ______ Other: ______

Buyer: **Campos Bros Produce LLC**

Address: **2501 W Military Hwy STE C53, McAllen, TX 78503-8955**
Phone: **(956)994-0612** E-mail: **camposbrosproduce.com**
Fax: ______ Other: ______

2. **PROPERTY:**

A. "Property" means that real property situated in **Hidalgo** County, Texas at **SEE SPECIAL PROVISIONS** *(address)* and that is legally described on the attached Exhibit ______ or as follows: **PROPERTY ID: 816712, LEGAL DESCRIPTION: NORTH INDUSTRIAL PARK LOT 9**

B. Seller will sell and convey the Property together with:
(1) all rights, privileges, and appurtenances pertaining to the Property, including Seller's right, title, and interest in any minerals, utilities, adjacent streets, alleys, strips, gores, and rights-of-way;
(2) Seller's interest in all leases, rents, and security deposits for all or part of the Property; and
(3) Seller's interest in all licenses and permits related to the Property.

(Describe any exceptions, reservations, or restrictions in Paragraph 12 or an addendum.)
(If mineral rights are to be reserved an appropriate addendum should be attached.)

3. **SALES PRICE:**

A. At or before closing, Buyer will pay the following sales price for the Property:

(1) Cash portion payable by Buyer at closing . . . . $ **177,500.00**

(2) Sum of all financing described in Paragraph 4 . . . . $ ______

(3) Sales price (sum of 3A(1) and 3A(2)) . . . . $ **177,500.00**

B. Adjustment to Sales Price: *(Check (1) or (2) only.)*

[X] (1) The sales price will not be adjusted based on a survey.
[ ] (2) The sales price will be adjusted based on the latest survey obtained under Paragraph 6B.

(a) The sales price is calculated on the basis of $ N/A per:
[ ] (i) square foot of [ ] total area [ ] net area.
[ ] (ii) acre of [ ] total area [ ] net area.

(b) "Total area" means all land area within the perimeter boundaries of the Property. "Net area" means total area less any area of the Property within:
[ ] (i) public roadways;
[ ] (ii) rights-of-way and easements other than those that directly provide utility services to the Property; and
[ ] (iii) N/A ________________.

(c) If the sales price is adjusted by more than N/A % of the stated sales price, either party may terminate this contract by providing written notice to the other party within N/A days after the terminating party receives the survey. If neither party terminates this contract or if the variance is less than the stated percentage, the adjustment to the sales price will be made to the cash portion of the sales price payable by Buyer.

4. **FINANCING:** Buyer will finance the portion of the sales price under Paragraph 3A(2) as follows:

[ ] A. Third Party Financing: One or more third party loans in the total amount of $ N/A . This contract:
[ ] (1) is not contingent upon Buyer obtaining third party financing.
[ ] (2) is contingent upon Buyer obtaining third party financing in accordance with the attached Commercial Contract Financing Addendum (TXR-1931).

[ ] B. Assumption: In accordance with the attached Commercial Contract Financing Addendum (TXR-1931), Buyer will assume the existing promissory note secured by the Property, which balance at closing will be $ N/A .

[ ] C. Seller Financing: The delivery of a promissory note and deed of trust to Seller under the terms of the attached Commercial Contract Financing Addendum (TXR-1931) in the amount of $ N/A .

5. **EARNEST MONEY:**

A. Not later than 3 days after the effective date, Buyer must deposit $ $5,000.00 as earnest money with Edwards Abstract & Title (title company) at 4228 N McColl Rd, McAllen, TX 78504 (address) Mark Lewis (closer). If Buyer fails to timely deposit the earnest money, Seller may terminate this contract or exercise any of Seller's other remedies under Paragraph 15 by providing written notice to Buyer before Buyer deposits the earnest money.

B. Buyer will deposit an additional amount of $ N/A with the title company to be made part of the earnest money on or before:
[ ] (i) N/A days after Buyer's right to terminate under Paragraph 7B expires; or
[ ] (ii) N/A ________________.
Buyer will be in default if Buyer fails to deposit the additional amount required by this Paragraph 5B within 3 days after Seller notifies Buyer that Buyer has not timely deposited the additional amount.

C. Buyer may instruct the title company to deposit the earnest money in an interest-bearing account at a federally insured financial institution and to credit any interest to Buyer.

6. TITLE POLICY AND SURVEY:

A. Title Policy:

(1) Seller, at Seller's expense, will furnish Buyer an Owner's Policy of Title Insurance (the title policy) issued by any underwriter of the title company in the amount of the sales price, dated at or after closing, insuring Buyer against loss under the title policy, subject only to:
(a) those title exceptions permitted by this contract or as may be approved by Buyer in writing; and
(b) the standard printed exceptions contained in the promulgated form of title policy unless this contract provides otherwise.

(2) The standard printed exception as to discrepancies, conflicts, or shortages in area and boundary lines, or any encroachments or protrusions, or any overlapping improvements:
☐ (a) will not be amended or deleted from the title policy.
☒ (b) will be amended to read "shortages in areas" at the expense of ☒ Buyer ☐ Seller.

(3) Within **30** days after the effective date, Seller will furnish Buyer a commitment for title insurance (the commitment) including legible copies of recorded documents evidencing title exceptions. Seller authorizes the title company to deliver the commitment and related documents to Buyer at Buyer's address.

