Greater Brownsville Economic Investment Corporation (GBIC) Compliance Audit

Focus on recruitment and compliance assurance processes and subject 9Point8 Capital agreement compliance

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5/19/23
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXECUTIVE SUMMARY</td>
<td>3</td>
</tr>
<tr>
<td>SCOPE</td>
<td>4</td>
</tr>
<tr>
<td>CRITERIA WE REVIEWED</td>
<td>4</td>
</tr>
<tr>
<td>METHODOLOGY</td>
<td>5</td>
</tr>
<tr>
<td>BACKGROUND ON THE GBIC BOARD, CITY AUDITOR, AND GBIC STAFF TURNOVER</td>
<td>6</td>
</tr>
<tr>
<td>ECONOMIC ENTITY TYPES</td>
<td>6</td>
</tr>
<tr>
<td>PROJECT AUTHORIZED UNDER TITLE 12, 502.051 AND 504.102</td>
<td>6</td>
</tr>
<tr>
<td>CITY REPORTS GBIC BUDGET ANNUALLY</td>
<td>7</td>
</tr>
<tr>
<td>BACKGROUND ON SPACE RELATED COMPANIES IN BROWNSVILLE</td>
<td>10</td>
</tr>
<tr>
<td>EVALUATION OF SPACED VENTURES, INC. &amp; 9POINT8 CAPITAL AGREEMENTS' KEY DATES &amp; COMPLIANCE</td>
<td>11</td>
</tr>
<tr>
<td><strong>Table 1: Spaced Ventures, Inc. 380 Agreement Key Dates</strong></td>
<td>11</td>
</tr>
<tr>
<td><strong>Table 2: Spaced Ventures, Inc. Agreement Compliance</strong></td>
<td>11</td>
</tr>
<tr>
<td><strong>Table 3: 9Point8 Capital Performance Agreement with GBIC Key Dates</strong></td>
<td>12</td>
</tr>
<tr>
<td><strong>Table 4: 9Point8 Capital Performance Agreement Compliance</strong></td>
<td>13</td>
</tr>
<tr>
<td>OTHER TEXAS LAW REQUIREMENTS</td>
<td>13</td>
</tr>
<tr>
<td>OTHER REQUIREMENTS</td>
<td>14</td>
</tr>
<tr>
<td>WHAT WENT WRONG</td>
<td>14</td>
</tr>
<tr>
<td>WHAT GBIC HAS DONE TO CORRECT FOR FUTURE</td>
<td>15</td>
</tr>
<tr>
<td>WHAT WE SUGGEST - RECOMMENDATIONS FOR IMPROVEMENT</td>
<td>15</td>
</tr>
<tr>
<td>FUNDS PUT TO BETTER USE</td>
<td>16</td>
</tr>
<tr>
<td>GBIC MANAGEMENT COMMENTS</td>
<td>16</td>
</tr>
<tr>
<td>FOLLOW UP</td>
<td>17</td>
</tr>
<tr>
<td>ADDITIONAL IMPORTANT INFORMATION</td>
<td>17</td>
</tr>
<tr>
<td>APPENDICES</td>
<td>18</td>
</tr>
<tr>
<td>APPENDIX A – Excerpt of Business and Commerce Code, Title 5. Regulation of Business and Services, Subtitle A. General Practices, Chapter 71. Assumed Business or Professional Name, Subchapter A. General Provisions</td>
<td>18</td>
</tr>
<tr>
<td>APPENDIX B – 380 Agreements</td>
<td>20</td>
</tr>
<tr>
<td>APPENDIX C – Type A - Such as Greater Brownsville Incentives Corporation (GBIC)</td>
<td>23</td>
</tr>
<tr>
<td>APPENDIX D – Type B - Such as Brownsville Community Improvement Corporation (BCIC)</td>
<td>24</td>
</tr>
<tr>
<td>APPENDIX E – Excerpt from 2022 Economic Development Handbook • Texas Municipal League</td>
<td>24</td>
</tr>
<tr>
<td>APPENDIX F – Reported Budgets Brownsville Type 4A Corporation Greater Brownsville Incentives Corporation (GBIC) FY 2020-2022 (October 1, 2019 through September 30, 2022)</td>
<td>26</td>
</tr>
<tr>
<td>APPENDIX G - Spaced Ventures, Inc. CHAPTER 380 ECONOMIC DEVELOPMENT AGREEMENT</td>
<td>27</td>
</tr>
</tbody>
</table>
**Greater Brownsville Incentives Corporation (GBIC) Application Vetting Process and Compliance Audit with focus on the 9Point8 Capital**

