ECONOMIC DEVELOPMENT
CORPORATION BOARD OF DIRECTORS

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

NOVEMBER 5, 2020

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. **REGULAR AGENDA ITEMS**

   A. Consider accepting Edinburg Economic Development Corporation 2019 Audit.

   B. Consider approval of City of Edinburg Parks and Recreation 'Edinburg Cares Food Drive 2020' sponsorship of $1,500.00.

   C. Consider approval of contract to sell real property at 7310 N. Liberty Drive to Roberto Antonio Martinez (Primo Trading) for an amount of $1,100,000.00.

5. **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 property. (§ 551.072. Deliberation Regarding Real Property; Closed Meeting)

6. **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.

7. **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 ___________, 2020 at ______ am / pm.

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

Edinburg Economic Development Corporation
Meeting Date:November 5, 2020

Consider accepting Edinburg Economic Development Corporation 2019 Audit.

1. **Agenda Item:**
   Consider accepting Edinburg Economic Development Corporation 2019 Audit.
2. **Description/Scope:**
   Luis Orozco, CPA firm conducting audit will review the audit report with the board and will make himself available for questions.
3. **Estimated Timeline:**
   Audit is completed once a year.
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
Attachment A: Edinburg Economic Development Corporation 2019 Audit Report

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

EDINBURG ECONOMIC DEVELOPMENT CORPORATION

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED

SEPTEMBER 30, 2019

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2019

TABLE OF CONTENTS

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING SEPTEMBER 30, 2019

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, 2019. 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$ 33,398,019.
- General Fund revenues were $ 6,684,275 and General Fund expenses were $ 5,986,040.

Government-Wide

- EEDC's governmental activities reported program expenses of $5,310,859. General revenues totaled to $5,931,354 and charges for services $206,748, resulting in an increase in net assets of$827,243.
- At year end, EEDC's governmental activities reported combined total net assets of $12,026,529 and deferred outflows related to pensions of $167,953.

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, 2019.

Table I

	Governmental Activities 2019	Governmental Activities 2018	Increase (Decrease)
Assets			
Current and other assets	33,408,877	20,799,240	12,609,637
Capital assets	7,088,796	8,816,767	(1,727,971)
Total assets	40,497,673	29,616,007	10,881,666
Deferred outflow of resources	167,954	94,856	73,098
Total Assets and Deferred Outflow of Resources	40,665,627	29,710,863	10,954,764
Liabilities			
Current liabilities	940,858	815,316	125,542
Long-term liabilities	27,659,282	17,638,937	10,020,345
Total liabilities	28,600,140	18,454,253	10,145,887
Deferred inflow of resources	38,958	56,648	(17,690)
Total Liabilities and Deferred Inflow of Resources	28,639,098	18,510,901	10,128,197
Net Position			
Invested in capital assets net of related debt	3,388,796	3,876,039	(487,243)
Restricted	14,902,963	36,353	14,866,610
Unrestricted	(6,265,230)	7,287,571	(13,552,801)
Total Net Position	12,026,529	11,199,963	826,566
Total Liabilities and Net Position	40,665,627	29,710,864	10,954,763

The EEDC's assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by $12,026,529 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 $(6,265,529) at September 30, 2019.

The unrestricted net assets decreased because the restricted net assets increased from $36,353 to $14,902,963 or by $14,866,610. This increase is attributed to removing the bond debt of $13,435,000 incurred for the note receivable from Santana.

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, 2019.

Table 2

	Governmental Activities 2019	**Governmental Activities 2018**	**Increase (Decrease)**
Revenues			
Program Revenues:			
Charges for Services	206,748	297,423	(90,675)
General Revenues:			
Sales and Use Taxes	5,801,968	5,602,987	198,981
Investment Earnings	98,435	488,234	(389,799)
Note Receivable Interest	566,407	165,484	400,923
Miscellaneous Revenue	10,717	14,166	(3,449)
Total Revenue	6,684,275	6,568,294	115,981
Expenses			
Economic Development and Assistance	2,856,589	3,061,452	(204,863)
Debt Bond Interest	2,454,270	717,309	1,736,961
Total Expenses	5,310,859	3,778,761	1,532,098
Increase in Net Assets before transfers and special items	1,373,416	2,789,533	(1,416,117)
(Loss) on Sale of Asset	(546,173)	-	-
Increase in Net Assets after transfers and special items	827,243	2,789,533	(1,416,117)
Net Position Beginning	11,199,961	8,393,385	2,806,576
Prior Period Adjustment	(675)	17,045	(17,720)
Net Position Ending	12,026,529	11,199,963	1,372,739

The EEDC 's total revenues were $6,684,275. Sales tax contributed $5,801,968 or 86.8% of total revenues. Notes receivable interest earned contributed $566,407 or 8.5% of total revenue and investment earnings were $98,435 or1.5%. Miscellaneous revenue contributed $10,717 or .16% of total revenue.

Total cost of all programs and services was $5,310,859.

Governmental Activities

As reflected in the Statement of Activities, total expenses for governmental activities were $5,310,859. General revenues of $6,684,275 exceeded the total net expenses for governmental activities of $5,310,859 by $1,373,416.

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 $33,398,019.

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 2018-2019 year, the EEDC had $7,088,796 invested in a broad range of capital assets, including facilities, land, infrastructure, vehicles, and equipment.

Debt

At year-end, the EEDC had $27,875,000 in bonds outstanding versus $17,810,000 last year, an increase of approximately 56.5% due to the issuance of a $10,840,000 bond.

Other obligations include accrued vacation pay and sick leave. 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 2020 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 forthe residents. In 2019, the EEDC experienced a slight increase in sales tax revenue from 2018. Cash reserves are in place in accordance with the Investment Policy in secured investments.

The EEC Board of Directors has approved the General Fund Budget for the Fiscal Year 2020 that includes funding for continued growth and development opportunities. Priority has been placed on the development of the North Industrial Park, the Edinburg International Airport, the Downtown District, and the infrastructure projects for the City of Edinburg. Revenues in the General Fund are modestly estimated at $8,296,170. Budgeted expenditures are estimated at $8,275,554. If these estimates are realized, the EEDC's budgetary General Fund balance is expected to increase modestly by the close of the 2020 fiscal year.

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

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, 2019, 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.

LUIS C OROZCO
CERTIFIED PUBLIC ACCOUNTANT
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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, 2019, 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 $13,340,004. 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 October 30, 2020 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
October 30, 2020

BASIC FINANCIAL STATEMENTS

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

Data Control Codes		Primary Government: Governmental Activities
	ASSETS	
1010	Cash and Cash Equivalents	$ 4,648,154
1050	Taxes Receivable, Net	517,757
1210	Notes Receivable, Net	13,340,003
1611	Restricted Cash	14,902,963
	Capital Assets:	
1710	Land Purchase and Improvements	5,309,765
1730	Buildings, Net	1,777,448
1750	Furniture and Equipment, Net	1,583
1000	Total Assets	40,497,673
	DEFERRED OUTFLOWS OF RESOURCES	
1997	Deferred Outflow Related to Pension Plan	156,509
1998	Deferred Outflow Related to OPEB	11,445
1500	Total Deferred Outflows of Resources	167,953
	LIABILITIES	
2020	Wages and Salaries Payable	10,858
2250	Bonds Payable - Current	930,000
	Noncurrent Liabilities:	
2502	Bonds Payable - Noncurrent	26,945,000
2580	Net Pension Liability	612,383
2585	Net OPEB Liability	101,899
2000	Total Liabilities	28,600,140
	DEFERRED INFLOWS OF RESOURCES	
2602	Deferred Inflow Related to Pension Plan	34,953
2603	Deferred Inflow Related to OPEB	4,005
2500	Total Deferred Inflows of Resources	38,957
	NET POSITION	
3200	Net Investment in Capital Assets	3,388,796
	Restricted for:	
3850	Restricted for Capital Projects	9,855,064
3860	Restricted for Debt Service	2,229,480
3870	Restricted Other	2,818,419
3900	Unrestricted	(6,265,230)
3000	Total Net Position	$ 12,026,529

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, 2019

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	$ 2,856,589	$ 206,748	$ -	$ (2,649,841)
700	Debt Service	2,454,270	-	-	(2,454,270)
	TOTAL PRIMARY GOVERNMENT	$ 5,310,859	$ 206,748	$ -	(5,104,111)

Data Control Codes		
	General Revenues:	
5120	General Sales and Use Taxes	5,801,968
5200	Investment Earnings	98,435
5700	Note Receivable Income	566,407
5800	Miscellaneous Income	10,717
S1	(Loss) on Sale on Sale of Asset	(546,173)
	Total General Revenues and Special Items	5,931,354
	Change in Net Position	827,243
	Net Position-- Beginning	11,199,961
	Prior Period Adjustment	(675)
	Net Position - Ending	$ 12,026,529