B. Survey: Within **30** days after the effective date:

☒ (1) Buyer will obtain a survey of the Property at Buyer's expense and deliver a copy of the survey to Seller. The survey must be made in accordance with the: (i) ALTA/NSPS Land Title Survey standards, or (ii) Texas Society of Professional Surveyors' standards for a Category 1A survey under the appropriate condition. Seller will reimburse Buyer **N/A** *(insert amount)* of the cost of the survey at closing, if closing occurs.

☐ (2) Seller, at Seller's expense, will furnish Buyer a survey of the Property dated after the effective date. The survey must be made in accordance with the: (i) ALTA/NSPS Land Title Survey standards, or (ii) Texas Society of Professional Surveyors' standards for a Category 1A survey under the appropriate condition.

☐ (3) Seller will deliver to Buyer and the title company a true and correct copy of Seller's most recent survey of the Property along with an affidavit required by the title company for approval of the existing survey. If the existing survey is not acceptable to the title company, ☐ Seller ☐ Buyer (updating party), will, at the updating party's expense, obtain a new or updated survey acceptable to the title company and deliver the acceptable survey to the other party and the title company within 20 days after the title company notifies the parties that the existing survey is not acceptable to the title company. The closing date will be extended daily up to 20 days if necessary for the updating party to deliver an acceptable survey within the time required. The other party will reimburse the updating party **N/A** *(insert amount or percentage)* of the cost of the new or updated survey at closing, if closing occurs.

C. Buyer's Objections to the Commitment and Survey:

(1) Within **15** days after Buyer receives the last of the commitment, copies of the documents evidencing the title exceptions, and any required survey, Buyer may object in writing to matters disclosed in the items if: (a) the matters disclosed are a restriction upon the Property or constitute a defect or encumbrance to title other than those permitted by this contract or liens that Seller will satisfy at closing or Buyer will assume at closing; or (b) the items show that any part of the Property lies in a special flood hazard area (an "A" or "V" zone as defined by FEMA). If the commitment or survey is revised or any new document evidencing a title exception is delivered, Buyer may object to any new matter revealed in such revision or new document. Buyer's objection must be made within the same number of days stated in this paragraph, beginning when the revision or new

document is delivered to Buyer. If Paragraph 6B(1) applies, Buyer is deemed to receive the survey on the earlier of: (i) the date of Buyer's actual receipt of the survey; or (ii) of the deadline specified in Paragraph 6B.

(2) Seller may, but is not obligated to, cure Buyer's timely objections within 15 days after Seller receives the objections. The closing date will be extended as necessary to provide such time to cure the objections. If Seller fails to cure the objections by the time required, Buyer may terminate this contract by providing written notice to Seller within 5 days after the time by which Seller must cure the objections. If Buyer terminates, the earnest money, less any independent consideration under Paragraph 7B(1), will be refunded to Buyer.

(3) Buyer's failure to timely object or terminate under this Paragraph 6C is a waiver of Buyer's right to object except that Buyer will not waive the requirements in Schedule C of the commitment.

7. PROPERTY CONDITION:

A. Present Condition: Buyer accepts the Property in its present condition except that Seller, at Seller's expense, will complete the following before closing: N/A

B. Feasibility Period: Buyer may terminate this contract for any reason within 30 days after the effective date (feasibility period) by providing Seller written notice of termination.

(1) Independent Consideration. *(Check only one box and insert amounts.)*

[X] (a) If Buyer terminates under this Paragraph 7B, the earnest money will be refunded to Buyer less $ 250.00 that Seller will retain as independent consideration for Buyer's unrestricted right to terminate. Buyer has tendered the independent consideration to Seller upon payment of the amount specified in Paragraph 5A to the title company. The independent consideration is to be credited to the sales price only upon closing of the sale. If no dollar amount is stated in this Paragraph 7B(1) or if Buyer fails to deposit the earnest money, Buyer will not have the right to terminate under this Paragraph 7B.

[ ] (b) Not later than 3 days after the effective date, Buyer must pay Seller $ N/A as independent consideration for Buyer's right to terminate by tendering such amount to Seller or Seller's agent. If Buyer terminates under this Paragraph 7B, the earnest money will be refunded to Buyer and Seller will retain the independent consideration. The independent consideration will be credited to the sales price only upon closing of the sale. If no dollar amount is stated in this Paragraph 7B(2) or if Buyer fails to pay the independent consideration, Buyer will not have the right to terminate under this Paragraph 7B.

(2) Feasibility Period Extension: Prior to the expiration of the initial feasibility period, Buyer may extend the feasibility period for a single period of an additional N/A days by depositing additional earnest money in the amount of $N/A with the title company. If no dollar amount is stated in this Paragraph or if Buyer fails to timely deposit the additional earnest money, the extension of the feasibility period will not be effective.

C. Inspections, Studies, or Assessments:

(1) During the feasibility period, Buyer, at Buyer's expense, may complete or cause to be completed any and all inspections, studies, or assessments of the Property (including all improvements and fixtures) desired by Buyer.

(2) Buyer must:
  (a) employ only trained and qualified inspectors and assessors;
  (b) notify Seller, in advance, of when the inspectors or assessors will be on the Property;
  (c) abide by any reasonable entry rules or requirements of Seller;
  (d) not interfere with existing operations or occupants of the Property; and
  (e) restore the Property to its original condition if altered due to inspections, studies, or assessments that Buyer completes or causes to be completed.