**Performance Agreement signed September 29, 2021**

**EXECUTIVE SUMMARY**

Management and staffing at GBIC have changed significantly since the signing of the 9Point8 Capital Performance Agreement, with a new Interim Executive Director and Chief Executive Officer (CEO) appointed by the GBIC Board July 26, 2022 and who started July 27, 2022. GBIC Board members have also changed significantly, with only one of seven remaining the same since December 2020 when the City Commission replaced the entire GBIC board. The CoB announced the hire of a new Director of Convention & Visitors Bureau and Office of Space Commerce May 2, 2023.

As of September 26, 2022, 9Point8 Capital was not in compliance with agreed upon terms in their Performance Agreement. GBIC and the City Attorney took action to obtain compliance, call for an audit, and started the process of potentially activating the “claw back” provision in the agreement (Section 3.9 of APPENDIX H). The City Attorney gave 9Point8 Capital a six-month window of time (Article 4 APPENDIX H) to come into compliance with the agreement starting September 26, 2022, and ending March 26, 2023. However, 9Point8 Capital did not become compliant during that time, and the GBIC board decided to enforce “claw back” per section 3.9 of the agreement. The City Attorney sent a “Notice of Default and Demand for Repayment” to the founder 9Point8 Capital on May 11, 2023.

Present GBIC staff recompiled the files for 9Point8 Capital and Spaced Ventures, Inc., from prior GBIC staff and CoB employee emails and attachments. GBIC was unable to obtain and provide evidence of steps taken in screening the grant recipient 9Point8 Capital or confirm ongoing compliance was documented in the files due to staff turnover. Although no policies and procedures were found in place, Texas Municipal League Economic Development Handbook and Texas Local Government Code Title 12, Chapters 501-505 provides guidance such as verification procedures for verifying employment records. As of August 26, 2021, prior GBIC Executive Director and CEO allowed and staff accepted notarized self-reporting statements from grant recipients as evidence of compliance, which appears to conflict with section 3.8 of the 9Point8 Capital Performance Agreement regarding Texas Workforce Commission (see Appendix H). Fortunately, the present GBIC administration has taken steps to strengthen both application and verification procedures.

Prior to July 27, 2022, GBIC had not clearly documented what the application and screening process should have included at the time of the signing of the 9Point8 Capital agreement, although applications existed, one was not required for this project. Internal controls were inadequate because of the lack of policies and procedures and reliance on grantee self-reporting for compliance.

However, GBIC now includes logical screening steps for potential grant recipients which they have built into the respective application forms. See APPENDIX I and APPENDIX J. GBIC stated they now follow these steps it will benefit the City of Brownsville (CoB) taxpayers. Additionally, the City Attorney’s office has taken steps to verify company registrations in the state of Texas.

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1 9Point8 Capital at the start of our audit was unregistered assumed name or dba for 9Point8, Inc. a company registered in Delaware.

2 The notary only verifies the identity of the individual signing the document, not the existence of the company.
GBIC has stated they are now following these steps to ensure grant recipients are meeting the terms of their agreement and submitting appropriate documentation to support their claims. **Recommendations for improvement included documenting and monitoring all applicable policies and procedures according to retention requirements, completing background checks, monitoring, and ensuring grantees fulfill all terms of their agreements before payments are made, keeping all supporting documentation in individual files, and ensuring the fiscal year and finance related issues are resolved.** We will follow up on progress after December 31, 2023. We will revisit this issue with GBIC after December 31, 2023, to observe how the screening and verification is practiced and if steps are documented in a standard operating procedure.