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

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

Data Control Codes		General Fund
	ASSETS	
1010	Cash and Cash Equivalents	$ 4,648,154
1050	Taxes Receivable	517,757
1210	Notes Receivable, Net	13,340,003
1611	Restricted Cash	14,902,963
1000	Total Assets	$ 33,408,877
	LIABILITIES	
2020	Wages and Salaries Payable	$ 10,858
2000	Total Liabilities	10,858
	FUND BALANCE	
3415	Long Term Loans/Notes Receivable	13,340,003
3470	Restricted for Capital Projects	9,855,064
3480	Restricted for Debt Service	2,229,480
3490	Other Restricted Fund Balance	2,818,419
3600	Unassigned Fund Balance	5,155,053
3000	Total Fund Balance	33,398,019
4000	Total Liabilities and Fund Balance	$ 33,408,877

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, 2019

Total Fund Balances - Governmental Funds	$ 33,398,019
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.	(8,993,233)
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 2019 capital outlays and debt principal payments is to increase (decrease) net position.	(11,703,295)
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 $612,383 and a Deferred Resource Outflow of $156,509. The net effect of these was to decrease the ending net position by $490,827.	(490,827)
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.	(94,459)
The 2019 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(89,001)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.	(675)
Net Position of Governmental Activities	$ 12,026,529

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

EXHIBIT C-3

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Data Control Codes		General Fund
	REVENUES:	
5120	General Sales and Use Taxes	$ 5,801,968
5200	Lease and Rental	187,299
5400	Charges for Services	19,449
5550	Note Receivable Interest	566,407
5610	Investment Earnings	98,435
5700	Other Revenue	10,717
5020	Total Revenues	6,684,275
	EXPENDITURES:	
	Conservation and Development:	
0650	Economic Development and Assistance	2,748,030
	Debt Service:	
0700	Debt Service	3,229,270
	Capital Outlay:	
0800	Capital Outlay	8,740
6030	Total Expenditures	5,986,040
1100	Excess of Revenues Over Expenditures	698,235
	OTHER FINANCING SOURCES (USES):	
7911	Issuance of Bonds	10,840,000
7912	Sale of Real and Personal Property	1,100,862
7080	Total Other Financing Sources (Uses)	11,940,862
1200	Net Change in Fund Balance	12,639,097
0100	Fund Balance - October 1 (Beginning)	20,758,922
3000	Fund Balance - September 30 (Ending)	$ 33,398,019

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, 2019

Total Net Change in Fund Balances - Governmental Funds	$	12,639,097
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 2019 capital outlays and debt principal payments is to increase (decrease) the change in net position.		(11,703,295)
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.		(13,566)
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.		(5,992)
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.		(89,001)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) the change in net position.		-0-
Change in Net Position of Governmental Activities	$	827,243

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 EEOC 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, 2019.

8. During fiscal year 2019, 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, 2019, 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, 2019:

Bank	Bank Statement Balance
Plains Capital Bank	1,000,000
Plains Capital Bank	3,651,492
Plains Capital Bank	184,958
Plains Capital Bank	1,276,473
Plains Capital Bank	549,402
Texas National Bank	800,000
Greater State Bank	1,469,016
TexStar	768,049
TexStar	9,855,064
Total Bank Deposits	**19,554,455**

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, 2019, 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, 2019, were:

Notes Receivable- Santana Textile	13,640,004
Accounts Receivable	876,348
Allowance for Uncollectible	(1,176,348)
Total Receivable, net	13,340,004

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, 2019, 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 the balance was increased by the current year late fees and accrued interest equaling $1,176,348 which brings the notes receivable, net balance to $13,340,004. 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, 2019, was $10,858.

V. REPLACEMENT FOR RESERVES

As of September 30, 2019, the replacement for reserves consisted of the following:

Account	Reserve Required	Balance at 09/30/19	Overfunded/Underfunded
Greater State Bank- Series 2015 Reserves		1,469,016	1,469,016
TexStar Series 19 Bond Reserve		768,049	768,049

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, 2019, the Reserve Account had a balance of $1,469,016.

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	5,801,968
Investment Income	98,435
Rental Income	187,299
Note Receivable Interest	566,407
Miscellaneous Income	30,166
Total	6,684,275

VII. CAPITAL ASSETS

A summary of changes in capital assets follows:

	Primary Government				
For the Years Ended September 30,	2018	Additions	Retirements	Adjustments	2019
Capital assets not being depreciated:					
Land	6,294,036	-	(985,066)	795	5,309,765
Total capital assets not being depreciated	6,294,036	-	(985,066)	795	5,309,765
Capital assets being depreciated:					
Buildings	3,510,343	8,740	(916,712)	-	2,602,371
Furniture and equipment	176,434		-	(174)	176,260
Total capital assets being depreciated	3,686,777	8,740	(916,712)	(174)	2,778,631
Less: accumulated depreciation for:					
Buildings	(992,600)	(87,066)	254,743	-	(824,923)
Furniture and equipment	(171,446)	(1,935)	-	(1,296)	(174,677)
Total accumulated depreciation	(1,164,046)	(89,001)	254,743	(1,296)	(999,600)
Total capital assets, being depreciated, net	2,522,731	(80,261)	(661,969)	(1,470)	1,779,031
Governmental activities capital assets, net	8,816,767	(80,261)	(1,647,035)	(675)	7,088,796

VIII. LONG-TERM DEBT

Long-term debt consists of the following at September 30, 2019:

$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.	$ 13,335,000
$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.	1,240,000
$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.	2,460,000
$10,840,000 Bond Issue Series 2019; payable in monthly installments plus interest maturing September 30, 2044.	10,840,000
	$ 27,875,000

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

Fiscal Year	Principal	Interest
2020	930,000	1,297,357
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
2025-2029	6,745,000	4,373,279
2030-2034	8,325,000	2,792,032
2035-2039	4,015,000	1,250,188
2040-2044	3,285,000	508,500
	27,875,000	14,537,393

A summary of changes in long-term debt follows:

Changes in Long-Term Liabilities
For the year ended September 30, 2019

	2018	Additions	Reductions	2019	Current Portion
Bonds payable					
Series 2013A	1,465,000	-	(225,000)	1,240,000	1,240,000
Series 2013B	2,910,000	-	(450,000)	2,460,000	2,460,000
Taxable Series 2015	13,435,000	-	(100,000)	13,335,000	13,335,000
Series 2019	-	10,840,000	-	10,840,000	10,840,000
Total Bonds Payable	17,810,000	10,840,000	(775,000)	27,875,000	27,875,000
Net pension liability	517,269	95,114	-	612,383	-
OPEB Liability	86,668	47,247	-	133,915	-
Total Long-Term Debt	18,413,937	10,982,361	(775,000)	$28,621,298	27,875,000

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, 2019, the various components of deferred outflows and inflows of resources are as follows:

Deferred Outflow Related to TMRS Pension	156,509
Deferred Outflow Related to OPEB	32,185
Total Deferred Outflows	188,694
Deferred Inflow Related to T.MRS Pension	34,185
Deferred inflow Related to OPEB	3,051
Total Deferred Inflows	37,236

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, 2018 valuation and measurement date, the following city employees which include EEDC employees were covered by the benefit terms:

As of December 31,2018	
Inactive employees or beneficiaries currently receiving benefits	258
Inactive employees entitled to but not yet receiving benefits	354
Active employees	792
Total	1,339

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 14.49 % and 14.39% in the calendar years 2018 and 2019, respectively. The City's contribution to TMRS for the year ended September 30, 2019, were $5,075,953 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, 2018 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, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Overall payroll growth	3.00%
Investment rate of return	6.75%

Salary increases were based on a service-related table. Mo1tality 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. ln 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, 2018 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 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)- (b)
Net Pension Liability Beginning	$140,491,447	$112,162,421	$28,329,026
Changes for the year:			
Service cost	5,451,177		5,451,177
Interest	9,496,321		9,496,321
Change of benefit terms	-		-
Difference between expected and actual experience	(1,994,144)		(1,994,144)
Changes of assumptions	-		-
Contributions-employer		5,075,953	(5,075,953)
Contributions-employee		2,477,808	(2,477,808)
Net investment income		(3,362,715)	3,362,715
Benefit payments, including refunds of employee contributions	(5,061,598)	(5,061,598)	-
Administrative expense		(64,934)	64,934
Other changes		(3,394)	3,394
Net Changes	7,891,756	(938,880)	8,830,636
Net Pension Liability Ending	148,383,203	111,223,541	37,159,662

The amount presented above includes pension liabilities for the City's discretely presented component units. At September 30, 2019, the City's Governmental Activities portion of the net pension obligation was $28,229,887, and the Business type activities was $7,820,575, the Boys & Girls Club of Edinburg's portion was $496.818, and the EEDC's portion was $612,383. The total net pension liability for the Primary Government was$36,050,461.

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 5.57%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
Governmental Activities net pension liability	$46,986,229	28,229,887	$13,168,297
Business type activities net pension liability	13016676.52	7,820,575	3,648,036
Boys & Girls Club	826,911	496,818	231,749
Edinburg EDC's net pension liability	1,019,259	612,383	285,656
Total net pension liability	$61,849,075	$37,159,662	$17,333,738

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

For the year ended September 30, 2019, the City and component units recognized a combined pension expense of $1,259,477. At September 30, 2019, 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	659,003	2,821,099
Changes in actuarial assumptions	-	111,108
Differences between projected and actual investment earnings	5,813,917	-
Contributions Subsequent to Measurement Period	4,153,103	-
Total	10,626,023	2,932,207

Of the total deferred outflows relating to the pension plan, $8,141,592 is reported in Governmental Activities, $2,143,312 is reported in Business-Type Activities. The Boys and Girls Club of Edinburg' s portion is $184,610, and the remaining $156,509 pertains to the EEDC.