(3) Except for those matters that arise from the negligence of Seller or Seller's agents, Buyer is responsible for any claim, liability, encumbrance, cause of action, and expense resulting from Buyer's inspections, studies, or assessments, including any property damage or personal injury. Buyer will indemnify, hold harmless, and defend Seller and Seller's agents against any claim involving a matter for which Buyer is responsible under this paragraph. This paragraph survives termination of this contract.

D. Property Information:

(1) Delivery of Property Information: Within 30 days after the effective date, Seller will deliver to Buyer: *(Check all that apply.)*

- [X] (a) copies of all current leases, including any mineral leases, pertaining to the Property, including any modifications, supplements, or amendments to the leases;
- [X] (b) copies of all notes and deeds of trust against the Property that Buyer will assume or that Seller will not pay in full on or before closing;
- [X] (c) copies of all previous environmental assessments, geotechnical reports, studies, or analyses made on or relating to the Property;
- [ ] (d) copies property tax statements for the Property for the previous 2 calendar years;
- [ ] (e) plats of the Property;
- [X] (f) copies of current utility capacity letters from the Property's water and sewer service provider; and
- [ ] (g) ____.

(2) Return of Property Information: If this contract terminates for any reason, Buyer will, not later than 10 days after the termination date: *(Check all that apply.)*

- [X] (a) return to Seller all those items described in Paragraph 7D(1) that Seller delivered to Buyer in other than an electronic format and all copies that Buyer made of those items;
- [X] (b) delete or destroy all electronic versions of those items described in Paragraph 7D(1) that Seller delivered to Buyer or Buyer copied in any format; and
- [X] (c) deliver to Seller copies of all inspection and assessment reports related to the Property that Buyer completed or caused to be completed.

This Paragraph 7D(2) survives termination of this contract.

E. Contracts Affecting Operations: Until closing, Seller: (1) will operate the Property in the same manner as on the effective date under reasonably prudent business standards; and (2) will not transfer or dispose of any part of the Property, any interest or right in the Property, or any of the personal property or other items described in Paragraph 2B or sold under this contract. After the feasibility period ends, Seller may not enter into, amend, or terminate any other contract that affects the operations of the Property without Buyer's written approval.

8. LEASES:

A. Each written lease Seller is to assign to Buyer under this contract must be in full force and effect according to its terms. Seller may not enter into any new lease, fail to comply with any existing lease, or make any amendment or modification to any existing lease without Buyer's written consent. Seller must disclose, in writing, if any of the following exist at the time Seller provides the leases to the Buyer or subsequently occur before closing:

(1) any failure by Seller to comply with Seller's obligations under the leases;
(2) any circumstances under any lease that entitle the tenant to terminate the lease or seek any offsets or damages;
(3) any advance sums paid by a tenant under any lease;
(4) any concessions, bonuses, free rents, rebates, brokerage commissions, or other matters that affect any lease; and
(5) any amounts payable under the leases that have been assigned or encumbered, except as security for loan(s) assumed or taken subject to under this contract.

B. Estoppel Certificates: Within N/A days after the effective date, Seller will deliver to Buyer estoppel certificates signed not earlier than N/A by each tenant that leases space in the Property. The estoppel certificates must include the certifications contained in the current version of TXR Form 1938 - Commercial Tenant Estoppel Certificate and any additional information requested by a third party lender providing financing under Paragraph 4 if the third party lender requests such additional information at least 10 days prior to the earliest date that Seller may deliver the signed estoppel certificates.

9. BROKERS:

A. The brokers to this sale are:

Principal Broker: HANNA SOLUTIONS	**Cooperating Broker:**
Agent: Mark Hanna	Agent:
Address: 611 N. McColl RD STE E MCALLEN TX 78501	Address:
Phone & Fax:	Phone & Fax:
E-mail: mark@hanna.solutions	E-mail:
License No.: 676122	License No.:

Principal Broker: *(Check only one box)*

- [ ] represents Seller only.
- [ ] represents Buyer only.
- [X] is an intermediary between Seller and Buyer.

Cooperating Broker represents Buyer.

B. Fees: *(Check only (1) or (2) below.)*
(Complete the Agreement Between Brokers on page 14 only if (1) is selected.)

[ ] (1) Seller will pay Principal Broker the fee specified by separate written commission agreement between Principal Broker and Seller. Principal Broker will pay Cooperating Broker the fee specified in the Agreement Between Brokers found below the parties' signatures to this contract.

[X] (2) At the closing of this sale, Seller will pay:

Principal Broker a total cash fee of:
[X] 6.000 % of the sales price.
[ ] ______ .

Cooperating Broker a total cash fee of:
[ ] N/A % of the sales price.
[ ] N/A .

The cash fees will be paid in Hidalgo County, Texas. Seller authorizes the title company to pay the brokers from the Seller's proceeds at closing.

NOTICE: Chapter 62, Texas Property Code, authorizes a broker to secure an earned commission with a lien against the Property.

C. The parties may not amend this Paragraph 9 without the written consent of the brokers affected by the amendment.

10. CLOSING:

A. The date of the closing of the sale (closing date) will be on or before the later of:
(1) [X] 30 days after the expiration of the feasibility period.
[ ] ____________________ *(specific date)*.
[ ] ____ .
(2) 7 days after objections made under Paragraph 6C have been cured or waived.

B. If either party fails to close by the closing date, the non-defaulting party may exercise the remedies in Paragraph 15.