Current GBIC management and staff were compliant with state required training.

**SCOPE**

We looked for the application, vetting, and compliance verification processes used by prior GBIC staff during 2021 when the subject agreement was signed and compared these practices to current practices. Our focus was the **PERFORMANCE AGREEMENT BETWEEN GREATER BROWNSVILLE INCENTIVES CORPORATION (GBIC) AND 9POINT8 CAPITAL.** GBIC’s agreement with 9Point8 Capital (**APPENDIX H**) led us to other companies and their agreements. Those companies include Spaced Ventures, Inc. (**APPENDIX G**), Expanding Frontiers, Space Channel, and Cosmic Shielding. We additionally looked at GBIC’s budget including revenues, income, and expenses and tested 100 percent of the Space Related Activity expenses.

However, we only looked at compliance of 9Point8 Capital and Spaced Ventures, Inc. with the terms of their individual agreements, because they are related entities in that they share a common founder. We looked at subject reports and Space Related Activities for FY 2021 (**October 1, 2020 through September 30, 2021**) and FY 2022 (**October 1, 2021 through September 30, 2022**). We additionally looked at current training records of GBIC staff and Fiscal Years 2020, 2021, and 2022 (**October 1, 2019 through September 30, 2022**) and included the most recent 3 years of GBIC’s reported budget in **Appendix F**.

**CRITERIA WE REVIEWED**


Articles of Incorporation of Greater Brownsville Incentives Corporation February 1992 filed February 28, 1992. See **APPENDIX L**

BUSINESS AND COMMERCE CODE, TITLE 5. REGULATION OF BUSINESSES AND SERVICES, SUBTITLE A. GENERAL PRACTICES, CHAPTER 71. ASSUMED BUSINESS OR PROFESSIONAL NAME, SUBCHAPTER A. GENERAL PROVISIONS. See **APPENDIX A**

LOCAL GOVERNMENT CODE, TITLE 12. PLANNING AND DEVELOPMENT, SUBTITLE A. MUNICIPAL PLANNING AND DEVELOPMENT, CHAPTER 380. MISCELLANEOUS PROVISIONS RELATING TO MUNICIPAL PLANNING AND DEVELOPMENT. See **APPENDIX B**
[https://texas.public.law/statutes/tex._local_gov't_code_title_12_subtitle_a_chapter_380](https://texas.public.law/statutes/tex._local_gov't_code_title_12_subtitle_a_chapter_380)

LOCAL GOVERNMENT CODE, TITLE 12. PLANNING AND DEVELOPMENT, SUBTITLE C1. ADDITIONAL PLANNING AND DEVELOPMENT PROVISIONS APPLYING TO MORE THAN ONE TYPE OF LOCAL GOVERNMENT, CHAPTER 501. PROVISIONS GOVERNING DEVELOPMENT CORPORATIONS
[https://texas.public.law/statutes/tex._local_gov't_code_title_12_subtitle_c1_chapter_501](https://texas.public.law/statutes/tex._local_gov't_code_title_12_subtitle_c1_chapter_501)
LOCAL GOVERNMENT CODE, TITLE 12. PLANNING AND DEVELOPMENT, SUBTITLE C1. ADDITIONAL PLANNING AND DEVELOPMENT PROVISIONS, APPLYING TO MORE THAN ONE TYPE OF LOCAL GOVERNMENT, CHAPTER 502. PROVISIONS APPLICABLE TO TYPE A AND TYPE B CORPORATIONS
https://texas.public.law/statutes/tex._local_gov't_code_title_12_subtitle_c1_chapter_502
APPENDIX C