Of the total deferred inflows relating to the pension plan, $1,838,003 is reported in Governmental Activities, $473,725 is reported in Business-Type Activities. The Boys and Girls Club of Edinburg's portion is $45,526, and the remaining $34,953 pertains to the EEDC. $4,153,103 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, 2019. 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
2019	1,436,768
2020	398,200
2021	497,649
2022	1,929,380
2023	(181,284)
Thereafter	-
Total	4,080,713.00

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, 2018, the following employee s were covered by the benefits terms:

Inactive employees currently receiving benefits	198
Inactive employees entitled to but not yet receiving benefits	36
Active employees	792
Total	1,026

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 $10,619 and $2,170,613 for Health Insurance program.

Actuarial Methods and Assumptions

Significant methods and assumptions used in the December 31, 2018, actuarial valuation for the SDBF program are as follows:

SDBF Program

Inflation	2.50%
Salary Increases	3.50% to 10.5% including inflation
Discount rate•	3.71%
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	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103%and projected on a fully generational basis with scale BB.
Mortality rates – disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109%and female rates multiplied by 103%with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

Health Insurance Program

Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Discount Rate:	
Prior Measurement Date	3.63%
Measurement Date	4.18%
Mortality Table	RP-2014 Total Dataset Mortality Table fully generational using MP-2018 mortality improvement scale.
Health Care Cost Trends	5.50% from 2018 to 2019 decreasing to an ultimate rate of 3.85% 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 $1,398,232 and $19,081,563 was determined by an actuarial valuation as of December 31, 2017.
The total OPEB liability and related information are as follows for the city at December 31, *2017*:

SDBF Program
As of Measurement Date of December 31, 2018

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

Total OPEB Liability - beginning of year 2017	$1,398,232
Changes for The year	
Service Cost	63,715
Interest on Total OPEB Liability	47,160
Changes of benefit terms	-
Differences between expected and actual experience	29,186
Changes in assumptions or other inputs	(112,151)
Benefit payments **	(10,619)
Net changes	17,291
Total OPEB Liability - end of year 2018	$1,415,523

Health Insurance Program

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)- (b)
Net Pension Liability Beginning	$19,081,563	-	$19,081,563
Changes for the year:			
Service cost	1,069,816		1,069,816
Interest	826,562		826,562
Change of benefit terms	-		-
Difference between expected and actual experience	56,192		56,192
Changes of assumptions	3,178,838		3,178,838
Contributions-employer		762,157	(762,157)
Contributions-employee		-	-
Net investment income		-	-
Benefit payments, including refunds of employee contributions	(762,157)	(762,157)	-
Administrative expense		-	-
Other changes		-	-
Net Changes	4,369,251	-	4,369,251
Net Pension Liability Ending	23,450,814	-	23,450,814

OPEB Expense and Deferred Outflows of Resources Related to OPEBs:

For the year ended September 30, 2019, the city recognized OPEB expenses of $116,693 for the SDBF Program and $1,735,302 for the Health Insurance program.

OPEB Expense:	
Service cost	63,715
Interest on total OPEB liability	47,160
Changes in benefit terms	-
Employer administrative costs	-
Recognition of deferred outflows/inflow s of resources:	
Differences between expected and actual experience	4,037
Changes in assumptions or other inputs	1,781
Total OPEB expense	116,693

Health Insurance Program
OPEB Expense:

Service cost	1,069,819
Interest on total OPEB liability	826,562
Changes in benefit terms	-
Employer administrative costs	-
Recognition of deferred outflows/inflow s of resources:	
Differences between expected and actual experience	7,024
Changes in assumptions or other inputs	267,208
Total OPEB expense	2,170,613

The city shall include contributions made subsequence to the measurement date through the City's fiscalyear 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	49,168	25,149
Changes in assumptions and other inputs - OPEB Death	96,639	90,445
Changes in assumptions and other inputs - OPEB Health	2,830,651	780,879
Contributions made subsequent to measurement date	*N/A*	-
Total (excluding contributions made subsequent to measurement date)	$2,976,458	896,473

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 (3.31%) 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 (2.31%) or 1-percentage-point higher (4.31%) than the current discount rate:

SDBF Program - Current Discount

	1% Decrease 2.71%	Current Discount Rate 3.71%	1% Increase 4.71%
Total OPEB Liability	1,722,142	1,415,523	1,183,295

Health Insurance Program - Current Discount

	1% Decrease 3.66%	Current Discount Rate 2.66%	1% Increase 1.66%
Total OPEB Liability	21,309,276	23,450,817	25,784,954

The City's contributions to the TMRS SDBF for the year ended 2019 was $43,260 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)
2018	0.15%	0.03%
2019	0.15%	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 construct ion 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, 2019 was $517,757.

XIV. SUBSEQUENT EVENTS

The Edinburg EDC considered all events through October 30, 2020, the financial statement issuance date.

XVI. PRIOR PERIOD ADJUSTMENTS

The EEDC recognized prior period adjustments to reflect an adjustment on accumulated depreciation.

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, 2019

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	$ 6,117,370	$ 5,300,000	$ 5,801,968	$ 501,968
5200	Lease and Rental	182,562	91,050	187,299	96,249
5400	Charges for Services	-	-	19,449	19,449
5550	Note Receivable Interest	-	520,491	566,407	45,916
5610	Investment Earnings	-	-	98,435	98,435
5700	Other Revenue	-	-	10,717	10,717
5020	Total Revenues	6,299,932	5,911,541	6,684,275	772,734
	EXPENDITURES:				
	Conservation and Development:				
0650	Economic Development and Assistance	1,890,145	3,452,062	2,748,030	704,032
	Debt Service:				
0700	Debt Service	2,566,096	2,566,096	3,229,270	(663,174)
	Capital Outlay:				
0800	Capital Outlay	9,000	1,850,000	8,740	1,841,260
6030	Total Expenditures	4,465,241	7,868,158	5,986,040	1,882,118
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	1,834,691	(1,956,617)	698,235	2,654,852
	OTHER FINANCING SOURCES (USES):				
7911	Issuance of Bonds	9,780,000	9,780,000	10,840,000	1,060,000
7912	Sale of Real and Personal Property	232,132	-	1,100,862	1,100,862
7080	Total Other Financing Sources (Uses)	10,012,132	9,780,000	11,940,862	2,160,862
1200	Net Change	11,846,823	7,823,383	12,639,097	4,815,714
0100	Fund Balance - October 1 (Beginning)	20,758,922	20,758,922	20,758,922	-
3000	Fund Balance - September 30 (Ending)	$ 32,605,745	$ 28,582,305	$ 33,398,019	$ 4,815,714

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, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
A. Total Pension Liability		
Service Cost	$ 5,451,177	$ 5,271,339
Interest (on the Total Pension Liability)	9,496,321	8,778,659
Changes of Benefit Terms	-	-
Difference between Expected and Actual Experience	(1,994,144)	1,028,193
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(5,061,598)	(4,010,576)
Net Change in Total Pension Liability	$ 7,891,756	$ 11,067,615
Total Pension Liability - Beginning	140,491,447	129,423,832
Total Pension Liability - Ending	$ 148,383,203	$ 140,491,447
B. Total Fiduciary Net Position		
Contributions - Employer	$ 5,075,953	$ 5,094,161
Contributions - Employee	2,477,808	2,401,271
Net Investment Income	(3,362,715)	13,244,540
Benefit Payments, Including Refunds of Employee Contributions	(5,061,598)	(4,010,576)
Administrative Expense	(64,934)	(68,598)
Other	(3,393)	(3,476)
Net Change in Plan Fiduciary Net Position	$ (938,879)	$ 16,657,322
Plan Fiduciary Net Position - Beginning	112,162,421	95,505,098
Plan Fiduciary Net Position - Ending	$ 111,223,542	$ 112,162,420
C. Net Pension Liability	$ 37,159,661	$ 28,329,027
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	74.96%	79.84%
E. Covered Payroll	$ 35,397,255	$ 34,296,282
F. Net Pension Liability as a Percentage of Covered Payroll	104.98%	82.60%

Note: GASB 68, Paragraph 46, a and b 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.

Note: The years of data are presented in accordance with GASBS #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

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 2019

	2019	2018	2017
Actuarially Determined Contribution	$ 5,075,953	$ 5,094,161	$ 4,621,389
Contributions in Relation to the Actuarially Determined Contributions	5,075,953	5,094,161	4,621,389
Contribution Deficiency (Excess)	$ -	$ -	$ -
Covered Payroll	$ 35,397,255	$ 34,296,282	$ 31,740,329
Contributions as a Percentage of Covered Payroll	14.34%	14.85%	14.56%

Note: GASB 68, Paragraph 81 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.