C. At closing, Seller will execute and deliver, at Seller's expense, a [X] general [ ] special warranty deed. The deed must include a vendor's lien if any part of the sales price is financed. The deed must convey good and indefeasible title to the Property and show no exceptions other than those permitted under Paragraph 6 or other provisions of this contract. Seller must convey the Property:
(1) with no liens, assessments, or other security interests against the Property which will not be satisfied out of the sales price, unless securing loans Buyer assumes;
(2) without any assumed loans in default; and
(3) with no persons in possession of any part of the Property as lessees, tenants at sufferance, or trespassers except tenants under the written leases assigned to Buyer under this contract.

D. At closing, Seller, at Seller's expense, will also deliver to Buyer:
(1) tax statements showing no delinquent taxes on the Property;
(2) an assignment of all leases to or on the Property;
(3) to the extent assignable, an assignment to Buyer of any licenses and permits related to the Property;
(4) evidence that the person executing this contract is legally capable and authorized to bind Seller;
(5) an affidavit acceptable to the title company stating that Seller is not a foreign person or, if Seller is a foreign person, a written authorization for the title company to: (i) withhold from Seller's proceeds an amount sufficient to comply with applicable tax law; and (ii) deliver the amount to the Internal Revenue Service (IRS) together with appropriate tax forms; and
(6) any notices, statements, certificates, affidavits, releases, and other documents required by this contract, the commitment, or law necessary for the closing of the sale and issuance of the title policy, all of which must be completed by Seller as necessary.

E. At closing, Buyer will:
(1) pay the sales price in good funds acceptable to the title company;
(2) deliver evidence that the person executing this contract is legally capable and authorized to bind Buyer;
(3) sign and send to each tenant in a lease for any part of the Property a written statement that:
(a) acknowledges Buyer has received and is responsible for the tenant's security deposit; and
(b) specifies the exact dollar amount of the security deposit;
(4) sign an assumption of all leases then in effect; and
(5) execute and deliver any notices, statements, certificates, or other documents required by this contract or law necessary to close the sale.

F. Unless the parties agree otherwise, the closing documents will be as found in the basic forms in the current edition of the State Bar of Texas Real Estate Forms Manual without any additional clauses.

11. POSSESSION: Seller will deliver possession of the Property to Buyer upon closing and funding of this sale in its present condition with any repairs Seller is obligated to complete under this contract, ordinary wear and tear excepted. Any possession by Buyer before closing or by Seller after closing that is not authorized by a separate written lease agreement is a landlord-tenant at sufferance relationship between the parties.

12. SPECIAL PROVISIONS: The following special provisions apply and will control in the event of a conflict with other provisions of this contract. *(If special provisions are contained in an Addendum, identify the Addendum here and reference the Addendum in Paragraph 22D.)*
PROPERTY ID: 816712, LEGAL DESCRIPTION: NORTH INDUSTRIAL PARK LOT 9

13. SALES EXPENSES:

A. Seller's Expenses: Seller will pay for the following at or before closing:
(1) releases of existing liens, other than those liens assumed by Buyer, including prepayment penalties and recording fees;
(2) release of Seller's loan liability, if applicable;
(3) tax statements or certificates;
(4) preparation of the deed;
(5) one-half of any escrow fee;
(6) costs to record any documents to cure title objections that Seller must cure; and
(7) other expenses that Seller will pay under other provisions of this contract.

B. Buyer's Expenses: Buyer will pay for the following at or before closing:
(1) all loan expenses and fees;
(2) preparation of any deed of trust;
(3) recording fees for the deed and any deed of trust;
(4) premiums for flood insurance as may be required by Buyer's lender;
(5) one-half of any escrow fee;
(6) other expenses that Buyer will pay under other provisions of this contract.

14. PRORATIONS:

A. Prorations:
(1) Interest on any assumed loan, taxes, rents, and any expense reimbursements from tenants will be prorated through the closing date.
(2) If the amount of ad valorem taxes for the year in which the sale closes is not available on the closing date, taxes will be prorated on the basis of taxes assessed in the previous year. If the taxes for the year in which the sale closes vary from the amount prorated at closing, the parties will adjust the prorations when the tax statements for the year in which the sale closes become available. This Paragraph 14A(2) survives closing.
(3) If Buyer assumes a loan or is taking the Property subject to an existing lien, Seller will transfer all reserve deposits held by the lender for the payment of taxes, insurance premiums, and other charges to Buyer at closing and Buyer will reimburse such amounts to Seller by an appropriate adjustment at closing.

B. Rollback Taxes: If Seller's use or change in use of the Property before closing results in the assessment of additional taxes, penalties, or interest (assessments) for periods before closing, the assessments will be the obligation of the Seller. If this sale or Buyer's use of the Property after closing results in additional assessments for periods before closing, the assessments will be the obligation of Buyer. This Paragraph 14B survives closing.

C. Rent and Security Deposits: At closing, Seller will tender to Buyer all security deposits and the following advance payments received by Seller for periods after closing: prepaid expenses, advance rental payments, and other advance payments paid by tenants. Rents prorated to one party but received by the other party will be remitted by the recipient to the party to whom it was prorated within 5 days after the rent is received. This Paragraph 14C survives closing.

15. DEFAULT:

A. If Buyer fails to comply with this contract, Buyer is in default and Seller, as Seller's sole remedy(ies), may terminate this contract and receive the earnest money, as liquidated damages for Buyer's failure except for any damages resulting from Buyer's inspections, studies or assessments in accordance with Paragraph 7C(3) which Seller may pursue; or
(Check if applicable)
☐ enforce specific performance, or seek such other relief as may be provided by law.