LOCAL GOVERNMENT CODE, TITLE 12. PLANNING AND DEVELOPMENT, SUBTITLE C1. ADDITIONAL PLANNING AND DEVELOPMENT PROVISIONS APPLYING TO MORE THAN ONE TYPE OF LOCAL GOVERNMENT, CHAPTER 504. TYPE A CORPORATIONS https://texas.public.law/statutes/tex._local_gov't_code_title_12_subtitle_c1_chapter_504


Texas Comptroller’s website Operating Requirements https://comptroller.texas.gov/economy/local/type-ab/operate.php


GOVERNMENT CODE, TITLE 10. GENERAL GOVERNMENT, SUBTITLE F. STATE AND LOCAL CONTRACTS AND FUND MANAGEMENT, CHAPTER 2251. PAYMENT FOR GOODS AND SERVICES SUBCHAPTER B. PAYMENTS AND INTEREST
Sec. 2251.021. States payment is overdue the 31st day after the later of: (1) the date the governmental entity receives the goods under the contract; (2) the date the performance of the service under the contract is completed; or (3) the date the governmental entity receives an invoice for the goods or service. (b) A payment under a contract executed on or after September 1, 1993, owed by a political subdivision whose governing body meets only once a month or less frequently is overdue on the 46th day after the later event described by Subsections (a)(1) through (3).

METHODOLOGY

We reviewed all criteria documents found and did broad web research. We interviewed key GBIC management and staff as well as the City Manager and former and current Spaced Ventures, Inc. and 9Point8 Capital (Inc.) consultants, and other City Officials having knowledge of the agreements. We also interviewed the ExF founder and founder of 9Point8 Capital (Inc.). We reviewed documentation retrieved by GBIC. We also accessed and reviewed the historical emails of GBIC and City officials using key word searches to identify subjects related to 9Point8 or Spaced Ventures.

We obtained financial reports from the Texas State Comptroller’s webpage and followed up with the CoB Finance department to take a closer look at expenses since the data was sparse on the Texas Comptroller’s website. We tested 100 percent of the Space Related Activities for authorization and appropriate supporting documentation. We created internal working timelines and an analysis working paper as well as charts for presentation in this report.

Lastly, we reviewed to ensure that our presentation was factual and based on supporting documentation. Since the expense information category was over two million dollars, we asked CoB Finance Department to provide us a breakdown from which we have included charts for CoB Fiscal Year 2022, and we asked for and reviewed backup documents for Space Related Activities for CoB Fiscal Years 2021 and 2022.
BACKGROUND ON THE GBIC BOARD, CITY AUDITOR, AND GBIC STAFF TURNOVER

The previous City Auditor released a Review of Land Acquisition for the City of Brownsville by Greater Brownsville Incentives Corporation (GBIC), October 30, 2020. As a result of irregularities brought to light by the audit, by December 2020, the City Commission replaced the previous Board of Directors for GBIC.

Additionally, the previous City Auditor left office September 7, 2021, leaving the internal audit department non-functional until September 6, 2022, when the new City Auditor took office.

The GBIC Board appointed a new Interim Executive Director and CEO at the meeting July 26, 2022. The previous CEO served from February 13, 2021, to July 26, 2022, or just under a year and a half and served as Deputy City Manager at the same time. The one prior served from July 25, 2018 to February 12, 2021, just over two and a half years, and the one prior from November 28, 2016 to July 24, 2018 just over a year and a half.

The staff member who maintained the project files at GBIC left employment October 14, 2022. Since no policies and procedures document was left, it was not clear what the due diligence process looked like at the time of occurrence of the signing of the 9Point8 Capital agreement or payments after compliance reporting documentation submission.

ECONOMIC ENTITY TYPES

Cities may use multiple avenues to spur economic growth. The City of Brownsville has established both a Type A, GBIC, and a Type B, the Brownsville Community Improvement Corporation (BCIC). See Appendix C and Appendix D for more information on Type A and Type B corporations. GBIC was established February 18, 1992 with documents filed at the Texas Secretary of State’s Office February 28, 1992. (See Appendix L) In addition, Chapter 380 Economic Development contracts are under the direction of the City Manager. See Appendix B for more information.