Note: In accordance with GASB 68, Paragraph 138, the years of data presented this reporting period are those for which data is available. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

2016	2015
$ 4,586,475	$ 4,351,814
4,586,475	4,351,814
$ -	$ -
$ 30,399,572	$ 28,124,170
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, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
Total OPEB Liability		
Service Cost	$ 63,715	$ 51,444
Interest on the Total OPEB Liability	47,160	45,625
Changes of Benefit Terms	-	-
Difference between Expected and Actual Experience	29,186	-
Changes of Assumptions	(112,151)	125,031
Benefit Payments*	(10,619)	(10,289)
Net Change in Total OPEB Liability	17,291	216,629
Total OPEB Liability - Beginning	1,398,232	1,186,421
Total OPEB Liability - Ending	$ 1,415,523	$ 1,403,050
Covered Payroll	$ 35,397,255	$ 34,296,282
Total OPEB Liability as a Percentage of Covered Payroll	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,	2019	2018
Total OPEB Liability		
Service cost	$ 1,069,819	$ 1,149,843
Interest	826,562	715,606
Changes of benefit terms	-	-
Differences between expected and actual experience	56,192	-
Changes of assumptions	3,178,838	(1,041,173)
Benefit payments, including refunds of employee contributions	(762,157)	(607,647)
Net Change in Total OPEB Liability	4,369,254	216,629
Total OPEB Liability - Beginning	**19,081,563**	18,864,934
Total OPEB Liability - Ending (a)	**23,450,817**	$ 19,081,563
Plan Fiduciary Net Position		
Contributions - employer	$ 762,157	$ 607,647
Contributions - employee	-	-
Net investment income	-	-
Benefit payments, including refunds of employee contributions	(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)	$ 23,450,817	$ 19,081,563
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%
Covered - Employee Payroll	$ 0	$ 29,675,741
City's Net OPEB Liability as a Percentage of Covered - Employee Payroll	0.0%	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, 2019, and the related notes to the financial statements, which collectively comprise the EDC's basic financial statements, and have issued our report thereon dated October 30, 2020.

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
October 30, 2020

EDINBURG ECONOMIC DEVELOPMENT CORPORATION

SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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, 2019

(Prepared by the EDC's Management)

None.

Edinburg Economic Development Corporation
Meeting Date:November 5, 2020

Consider approval of City of Edinburg Parks and Recreation 'Edinburg Cares Food Drive 2020' sponsorship of $1,500.00.

1. **Agenda Item:**
   Consider approval of City of Edinburg Parks and Recreation 'Edinburg Cares Food Drive 2020' sponsorship of $1,500.00.
2. **Description/Scope:**
   Edinburg Cares Food Drive was established in 2011 to help disadvantaged citizens and families in the community during Thanksgiving.

   Distribution day is Tuesday, November 24, 2020 at 9:00 AM.

   The EDC has previously sponsored Edinburg Cares Food Drive with $1,500.00.

3. **Estimated Timeline:**
   November 24, 2020.

4. **Budget:**
   $1,500.00 Sponsorship.

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

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

7. **Justification:**
   The EDC has approved a sponsorship line item in the budget.

____

Blanca Davila
Director of Economic Development

ATTACHMENTS

Attachment A: Edinburg Cares Food Drive Brochure
Attachment B: Edinburg Cares Food Drive Sponsorship Form

Approved: ________
Not Approved: ________

Tabled:	
No Action:	

2019 Proud Sponsors

THE CITY OF Edinburg

CONNECTING FAMILIES, SCHOOLS, & COMMUNITIES

H-E-B Helping Here.

2019 Participating Schools

- Austin Elementary
- Avila Elementary
- Betts Elementary
- Brewster Elementary
- Cano-Gonzlaez Elementary
- Canterbury Elementary
- Cavazos Elementary
- Crawford Elementary
- Escandon Elementary
- De La Vina Elementary
- De Zavala Elementary
- Eisenhower Elementary
- Esparza Elementary
- Flores-Zapata Elementary
- Freddy Gonzalez Elementary
- Gorena Elementary
- Guerra Elementary
- Hargill Elementary
- Jefferson Elementary
- JFK Elementary
- Lee Elementary
- Lincoln Elementary
- LBJ Elementary
- Magee Elementary
- Monte Cristo Elementary
- Ramirez Elementary
- San Carlos Elementary
- Travis Elementary
- Trevino Elementary
- Truman Elementary
- Villarreal Elementary
- B.L. Garza Middle School
- Barrientes Middle School
- Longoria Middle School
- South Middle School
- Memorial Middle School
- Edinburg High School
- Edinburg North High School
- Economedes High School
- Robert Vela High School

Thank you for your support and commitment in making this event a great success in our community!

THE CITY OF Edinburg PARKS AND RECREATION | EDINBURG PRISM

2020
Edinburg ❤ Cares
Food Drive

Distribution Day

Tuesday, November 24th, 2020

9:00 a.m.

For more information on how to help feed the needy please call (956) 381-5631

Edinburg ❤ Cares Food Drive

Mission Statement

Edinburg Cares under the direction of the City of Edinburg Parks & Recreation Department will work to help youth, teens, and adults of all backgrounds with special needs and concerns with those from disadvantaged circumstances, develop the qualities needed to become responsible citizens, leaders, and providers.

Values

- Edinburg Cares values respect, compassion and honesty in all interactions and activities.
- Edinburg Cares values actively listening and learning; appreciating the worth and diversity of each person.
- Edinburg Cares values the wise use of resources, creating new ways to improve our services and effectively utilizing community support that sustains our work.
- Edinburg Cares values our staff and volunteers and their diverse talents, backgrounds, passion and commitment to the community.
- Edinburg Cares values excellence in leadership. Our role in the community is to be servant leaders and partners for social change.
- Edinburg Cares values creativity, the pursuit of knowledge and sharing of expertise that result in social justice.

History

The Edinburg Cares was established in 2011 with the intent to help disadvantaged citizens and families in the community and surrounding areas. Thanksgiving is a time for spending time with family and friends but unfortunately some families can not afford a "Thanksgiving Meal".

- In 2011, Edinburg Cares launched with the initiative to help 10 families in the community.
- In 2012, Edinburg Cares helped 25 families with a turkey and all the trimmings.
- In 2013, the goal was to double the amount, Edinburg Cares was able to help 50 families from the community.
- In 2014, the numbers increased and more than 100 families were helped.
- In 2015, Thanksgiving Meals were provided for more than 200 families and over 600 food baskets were given out to families who were in need of food.
- In 2016, with the help of HEB and ECISD, Thanksgiving Meals were provided for more than 300 families. The additional canned foods were given to UTRGV & ECISD Food Pantries.
- In 2017, Edinburg Cares helped over 550 families receive a turkey and trimmings as well as over 800 food baskets. Any additional canned foods were given to UTRGV & ECISD Food Pantries.
- In 2018, Edinburg Cares gave over 850 turkeys and trimmings, over 900 baskets with food as well as providing for 10 pantries in Edinburg including: ECISD, surrounding Churches and UTRGV.
- In 2019, Edinburg Cares gave 1000 turkeys and trimmings, over an additional 150 baskets of food and providing for 10 food pantries in Edinburg: Surrounding Churches, UTRGV and ECISD.

THE CITY OF Edinburg PARKS & RECREATION

2020

"Edinburg ♥ Cares Food Drive"

Sponsorship Form

Edinburg Economic Development Department	Blanca Davila / Director of Economic Development
Business/Department Name	Contact Full Name/Title
415 W. University Dr.	Edinburg, TX 78540
Address	City/State
(956) 383-7124	bdavila@cityofedinburg.com
Phone No: Fax No:	E-Mail:

Sponsorship Cost: $ 1,500

As an authorized representative, I___________________ commit to sponsor the 2020 City of Edinburg "Edinburg Cares Food Drive" to be issued to the City of Edinburg, Parks & Recreation Department by November 13th, 2020. By signing you are also agreeing to waiver and terms below.

The Day of the Edinburg Cares Food Drive

We encourage all sponsors/supporters to participate on Monday, November 25th, 2019 at 9 a.m. at our Edinburg Cares Distribution, which will take place at the Edinburg Wellness Center 315 E. Palm Dr. Edinburg, TX 78539. For more information may contact us 956-381-5631, Recreation Supervisor Anthony Davila at 956-378-5868, adavila@cityofedinburg.com or Fernando De La Garza fdelagarza@cityofedinburg.com at 956-330-6514.

By participating with the City of Edinburg Cares Food Drive you have agreed to all terms and waivers. Agreements must be accepted before a participant may engage in any City of Edinburg Events. Participants, guardian, family associate heirs, and administrators; waive and release any and all claims I may have now, or as they may arise in the future including any claims caused by the negligence of the CITY OF EDINBURG, its officials, officers, and employees, and against the City of Edinburg Parks and Recreation Department, Board Members, Volunteers and any other officials in connection with the City of Edinburg, for any and all injuries suffered by, while traveling to and from, and while participating in the programs. I also acknowledge that inherent risk of exposure to COVID-19 exists in any public place where people are present. By attending the City of Edinburg and City of Edinburg facilities you and your party voluntarily assume all risks related to exposure to COVID-19 and agree not to hold the City of Edinburg or City of Edinburg Parks and Recreation or any affiliates, directors, officers, city officials, employees, board members, volunteers, agents, or other associates liable for any illness or injury.