B. If, without fault, Seller is unable within the time allowed to deliver the estoppel certificates, survey or the commitment, Buyer may:
(1) terminate this contract and receive the earnest money, less any independent consideration under Paragraph 7B(1), as liquidated damages and as Buyer's sole remedy; or
(2) extend the time for performance up to 15 days and the closing will be extended as necessary.

C. Except as provided in Paragraph 15B, if Seller fails to comply with this contract, Seller is in default and Buyer may:
(1) terminate this contract and receive the earnest money, less any independent consideration under Paragraph 7B(1), as liquidated damages and as Buyer's sole remedy; or
(2) enforce specific performance, or seek such other relief as may be provided by law, or both.

16. CONDEMNATION: If before closing, condemnation proceedings are commenced against any part of the Property, Buyer may:

A. terminate this contract by providing written notice to Seller within 15 days after Buyer is advised of the condemnation proceedings and the earnest money, less any independent consideration paid under Paragraph 7B(1), will be refunded to Buyer; or

B. appear and defend in the condemnation proceedings and any award will, at Buyer's election, belong to:
(1) Seller and the sales price will be reduced by the same amount; or
(2) Buyer and the sales price will not be reduced.

17. ATTORNEY'S FEES: If Buyer, Seller, any broker, or the title company is a prevailing party in any legal proceeding brought under or with relation to this contract or this transaction, such party is entitled to recover from the non-prevailing parties all costs of such proceeding and reasonable attorney's fees. This Paragraph 17 survives termination of this contract.

18. ESCROW:

A. At closing, the earnest money will be applied first to any cash down payment, then to Buyer's closing costs, and any excess will be refunded to Buyer. If no closing occurs, the title company may require payment of unpaid expenses incurred on behalf of the parties and a written release of liability of the title company from all parties.

B. If one party makes written demand for the earnest money, the title company will give notice of the demand by providing to the other party a copy of the demand. If the title company does not receive written objection to the demand from the other party within 15 days after the date the title company sent the demand to the other party, the title company may disburse the earnest money to the party making demand, reduced by the amount of unpaid expenses incurred on behalf of the party receiving the earnest money and the title company may pay the same to the creditors.

C. The title company will deduct any independent consideration under Paragraph 7B(1) before disbursing any earnest money to Buyer and will pay the independent consideration to Seller.

D. If the title company complies with this Paragraph 18, each party hereby releases the title company from all claims related to the disbursal of the earnest money.

E. Notices under this Paragraph 18 must be sent by certified mail, return receipt requested. Notices to the title company are effective upon receipt by the title company.

F. Any party who wrongfully fails or refuses to sign a release acceptable to the title company within 7 days after receipt of the request will be liable to the other party for: (i) damages; (ii) the earnest money; (iii) reasonable attorney's fees; and (iv) all costs of suit.

G. ☐ Seller ☐ Buyer intend(s) to complete this transaction as a part of an exchange of like-kind properties in accordance with Section 1031 of the Internal Revenue Code, as amended. All expenses in connection with the contemplated exchange will be paid by the exchanging party. The other party will not incur any expense or liability with respect to the exchange. The parties agree to cooperate fully and in good faith to arrange and consummate the exchange so as to comply to the maximum extent feasible with the provisions of Section 1031 of the Internal Revenue Code. The other provisions of this contract will not be affected in the event the contemplated exchange fails to occur.

19. MATERIAL FACTS: To the best of Seller's knowledge and belief: *(Check only one box.)*

☐ A. Seller is not aware of any material defects to the Property except as stated in the attached Commercial Property Condition Statement (TXR-1408).

☒ B. Except as otherwise provided in this contract, Seller is not aware of:
(1) any subsurface: structures, pits, waste, springs, or improvements;
(2) any pending or threatened litigation, condemnation, or assessment affecting the Property;
(3) any environmental hazards or conditions that materially affect the Property;
(4) whether the Property is or has been used for the storage or disposal of hazardous materials or toxic waste, a dump site or landfill, or any underground tanks or containers;
(5) whether radon, asbestos containing materials, urea-formaldehyde foam insulation, lead-based paint, toxic mold (to the extent that it adversely affects the health of ordinary occupants), or other pollutants or contaminants of any nature now exist or ever existed on the Property;
(6) any wetlands, as defined by federal or state law or regulation, on the Property;
(7) any threatened or endangered species or their habitat on the Property;
(8) any present or past infestation of wood-destroying insects in the Property's improvements;
(9) any contemplated material changes to the Property or surrounding area that would materially and detrimentally affect the ordinary use of the Property;
(10)any condition on the Property that violates any law or ordinance.

(Describe any exceptions to (1)-(10) in Paragraph 12 or an addendum.)

20. NOTICES: All notices between the parties under this contract must be in writing and are effective when hand-delivered, mailed by certified mail return receipt requested, or sent by facsimile transmission to the parties addresses or facsimile numbers stated in Paragraph 1. The parties will send copies of any notices to the broker representing the party to whom the notices are sent.

☒ A. Seller also consents to receive any notices by e-mail at Seller's e-mail address stated in Paragraph 1.
☒ B. Buyer also consents to receive any notices by e-mail at Buyer's e-mail address stated in Paragraph 1.