Edinburg Economic Development Corporation
Meeting Date:November 5, 2020

Consider approval of contract to sell real property at 7310 N. Liberty Drive to Roberto Antonio Martinez (Primo Trading) for an amount of $1,100,000.00.

1. **Agenda Item:**
   Consider approval of contract to sell real property at 7310 N. Liberty Drive to Roberto Antonio Martinez (Primo Trading) for an amount of $1,100,000.00.
2. **Description/Scope:**
   At its meeting on October 15, 2020, the EDC Board voted to approve a letter of intent from Roberto Antonio Martinez, representing Primo Trading, to purchase real property at 7310 N. Liberty Drive and directed staff to negotiate a contract. This contract is for a sale price of $1,100,000.00.
3. **Estimated Timeline:**
   60-day feasibility period and financing contingency after effective date; closing date 30 days after expiration of feasibility period.
4. **Budget:**
   Sale price of contract is $1,100,000.00.
5. **Procurement/Selection Process:**
   N/A
6. **Staff's Recommendation:**
   Staff recommends approving the contract.
7. **Justification:**
   No substantial changes from the LOI; net position of EDC is unchanged.

____
Blanca Davila
Director of Economic Development

ATTACHMENTS

Attachment A: Primo Overview
Attachment B: Letter of Interest
Attachment C: Contract
Attachment D: Addendum
Attachment E: 7310 Asbestos Survey Report
Attachment F: Financing Addendum
Attachment G: Intermediary Relationship Notice
Attachment H: Information About Brokerage Services

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

primo

trading services, llc

Background

With more than 22 years of experience in the agriculture and trade industries, Primo Trading Services pride ourselves on possessing an adept understanding of the ever-evolving produce industry, as well as international trading trends and future patterns.

Our team has a wealth of knowledge in agriculture, educational experience in business management, combined with a pulse for legislative and public affairs on current issues of relevance regarding trade and commerce in the produce, agriculture and related industries.

Today we ship product nationally with a diversified portfolio in Citrus, Vegetables, & Tropical Categories.

What moves us

Primo Trading delivers commitment from the ground up. We specialize in citrus, vegetables, hispanic items and tropicals. We provide customers with high quality products throughout the year.

We are focused on the needs of our customers, by merging **experience** and **quality** of service to provide a cost effective and reliable program that fits your company needs.

Rooted in a foundation of respect, passion, leadership, and excellence … we hold ourselves to the highest levels of integrity.






We are growing …

primo trading services, llc

- Capital Improvement Projects:

Renovation of current citrus facility/expansion to consolidate under one roof. All your produce needs in one place and delivered to you. Purchasing new equipment for better grading/sorting of all produce.

- Commodity Portfolio Expansion:

We have expanded our current portfolio to include hot peppers, broccoli, onions, specialty pack carrots and a cabbage program.

- 2020/2021 - Plant & Harvest Schedule:
  - 1,200 Acres TX
  - 5,000 Acres MX





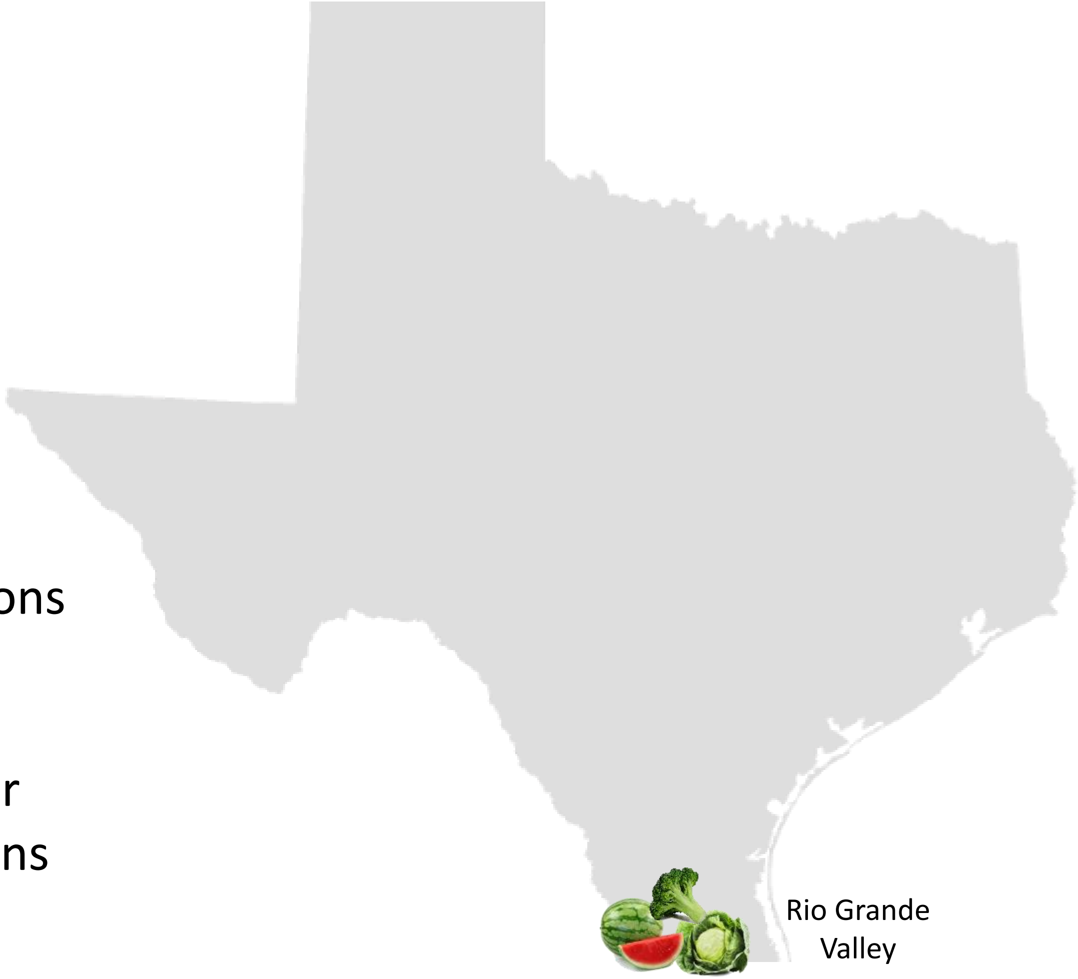

Mexico Grown Commodities

primo trading services, llc

- Limes
- Lemons
- Oranges
- Tangerines
- Carrots
- Green Beans
- Broccoli
- Hot Peppers (fresh and dried)
- Watermelons
- Cabbage

Texas Grown Commodities

- Cabbage
- Watermelons
- Broccoli
- Onions
- Cauliflower
- Green Beans
- Beets



Varietal Calendar

primo trading services, llc

- Limes: Year-Round (Fair Trade Certified)
- Tangerines: November - March
- Juice Oranges: September - July
- Lemons: Year-Round
- Carrots: Year-Round
- Cabbage: Year-Round
- Watermelons: Year-Round
- Pineapples: Year-Round
- Green Beans: Year-Round
- Broccoli: Year-Round
- Hot Chili Peppers: Year-Round
- Mangos: Feb - Sep/Oct
- Avocados: Year – Round
- Onions: March - May
- Beets: Dec – May
- Cauliflower: Feb - May

Commitment to the Industry

At Primo we believe supporting the industry pays off.
Tony Martinez is currently sitting as Vice Chairman of the Pharr International Bridge Board. However, far beyond our company leadership, Primo is active in a wide variety of industry associations and committees such as:

Connect with us

primo
trading services, llc

Main Line

956.800.4343

sales@primotradingservices.com

www.primotradingservices.com

Tony Martinez

956.929.9469

tony.martinez@primotradingservices.com

TEXAS REALTORS

COMMERCIAL LETTER OF INTENT TO PURCHASE

This letter of intent summarizes the general terms of a proposed purchase and sale agreement between Seller and Buyer. The terms of this letter of intent are not binding upon either Seller or Buyer.

SELLER: EDINBURG ECONOMIC DEV CORP

Address: 7310 N. Liberty Dr, Edinburg, TX 78541
Phone: ______ E-mail: ______
Fax: ______ Other: ______

BUYER: Roberto Antonio Martinez and/or assigns

Address: P.O. Box 3599 , McAllen, TX 78502
Phone: ______ E-mail: ______
Fax: ______ Other: ______

PROPERTY: 7310 N. Liberty Drive, Edinburg, TX 78541

SALES PRICE: $ 1,100,000.00 , being:

- [ ] cash in the amount of . . . . $ ______
- [X] Third Party Financing totaling . . . . $ 825,000.00
- [ ] Assumption of existing loan with a balance of . . . $ ______
- [ ] Seller Financing in the amount of . . . . $ ______

EARNEST MONEY: $ 10,000.00

TITLE COMPANY: Edwards Abstract & Title

FEASIBILITY PERIOD: 60 days after the effective date.

FINANCING CONTINGENCY 60 days after the effective date.

CLOSING DATE:

- [X] 30 days after the expiration of the feasibility period.
- [ ] ______ *(specific date)*.
- [ ] ______

TITLE POLICY: cost paid by [X] Seller [ ] Buyer. The [ ] Seller [ ] Buyer shall pay the additional cost for the survey modification.

SURVEY:

- [X] Buyer will obtain new survey at Buyer's expense. Seller will reimburse up to $ N/A of cost.
- [ ] Seller will obtain new survey at Seller's expense. Buyer will reimburse up to $ ______ of cost.
- [ ] Seller will provide Seller's existing survey.

DEED TYPE: [X] general [ ] special warranty deed.

BROKERS:

Representing Seller: Hanna Solutions

Representing Buyer: Hanna Solutions

Seller will pay fees: [ ] as specified by separate written commission agreement, or [X] as follows

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

Buyer's Broker a total cash fee of:
[ ] ______ % of the sales price.
[ ] ______ .

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

PROPERTY CONDITION: Buyer will accept the Property in its present condition except that Seller, at Seller's expense, will complete the following before closing: N/A

ASSIGNMENT: Buyer [X] may [ ] may not assign the contract.

SPECIAL PROVISIONS: N/A

NON-BINDING: THIS LETTER OF INTENT IS NOT INTENDED TO BE A LEGALLY-BINDING AGREEMENT OF PURCHASE AND SALE. NEITHER PARTY SHALL BE BOUND OR HAVE THE OBLIGATION TO PURSUE NEGOTIATIONS OR ANY OTHER OBLIGATIONS OF ANY KIND, UNLESS AND UNTIL A DEFINITIVE CONTRACT IS HEREAFTER SIGNED AND DELIVERED BY THE PARTIES. NO DEFINITIVE CONTRACT SHALL BE ENTERED INTO UNLESS IT IS SATISFACTORY TO BOTH BUYER AND SELLER, IN THEIR SOLE DISCRETION.

If this proposal is acceptable, please indicate by signing below and returning a fully executed copy of this letter to my attention.

[ ] Seller [X] Buyer will prepare a draft of a purchase and sale agreement utilizing the current Texas REALTORS® form 1801 (Improved), 1802 (Unimproved), or such other form as the parties agree.

EXPIRATION: If the party receiving this letter of intent desires to pursue negotiations along the terms detailed in this letter of intent, the party delivering this letter of intent requests that the receiving party sign a copy of this letter of intent, and deliver the signed copy to the delivering party by 5:00 p.m. on October 30, 2020 .

Letter of Intent concerning: 7310 N. Liberty Drive, Edinburg, TX 78541

Seller: EDINBURG ECONOMIC DEV CORP

By: ____________________
By (signature): ____________________
Printed Name: ____________________
Title: ____________________ Date: __________

By: ____________________
By (signature): ____________________
Printed Name: ____________________
Title: ____________________ Date: __________

Buyer: Roberto Antonio Martinez and/or assigns

By: ____________________
By (signature): Roberto A. Martinez

dotloop verified
10/15/20 3:28 PM CDT
EAG7-CMT8-GIUD-8WV5

Printed Name: Roberto Antonio Martinez
Title: ____________________ Date: __________

By: ____________________
By (signature): ____________________
Printed Name: ____________________
Title: ____________________ Date: __________

TEXAS REALTORS

COMMERCIAL CONTRACT - IMPROVED 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 DEV CORP**

Address: **7310 N. Liberty Dr, Edinburg, TX 78541**
Phone: **(956)383-7124** E-mail: **bdavila@cityofedinburg.com, bkelsey@cityofedinburg.com**
Fax: ______ Other: ______

Buyer: **Roberto Antonio Martinez and/or assigns**

Address: **P.O. Box 3599 , McAllen, TX 78502**
Phone: **(956)929-9469** E-mail: **tony.martinez@primotradingservices.com**
Fax: ______ Other: ______

2. **PROPERTY:**

A. "Property" means that real property situated in **Hidalgo** County, Texas at **7310 N. Liberty Drive, Edinburg, TX 78541** *(address)* and that is legally described on the attached Exhibit ______ or as follows:
NORTH INDUSTRIAL PARK LOT 8

B. Seller will sell and convey the Property together with:
(1) all buildings, improvements, and fixtures;
(2) 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;
(3) Seller's interest in all leases, rents, and security deposits for all or part of the Property;
(4) Seller's interest in all licenses and permits related to the Property;
(5) Seller's interest in all third party warranties or guaranties, if transferable, relating to the Property or any fixtures;
(6) Seller's interest in any trade names, if transferable, used in connection with the Property; and
(7) all Seller's tangible personal property located on the Property that is used in connection with the Property's operations except: **N/A** .
Any personal property not included in the sale must be removed by Seller prior to closing.

(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.)
(If the Property is a condominium, attach Commercial Contract Condominium Addendum (TXR-1930) or (TXR-1946).)

3. **SALES PRICE:** At or before closing, Buyer will pay the following sales price for the Property:

A. Cash portion payable by Buyer at closing . . . . $ **275,000.00**

B. Sum of all financing described in Paragraph 4 . . . . $ **825,000.00**

C. Sales price (sum of 3A and 3B) . . . . $ **1,100,000.00**

4. FINANCING: Buyer will finance the portion of the sales price under Paragraph 3B as follows:

[X] A. Third Party Financing: One or more third party loans in the total amount of $ 825,000.00 . This contract:

[ ] (1) is not contingent upon Buyer obtaining third party financing.

[X] (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 from Buyer 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 $ $10,000.00 as earnest money with Edwards Abstract & Title (title company) at ______ (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, SURVEY, AND UCC SEARCH:

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.

[X] (b) will be amended to read "shortages in areas" at the expense of [ ] Buyer [X] 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 45 days after the effective date:

[X] (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 30 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 30 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. UCC Search:

[ ] (1) Within N/A days after the effective date, Seller, at Seller's expense, will furnish Buyer a Uniform Commercial Code (UCC) search prepared by a reporting service and dated after the effective date. The search must identify documents that are on file with the Texas Secretary of State and the county where the Property is located that relate to all personal property on the Property and show, as debtor, Seller and all other owners of the personal property in the last 5 years.

[X] (2) Buyer does not require Seller to furnish a UCC search.

D. Buyer's Objections to the Commitment, Survey, and UCC Search:

(1) Within 10 days after Buyer receives the last of the commitment, copies of the documents evidencing the title exceptions, any required survey, and any required UCC search, Buyer may object 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 to the real or personal property described in Paragraph 2 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 Buyer actually receives the survey; or (ii) 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 6D 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 60 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) Seller, at Seller's expense, will turn on all utilities necessary for Buyer to make inspections, studies, or assessments.

(3) 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.

(4) 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 N/A days after the effective date, Seller will deliver to Buyer: *(Check all that apply.)*

- ☐ (a) a current rent roll of all leases affecting the Property certified by Seller as true and correct;
- ☐ (b) copies of all current leases, including any mineral leases, pertaining to the Property, including any modifications, supplements, or amendments to the leases;
- ☐ (c) a current inventory of all personal property to be conveyed under this contract and copies of any leases for such personal property;
- ☐ (d) 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;
- ☐ (e) copies of all current service, utility, maintenance, and management agreements relating to the ownership and operation of the Property;
- ☐ (f) copies of current utility capacity letters from the Property's water and sewer service provider;
- ☐ (g) copies of all current warranties and guaranties relating to all or part of the Property;
- ☐ (h) copies of fire, hazard, liability, and other insurance policies that currently relate to the Property;
- ☐ (i) copies of all leasing or commission agreements that currently relate to the tenants of all or part of the Property;
- ☐ (j) a copy of the “as-built” plans and specifications and plat of the Property;
- ☐ (k) copies of all invoices for utilities and repairs incurred by Seller for the Property in the 24 months immediately preceding the effective date;
- ☐ (l) a copy of Seller's income and expense statement for the Property from N/A to N/A ;
- ☐ (m) copies of all previous environmental assessments, geotechnical reports, studies, or analyses made on or relating to the Property;
- ☐ (n) real and personal property tax statements for the Property for the previous 2 calendar years;
- ☐ (o) Tenant reconciliation statements including, operating expenses, insurance and taxes for the Property from N/A to ________; and
- ☐ (p) N/A ________.

(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.)*

- ☐ (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;
- ☐ (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
- ☐ (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 non-occupancy of the leased premises by a tenant;
(4) any advance sums paid by a tenant under any lease;
(5) any concessions, bonuses, free rents, rebates, brokerage commissions, or other matters that affect any lease; and
(6) 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:	Agent:
Address: 611 N. McColl STE E McAllen TX 78501	Address:
Phone & Fax: (956)821-8001	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:
[ ] __________ % of the sales price.
[ ] ______________________________ .