21. DISPUTE RESOLUTION: The parties agree to negotiate in good faith in an effort to resolve any dispute related to this contract that may arise. If the dispute cannot be resolved by negotiation, the parties will submit the dispute to mediation before resorting to arbitration or litigation and will equally share the costs of a mutually acceptable mediator. This paragraph survives termination of this contract. This paragraph does not preclude a party from seeking equitable relief from a court of competent jurisdiction.

22. AGREEMENT OF THE PARTIES:

A. This contract is binding on the parties, their heirs, executors, representatives, successors, and permitted assigns. This contract is to be construed in accordance with the laws of the State of Texas. If any term or condition of this contract shall be held to be invalid or unenforceable, the remainder of this contract shall not be affected thereby.

B. This contract contains the entire agreement of the parties and may not be changed except in writing.

C. If this contract is executed in a number of identical counterparts, each counterpart is an original and all counterparts, collectively, constitute one agreement.

D. Addenda which are part of this contract are: *(Check all that apply.)*

- [ ] (1) Property Description Exhibit identified in Paragraph 2;
- [X] (2) Commercial Contract Financing Addendum (TXR-1931);
- [ ] (3) Commercial Property Condition Statement (TXR-1408);
- [ ] (4) Commercial Contract Addendum for Special Provisions (TXR-1940);
- [ ] (5) Notice to Purchaser of Real Property in a Water District (MUD);
- [ ] (6) Addendum for Coastal Area Property (TXR-1915);
- [ ] (7) Addendum for Property Located Seaward of the Gulf Intracoastal Waterway (TXR-1916);
- [X] (8) Information About Brokerage Services (TXR-2501);
- [ ] (9) Information About Mineral Clauses in Contract Forms (TXR-2509); and
- [ ] (10)____ .

(Note: Counsel for Texas REALTORS® has determined that any of the foregoing addenda which are promulgated by the Texas Real Estate Commission (TREC) or published by Texas REALTORS® are appropriate for use with this form.)

E. Buyer [X] may [ ] may not assign this contract. If Buyer assigns this contract, Buyer will be relieved of any future liability under this contract only if the assignee assumes, in writing, all obligations and liability of Buyer under this contract.

23. TIME: Time is of the essence in this contract. The parties require strict compliance with the times for performance. If the last day to perform under a provision of this contract falls on a Saturday, Sunday, or legal holiday, the time for performance is extended until the end of the next day which is not a Saturday, Sunday, or legal holiday.

24. EFFECTIVE DATE: The effective date of this contract for the purpose of performance of all obligations is the date the title company receipts this contract after all parties execute this contract.

25. ADDITIONAL NOTICES:

A. Buyer should have an abstract covering the Property examined by an attorney of Buyer's selection, or Buyer should be furnished with or obtain a title policy.

B. If the Property is situated in a utility or other statutorily created district providing water, sewer, drainage, or flood control facilities and services, Chapter 49, Texas Water Code, requires Seller to deliver and Buyer to sign the statutory notice relating to the tax rate, bonded indebtedness, or standby fees of the district before final execution of this contract.

C. Notice Required by §13.257, Water Code: "The real property, described below, that you are about to purchase may be located in a certificated water or sewer service area, which is authorized by law to provide water or sewer service to the properties in the certificated area. If your property is located in a certificated area there may be special costs or charges that you will be required to pay before you can receive water or sewer service. There may be a period required to construct lines or other facilities necessary to provide water or sewer service to your property. You are advised to determine if the property is in a certificated area and contact the utility service provider to determine the cost that you will be required to pay and the period, if any, that is required to provide water or sewer service to your property. The undersigned purchaser hereby acknowledges receipt of the foregoing notice at or before the execution of a binding contract for the purchase of the real property described in the notice or at closing of purchase of the real property." The real property is described in Paragraph 2 of this contract.

D. If the Property adjoins or shares a common boundary with the tidally influenced submerged lands of the state, §33.135 of the Texas Natural Resources Code requires a notice regarding coastal area property to be included as part of this contract *(the Addendum for Coastal Area Property (TXR-1915) may be used).*

E. If the Property is located seaward of the Gulf Intracoastal Waterway, §61.025, Texas Natural Resources Code, requires a notice regarding the seaward location of the Property to be included as part of this contract *(the Addendum for Property Located Seaward of the Gulf Intracoastal Waterway (TXR-1916) may be used).*

F. If the Property is located outside the limits of a municipality, the Property may now or later be included in the extra-territorial jurisdiction (ETJ) of a municipality and may now or later be subject to annexation by the municipality. Each municipality maintains a map that depicts its boundaries and ETJ. To determine if the Property is located within a municipality's ETJ, Buyer should contact all municipalities located in the general proximity of the Property for further information.

G. Brokers are not qualified to perform property inspections, surveys, engineering studies, environmental assessments, or inspections to determine compliance with zoning, governmental regulations, or laws. Buyer should seek experts to perform such services. Buyer should review local building codes, ordinances and other applicable laws to determine their effect on the Property. Selection of experts, inspectors, and repairmen is the responsibility of Buyer and not the brokers. Brokers are not qualified to determine the credit worthiness of the parties.

H. NOTICE OF WATER LEVEL FLUCTUATIONS: If the Property adjoins an impoundment of water, including a reservoir or lake, constructed and maintained under Chapter 11, Water Code, that has a storage capacity of at least 5,000 acre-feet at the impoundment's normal operating level, Seller hereby notifies Buyer: "The water level of the impoundment of water adjoining the Property fluctuates for various reasons, including as a result of: (1) an entity lawfully exercising its right to use the water stored in the impoundment; or (2) drought or flood conditions."