The cash fees will be paid in ______________________________ 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 6D 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 to Buyer, 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 Uniform Commercial Code 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) a bill of sale with warranties to title conveying title, free and clear of all liens, to any personal property defined as part of the Property in Paragraph 2 or sold under this contract;
(3) an assignment of all leases to or on the Property;
(4) to the extent that the following items are assignable, an assignment to Buyer of the following items as they relate to the Property or its operations:
(a) licenses and permits;
(b) service, utility, maintenance, management, and other contracts; and
(c) warranties and guaranties;
(5) a rent roll current on the day of the closing certified by Seller as true and correct;
(6) evidence that the person executing this contract is legally capable and authorized to bind Seller;
(7) 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 together with appropriate tax forms; and
(8) 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 the issuance of the title policy, all of which must be completed and executed by Seller as necessary.

E. At closing, Buyer will:
(1) pay the sales price in good funds acceptable to the title compan

(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 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.)*
N/A

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 and any bill of sale;
(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 fees of any deed of trust;
(3) recording fees for the deed and any deed of trust;
(4) premiums for flood and hazard insurance as may be required by Buyer's lender;
(5) one-half of any escrow fee; and
(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 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(4) 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. CASUALTY LOSS AND CONDEMNATION:

A. If any part of the Property is damaged or destroyed by fire or other casualty after the effective date, Seller must restore the Property to its previous condition as soon as reasonably possible and not later than the closing date. If, without fault, Seller is unable to do so, Buyer may:

(1) terminate this contract and the earnest money, less any independent consideration under Paragraph 7B(1), will be refunded to Buyer;

(2) extend the time for performance up to 15 days and closing will be extended as necessary; or

(3) accept at closing: (i) the Property in its damaged condition; (ii) an assignment of any insurance proceeds Seller is entitled to receive along with the insurer's consent to the assignment; and (iii) a credit to the sales price in the amount of any unpaid deductible under the policy for the loss.

B. If before closing, condemnation proceedings are commenced against any part of the Property, Buyer may:
  (1) 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 under Paragraph 7B(1), will be refunded to Buyer; or
  (2) appear and defend the condemnation proceedings and any award will, at Buyer's election, belong to: (a) Seller and the sales price will be reduced by the same amount; or (b) 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 material physical defects in the improvements on the Property; or
(11) any condition on the Property that violates any law or ordinance.

(Describe any exceptions to (1)-(11) 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.

[X] A. Seller also consents to receive any notices by e-mail at Seller's e-mail address stated in Paragraph 1.
[X] 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;
[ ] (2) Commercial Contract Condominium Addendum (TXR-1930) or (TXR-1946);
[X] (3) Commercial Contract Financing Addendum (TXR-1931);
[ ] (4) Commercial Property Condition Statement (TXR-1408);
[ ] (5) Commercial Contract Addendum for Special Provisions (TXR-1940);
[ ] (6) Addendum for Seller's Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards (TXR-1906);
[ ] (7) Notice to Purchaser of Real Property in a Water District (MUD);
[ ] (8) Addendum for Coastal Area Property (TXR-1915);
[ ] (9) Addendum for Property Located Seaward of the Gulf Intracoastal Waterway (TXR-1916);
[X] (10) Information About Brokerage Services (TXR-2501); and
[ ] (11) Information About Mineral Clauses in Contract Forms (TXR-2509); and
[X] (12) **Addendum to Commercial Contract - Improved Property**

(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 of Buyer's obligations 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, 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. If apartments or other residential units are on the Property and the units were built before 1978, federal law requires a lead-based paint and hazard disclosure statement to be made part of this contract *(the Addendum for Seller's Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards (TXR-1906) may be used).*

H. Section 1958.154, Occupations Code requires Seller to provide Buyer a copy of any mold remediation certificate issued for the Property during the 5 years preceding the date the Seller sells the Property.

I. 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.

J. 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."

K. 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: ______________________________.

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 October 30, 2020, 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 DEV CORP	**Buyer:** Roberto Antonio Martinez and/or assigns
By:	By:
By (signature):	By (signature): Roberto A. Martinez (dotloop verified 10/22/20 5:10 PM CDT XGPU-DQW9-OHHH-F1Q7)
Printed Name:	Printed Name: Roberto Antonio Martinez
Title:	Title:
By:	By:
By (signature):	By (signature):
Printed Name:	Printed Name:
Title:	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: ______________________________

Addendum to Commercial Contract – Improved Property

1. Date: October 20, 2020

2. Commercial Contract for Improved Property "Contract"

   A. Date of Agreement: 10/20/2020

   B. Parties:

      1) Seller: Edinburg Economic Development Corp.
      2) Buyer: Roberto Antonio Martinez and/or Assigns.

   C. Property: North Industrial Park, Lot 8

3. Modifications: The above Contract is modified in the following and as modified supersedes anything to the contrary in said Contract:

   A. Section 7. A. of the Contract is modified by revising to be read as follows:

      Buyer accepts the property in its present condition except that Seller, at Seller's expense will provide a current asbestos survey of the improvements, and the property shall be maintained in its current condition until closing or at buyers discretion, will provide buyer a credit for the value of any items which have been damaged or destroyed.

   B. Section 7.D. of the Contract is modified by adding a check to box (j) "a copy of the "as built" plans and specifications and plat of the property" as an item that the Seller will deliver to Buyer, to the extent available within the City of Edinburg's available records. Seller will make a diligent effort to locate and provide any documents available.

   C. Section 12 – "Special Provisions" of the Contract is modified to be read as follows:

      1. Seller will consent, or obtain the consent from the respective authority, to allow Buyer to have direct truck access from the parking lot to the roadway to the west of the subject property.

      2. Seller will consent, or obtain the consent from the respective authority for Buyer to legally subdivide, if he so desires, North Industrial Park, Lot 8 into smaller tracts/lots for the purpose of construction and/or re-selling any or all of the subdivided tracts/lots.

4. Signatures:

Seller:	Buyer:
______________________________	Roberto A. Martinez dotloop verified 10/22/20 5:10 PM CDT XXFJ-CCNF-RYJI-ABFP
Edinburg Economic Development Corp	Roberto Antonio Martinez and/or assigns

From: Mark Hanna
To: Blanca Davila
Cc: Brian Kelsey
Subject: 7310 Libery Dr Edinburg TX - Asbestos Report
Date: Friday, October 23, 2020 11:01:52 AM

Hi Blanca,

I am confirming with this email that at closing - I will reduce my commission in the amount of the Asbestos Report cost that will be ordered for property 7310 Liberty Dr Edinburg TX.

At closing, I will reduce my commission to pay for this.

Terracon has given a quote of $1,200.

Thank you,

--
Mark Hanna
Commercial Specialist

C: 956-821-8001
611 N. McColl Road STE E
McAllen, TX 78503

HANNA SOLUTIONS

TEXAS REALTORS

COMMERCIAL CONTRACT FINANCING ADDENDUM

ADDENDUM TO COMMERCIAL CONTRACT BETWEEN THE UNDERSIGNED PARTIES CONCERNING THE PROPERTY AT

7310 N. Liberty Drive, Edinburg, TX 78541

The portion of the Sales Price not payable in cash will be paid as follows: *(Check all that apply.)*

[X] A. THIRD PARTY FINANCING:

(1) The contract is contingent upon Buyer obtaining a third party loan(s) secured by the Property in the amount of $ 825,000.00 for not less than 5 years with the initial interest rate not to exceed 6.000 % per annum and payments calculated on an amortization period of no less than 20 years.

(2) Buyer will apply for the third party loan(s) described in Paragraph A(1) promptly after the effective date. If Buyer cannot obtain the loan(s), Buyer may give Seller written notice within 60 days after the effective date and the contract will terminate and the earnest money, less any independent consideration under Paragraph 7B(1) of the contract, will be refunded to Buyer. **If Buyer does not give such notice within the time required, this contract will no longer be subject to the contingency described in this Paragraph A.**

(3) Each note to be executed under this addendum is to be secured by vendor's and deed of trust liens.

[ ] B. ASSUMPTION:

(1) Buyer will assume the unpaid principal balance of the existing promissory note secured by the Property payable to N/A dated N/A which balance at closing will be $ N/A .

(2) Buyer's initial payment will be the first payment due after closing. Buyer's assumption of the existing note includes all obligations imposed by the deed of trust securing the note, recorded in N/A *(recording reference)* in the real property records of the county where the Property is located.

(3) If the unpaid principal balance of the assumed loan as of the date of closing varies from the loan balance stated in Paragraph B(1), the cash payable at closing will be adjusted by the net amount of any variance; provided, if the total principal balance of the assumed loan varies in an amount greater than $ N/A at closing, either party may terminate this contract and the earnest money will be refunded to Buyer unless either party elects to eliminate the excess in the variance by an appropriate adjustment at closing.

(4) Buyer may terminate the contract and the earnest money, less any independent consideration under Paragraph 7B(1) of the contract, will be refunded to Buyer if the note holder on assumption requires:
(a) Buyer to pay an assumption fee in excess of $ N/A and Seller declines to pay such excess;
(b) an increase in the interest rate to more than ___________ %; or
(c) any other modification of the loan documents.

(5) Unless Seller is released of liability on any assumed note, Seller requires a vendor's lien and deed of trust to secure assumption, which will be automatically released on execution and delivery of a release by the note holder.

(6) If assumption approval is required by the note holder, Buyer will apply for assumption approval within N/A days after the effective date of the contract and will make every reasonable effort to obtain assumption approval. If Buyer cannot obtain assumption approval, Buyer may give Seller written notice within N/A days after the effective date and the contract will terminate and the earnest money, less any independent consideration under Paragraph 7B(1) of the contract, will be refunded to Buyer. **If Buyer does not give such notice within the time required and Buyer does not close because Buyer is not able to assume the existing note, Buyer will be in default.**

☐ C. SELLER FINANCING:

(1) At closing, Buyer will execute and deliver a promissory note (the note) from Buyer to Seller in the amount of $ N/A, bearing N/A % interest per annum. Matured, unpaid amounts will bear interest at the maximum rate of interest allowed by law.

(2) The note will be payable as follows:

☐ (a) In one payment, due N/A after the date of the note, with interest payable: ☐ (i) monthly ☐ (ii) N/A .

☐ (b) In installments of $ N/A ☐ including interest ☐ plus interest beginning N/A after the date of the note and continuing at ☐ monthly ☐ N/A intervals thereafter for N/A when the entire balance of the note will be due and payable.

☐ (c) Interest only in ☐ monthly ☐ N/A installments for the first N/A years and thereafter in installments of $ N/A ☐ including interest ☐ plus interest beginning N/A after the date of the note and continuing at ☐ monthly ☐ N/A intervals thereafter for N/A when the entire balance of the note will be due and payable.

(3) The note will be secured by vendor's and deed of trust liens and an assignment of leases payable at the placed designated by Seller.

(4) The note will provide that if Buyer fails to timely pay an installment within 10 days after the installment is due, Buyer will pay a late fee equal to 5% of the installment not paid.

(5) The note ☐ will ☐ will not provide for liability (personal or corporate) against the maker in the event of default.

(6) The note may be prepaid in whole or in part at any time without penalty. Any prepayments are to be applied to the payment of the installments of principal last maturing and interest will immediately cease on the prepaid principal.

(7) The lien securing payment of the note will be inferior to any lien securing any superior note described in this addendum. If an owner's policy of title insurance is furnished, Buyer, at Buyer's expense, will furnish Seller with a mortgagee title policy in the amount of the note at closing.

(8) If all or any part of the Property is sold or conveyed without Seller's prior written consent, Seller, at Seller's option, may declare the outstanding principal balance of the note, plus accrued interest, immediately due and payable. Any of the following is not a sale or conveyance of the Property:
(a) the creation of a subordinate lien;
(b) a sale under a subordinate lien;
(c) a deed under threat or order of condemnation;
(d) a conveyance solely between the parties; or
(e) the passage of title by reason of death of a maker or operation of law.

(9) Deposits for Taxes and Insurance: Together with the principal and interest installments, Buyer ☐ will ☐ will not deposit with Seller a pro rata part of the estimated annual ad valorem taxes on the Property and a pro rata part of the estimated annual insurance premiums for the improvements on the Property.

(a) If Buyer deposits taxes and insurance deposits with Seller, Buyer agrees that the taxes and insurance deposits are only estimates and may be insufficient to pay total taxes and insurance premiums. Buyer agrees to pay any deficiency within 30 days after Seller notifies Buyer of any deficiency. Buyer's failure to pay the deficiency is a default under the deed of trust.

(b) If any superior lien holder on the Property collects payments for taxes and insurance, any requirement to deposit taxes and insurance deposits with Seller under this addendum is inoperative so long as payments are being made to the superior lien holder.

(10) Any event that constitutes a default under any superior lien constitutes a default under the deed of trust securing the note.

(11) The note will include a provision for reasonable attorney's fees for any collection action.

(12) Unless the parties agree otherwise, the form of the note and loan documents will be as found in the current edition of the State Bar of Texas Real Estate Forms Manual without any additional clauses.

☐ D. CREDIT APPROVAL ON ASSUMPTION OR SELLER FINANCING:

(1) To establish Buyer's creditworthiness for assumption approval or seller financing, Buyer will deliver to Seller the following information (Buyer's documentation) within N/A days after the effective date of the contract:

☐ (a) verification of employment, including salary;
☐ (b) verification of funds on deposit in financial institutions;
☐ (c) current financial statement;
☐ (d) credit report;
☐ (e) tax returns for the following years N/A ;
☐ (f) N/A .

(2) If Buyer does not timely deliver Buyer's documentation or Seller determines, in Seller's sole discretion, that Buyer's creditworthiness is not acceptable, Seller may terminate the contract by giving written notice to Buyer not later than N/A days after the date Buyer must deliver Buyer's documentation under Paragraph D(1) and the earnest money, less any independent consideration under Paragraph 7B(1) of the contract, will be refunded to Buyer. If Seller does not timely terminate the contract under this paragraph, Seller will be deemed to have accepted Buyer's credit.

☐ E. SPECIAL PROVISIONS:
N/A

Seller: Edinburg Economic Development Corp,

By: ______________________

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

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

Buyer: Roberto Antonio Martinez And/Or Assigns

By: ______________________

By (signature): Roberto A. Martinez
dotloop verified
10/22/20 5:10 PM CDT
MWST-MOLS-SVD0-ASTJ
Printed Name: Roberto Antonio Martinez
Title: ______________________

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

TEXAS REALTORS

INTERMEDIARY RELATIONSHIP NOTICE

To: Edinburg Economic Development Corp **(Seller or Landlord)**
and Roberto Antonio Martinez and/or assigns **(Prospect)**
From: Hanna Solutions **(Broker's Firm)**
Re: 7310 N. Liberty Drive Edinburg, TX 78541 **(Property)**
Date: ____________________

A. Under this notice, "owner" means the seller or landlord of the Property and "prospect" means the above-named prospective buyer or tenant for the Property.

B. Broker's firm represents the owner under a listing agreement and also represents the prospect under a buyer/tenant representation agreement.

C. In the written listing agreement and the written buyer/tenant representation agreement, both the owner and the prospect previously authorized Broker to act as an intermediary if a prospect who Broker represents desires to buy or lease a property that is listed by the Broker. When the prospect makes an offer to purchase or lease the Property, Broker will act in accordance with the authorizations granted in the listing agreement and in the buyer/tenant representation agreement.

D. Broker ☐ will ☒ will not appoint licensed associates to communicate with, carry out instructions of, and provide opinions and advice during negotiations to each party. If Broker makes such appointments, Broker appoints:

____________________ to the owner; and

____________________ to the prospect.

E. By acknowledging receipt of this notice, the undersigned parties reaffirm their consent for broker to act as an intermediary.

F. Additional information: *(Disclose material information related to Broker's relationship to the parties, such as personal relationships or prior or contemplated business relationships.)*

The undersigned acknowledge receipt of this notice

____________________	Roberto A. Martinez (dotloop verified 10/22/20 5:10 PM CDT OII6-MI8O-7XYH-KEA0)
Seller or Landlord Date	Prospect Date
Edinburg Economic Development Corp	Roberto Antonio Martinez and/or assigns
____________________	____________________
Seller or Landlord Date	Prospect Date

11/2/2015

EQUAL HOUSING OPPORTUNITY

Information About Brokerage Services

Texas law requires all real estate licensees to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

TYPES OF REAL ESTATE LICENSE HOLDERS:

- **A BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- **A SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

AS AGENT FOR OWNER (SELLER/LANDLORD): The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

AS AGENT FOR BUYER/TENANT: The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

AS AGENT FOR BOTH - INTERMEDIARY: To act as an intermediary between the parties the broker must first obtain the written agreement of each party to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
  - that the owner will accept a price less than the written asking price;
  - that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
  - any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

AS SUBAGENT: A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

LICENSE HOLDER CONTACT INFORMATION: This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

Hanna Solutions	9007459	team@hanna.solutions	(956)821-8001
Licensed Broker /Broker Firm Name or Primary Assumed Business Name	License No.	Email	Phone
Tatiana M. Hanna	585475	tatiana@melloproperties.com	(956)242-5130
Designated Broker of Firm	License No.	Email	Phone
Licensed Supervisor of Sales Agent/ Associate	License No.	Email	Phone
Mark Hanna	676122	Mark@hanna.solutions	(956)821-8001
Sales Agent/Associate's Name	License No.	Email	Phone

RAM
05/27/20
2:51 PM CDT
dotloop verified

Buyer/Tenant/Seller/Landlord Initials   05/27/2020 Date

Regulated by the Texas Real Estate Commission   **Information available at www.trec.texas.gov**

IABS 1-0 Date

Edinburg Economic Development Corporation
Meeting Date:November 5, 2020

Discussion and possible action regarding the purchase, exchange, lease, or value of property.

(§ 551.072. Deliberation Regarding Real Property; Closed Meeting)

1. **Agenda Item:**

2. **Description/Scope:**

3. **Estimated Timeline:**

4. **Budget:**

5. **Procurement/Selection Process:**

6. **Staff's Recommendation:**

7. **Justification:**

____

Blanca Davila
Director of Economic Development

ATTACHMENTS

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