I. LICENSE HOLDER DISCLOSURE: Texas law requires a real estate license holder who is a party to a transaction or acting on behalf of a spouse, parent, child, business entity in which the license holder owns more than 10%, or a trust for which the license holder acts as a trustee or of which the license holder or the license holder's spouse, parent or child is a beneficiary, to notify the other party in writing before entering into a contract of sale. Disclose if applicable: **N/A** .

26. CONTRACT AS OFFER: The execution of this contract by the first party constitutes an offer to buy or sell the Property. Unless the other party accepts the offer by 5:00 p.m., in the time zone in which the Property is located, on 03/15/2021 , the offer will lapse and become null and void.

READ THIS CONTRACT CAREFULLY. The brokers and agents make no representation or recommendation as to the legal sufficiency, legal effect, or tax consequences of this document or transaction. CONSULT your attorney BEFORE signing.

Seller: Edinburg Economic Development Corp

By: ______
By (signature): ______
Printed Name: ______
Title: ______

By: ______
By (signature): ______
Printed Name: ______
Title: ______

Buyer: Campos Bros Produce LLC

By: ______
By (signature): L Omar Campos R

dotloop verified
02/18/21 4:59 PM CST
DDDI-C0YU-YUVS-WEHU

Printed Name: ______
Title: ______

By: ______
By (signature): ______
Printed Name: ______
Title: ______

AGREEMENT BETWEEN BROKERS

(use only if Paragraph 9B(1) is effective)

Principal Broker agrees to pay ______________________________ (Cooperating Broker) a fee when the Principal Broker's fee is received. The fee to be paid to Cooperating Broker will be:

- ☐ $ ____________________ , or
- ☐ __________ % of the sales price, or
- ☐ __________ % of the Principal Broker's fee.

The title company is authorized and directed to pay Cooperating Broker from Principal Broker's fee at closing. This Agreement Between Brokers supersedes any prior offers and agreements for compensation between brokers.

Principal Broker: ______________________________

____

By: ______________________________

Cooperating Broker: ______________________________

____

By: ______________________________

ATTORNEYS

Seller's attorney: ______________________________

____

Address: ______________________________

____

Phone & Fax: ______________________________

E-mail: ______________________________

Seller's attorney requests copies of documents, notices, and other information:

- ☐ the title company sends to Seller.
- ☐ Buyer sends to Seller.

Buyer's attorney: ______________________________

____

Address: ______________________________

____

Phone & Fax: ______________________________

E-mail: ______________________________

Buyer's attorney requests copies of documents, notices, and other information:

- ☐ the title company sends to Buyer.
- ☐ Seller sends to Buyer.

ESCROW RECEIPT

The title company acknowledges receipt of:

☐ A. the contract on this day ____________________ (effective date);

☐ B. earnest money in the amount of $ ____________________ in the form of ____________________ on ____________________ .

Title company: ______________________________

By: ______________________________

Assigned file number (GF#): ______________________________

Address: ______________________________

____

Phone & Fax: ______________________________

E-mail: ______________________________

Economic Development

Incentive Application

INCENTIVE APPLICATION

General Information

Business name: **Campos Bros. Produce**

Industry classification code (NAICS):**425120**

Business address: **2501 W. Military Hwy STE C53 McAllen, TX78503**

City: **McAllen**

State: **Texas**

Zip code: **78503**

Point of contact: **Omar Campos**

Title: **Owner**

Phone number: **(956) 432 - 7068**

Email: **Camposbros@live.com**

Total number of employees: **15**

Approximate annual sales: **$3,800,000.00**

Minority-owned business: ☐X Yes ☐ No

Percentage:**100%**

Woman-owned business: ☐ Yes ☐ No Percentage:

Veteran-owned business: ☐Yes ☐No Percentage:

Project Information

Project address or description of location: **Edinburg North Industrial Park Lot 9**

Brief description (purpose, timeline, etc.): **PURPOSE: Acquire land and build a 20,000 SF Cold Storage Facility to Operate Campos Bros Produce. After acquisition, construction will begin between 6 – 12 months of closing on 3.55 AC property tract.**

Number of jobs created:

Number of jobs retained: **15**

Estimated number of jobs created or retained filled by Edinburg

residents**:4**

Total capital investment: **$2,477,500.00**

Is the proposed project located in a Texas Enterprise Zone? ☐Yes ☐**X No**

Cost Breakdown

Land:
$177,500.00

Infrastructure**:**
$100,000.00

Building:
$2,200,000

Machinery:
TBD

Equipment:
TBD

Other:

Total:
$2,477,500.00

Incentive Request

Please indicate which incentive(s) you are applying for: **No incentives are required other than opportunity to purchase the property at a price of $50,000 Per Acre.**

☐

Job Grants

Job grants may be offered on a one-time basis or for a set period of time, and paid annually upon EDC and City Council approval of completed compliance documentation.

☐ $500 per qualified job. Qualified jobs are full-time with benefits paying $15/hour or more.

Estimated number of jobs:

☐ $750 per qualified job if filled by a Veteran, disabled worker, person living below the poverty line or experiencing homelessness, or facing some other barrier to employment.

Estimated number of jobs:

☐ $1,000 per qualified job if worker is provided employer-sponsored training that results in an industry-recognized certificate or other credential.

Estimated number of jobs:

The City and the EDC may consider co-investing with employers in internship opportunities for high school or postsecondary students living in Edinburg, especially for experiences that could lead to an industry-recognized certificate or other credential.

☐ I would like to discuss internship opportunities with Economic Development staff.

☐ **Tax Refunds**

Tax refunds may be offered on a one-time basis or for a set period of time, and paid annually upon EDC and City Council approval of completed compliance documentation. The City may consider requests for refunds up to 50% of property and/or sales taxes paid to the City. For projects creating or retaining 500 or more jobs, the City may consider refunds up to 80%.

☐ Property tax refund

Total estimated property value subject to city property tax upon project completion:

Percentage refund requested:

☐ Sales tax refund

Total estimated annual sales subject to city sales tax:

Percentage refund requested:

☐ **Infrastructure**

The City and the EDC may consider investing in infrastructure or other improvements on behalf of a project if the investments would improve the competitiveness of the impacted area overall in terms of attracting future development, or result in other benefits to the community.

☐ I am requesting EDC and/or City participation in infrastructure costs.

Please describe and provide a cost estimate for the requested investment:

Please explain how the investment will benefit the community. Be specific and quantify the city's return on investment, if possible (250 words).

After purchasing the land, we will build, from the ground up, a 20,000 Cold Storage facility and relocate our McAllen business to the City of Edinburg. After building the Cold Storage facility the property tax value will be over $2,000,000 and an increase in revenue to the City of Edinburg. We also look to expand in the future and hire more Edinburg residents.

☐

<u>Other</u>

☐ I am requesting another type of incentive.

Please describe:

No incentives are required other than opportunity to purchase the property at a price of $50,000 Per Acre.

The University of Texas Rio Grande Valley
Data & Information Systems Center

Impact Report
Campos Bros. Produce

Capital Investment: $2.47 million
(Land: $177,500, Building $2.2 million, Infrastructure $100,000)

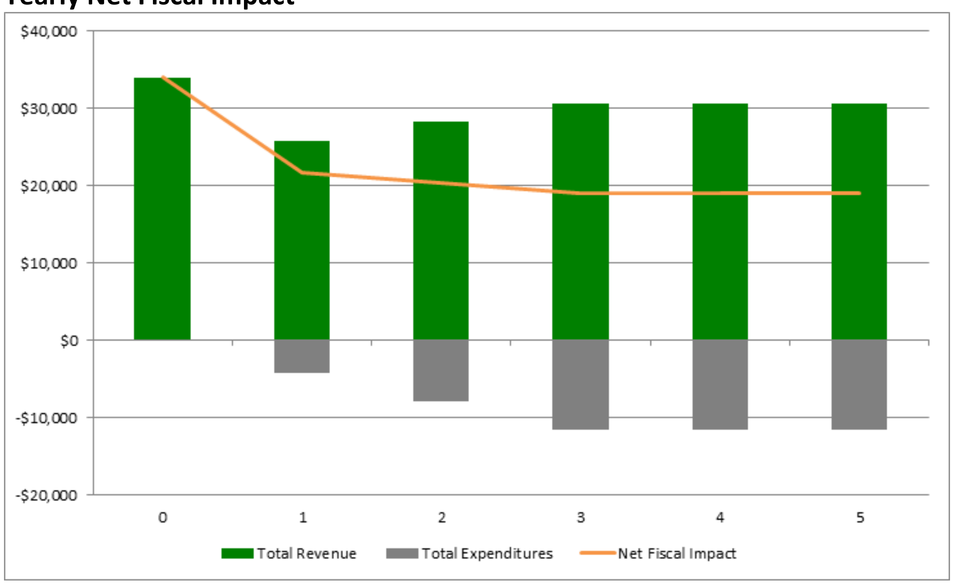
Jobs: 15 Direct, 14 Indirect and Induced, 29 Total

Annual Sales: $3.8 million

City Incentives: $0

New Households: 4

Yearly Net Fiscal Impact



5 Year Fiscal Impact

BENEFITS	
Sales Taxes	$32,190
Property Taxes	$120,773
Franchise Fees	$2,433
Business License/Occupation Tax	$165
Services	$1,020
Revenues from Fines	$679
Revenues from Permits	$340
Miscellaneous Fees	$1,000
Utility Revenues	$21,413
TOTAL BENEFITS	$180,013
COSTS	
Support	$0
Public Works	$3,968
Recreation/Libraries	$4,271
Court System	$716
General Government	$10,364
Health Services	$616
Social Welfare	$616
Public Safety	$17,272
Other Costs	$568
Utility Revenues	$21,413
TOTAL COSTS	$47,114
NET BENEFITS	$132,899
NPV OF BENEFITS	$132,899

Edinburg Economic Development Corporation
Meeting Date:March 4, 2021

Discussion and possible action regarding the purchase, exchange, lease, or value of real property. (§551.072. Deliberation Regarding Real Property; Closed Meeting)

1. **Agenda Item:**
   Closed Meeting.
2. **Description/Scope:**
   Closed Meeting.
3. **Estimated Timeline:**
   N/A
4. **Budget:**
   N/A
5. **Procurement/Selection Process:**
   N/A
6. **Staff's Recommendation:**
   N/A
7. **Justification:**
   N/A

____
Blanca Davila
Director of Economic Development

ATTACHMENTS

Approved:	________
Not Approved:	________
Tabled:	________
No Action:	