PROJECT AUTHORIZED UNDER TITLE 12, 502.051 AND 504.102

An advisory company being awarded the performance agreement is not normally specified in LOCAL GOVERNMENT CODE, TITLE 12., CHAPTER 504, but after conferring with Texas Comptroller’s Office staff and GBIC former City Attorney, the City Auditor agreed the project was appropriate under GBIC per LOCAL GOVERNMENT CODE, TITLE 12. SUBCHAPTER B. section 502.051. This specific section of code refers to the requirement for a written contract for business recruitment or development approved by the corporation’s board of directors and the board approved Project Capital as the project with 9Point8 Capital was originally called. Additionally, it appears to fall under LOCAL GOVERNMENT CODE, TITLE 12., CHAPTER 504, Sec. 504.102, which states A Type A corporation may contract with another private corporation to: (1) carry out an industrial development program or objective; or (2) assist with the development or operation of an economic development program or objective consistent with the purposes and duties provided by this subtitle.

4 https://greaterbrownsville.com/
5 https://brownsvilleedc.org/
We further noted that GBIC, nor the CoB or City Officials or employees may be considered liable for damages arising from the performance of a governmental function of a Type A corporation per Sec. 504.107 of the LOCAL GOVERNMENT CODE, TITLE 12., CHAPTER 504.

CITY REPORTS GBIC BUDGET ANNUALLY
The City Finance Department reports GBIC’s budget to the Texas Comptroller’s Office annually at https://mycpa.cpa.state.tx.us/edcr/EdcrSearch and includes information on GBIC in the CoB Annual Comprehensive Financial Report (ACFR) annually. The reported budget information for Fiscal Years 2020, 2021, and 2022 is included in this report at Appendix F, showing a balance of $18,357,100 at the end of Fiscal Year 2022, an increase of 14.43 percent from 2021. GBIC has net capital assets of $14,171,719 as of September 30, 2022. The CoB includes GBIC in the Annual Comprehensive Financial Report for Fiscal Year ending September 30, however GBIC’s Articles of Incorporation clearly state the Fiscal Year will be January through December. This should be addressed and corrected. Additionally, reports to the Texas Comptroller are documented as October 01 through September 01.

Below are some charts depicting Revenues, Expenses, and Income for Fiscal Year 2022 based on 10/01/2021 through 09/30/2022. The program is funded by one quarter of a cent of sales tax collected. The largest portion of expenses went towards debt service at 34 percent, followed by 20 percent towards Space Related Activities (11 percent in FY 2021 from 10/01/2020 though 09/30/2021) which included the 9Point8 Capital Performance Agreement. Only 6.3 percent went toward personnel costs. GBIC also earned income from the sale of land and interest earned. Direct business incentives accounted for 48.72 percent of FY 2022’s expenses and 37 percent of FY 2021’s expenses.

6 See Appendix F for more information as reported to the Texas State Comptroller.
7 We notified GBIC, City Attorney, and CoB Finance Department separate from this audit report that the articles of incorporation state the Fiscal year will be January through December, but the Finance Department has reported on the City’s Fiscal Year October through September for X years.
8 Note: In FY 2022, 8001198 9Point8 Inc. plus 800153 Space Related Activities total 20 percent of the annual budget expenditures. In FY 2021 Space Related Activities came in at 11 percent of the annual budget expenditures.
Chart 2: GBIC EXPENSES 2022 - $3,963,664.38

Auditor created from data obtained from CoB Finance Department
We reviewed Space Related Activities to determine what was included. In the most recent two fiscal years GBIC expended $1,520,653.37 designated as Space Related Activities. In FY 2022 (October 1, 2021 through September 2022), GBIC recorded $619,013.37, which included $28,573.37 for SPACECOM Expo 2022 in Orlando, Florida, $12,500 to Type One Ventures, LLC for the Frontier Sponsorship for a deep tech event cohosted by Spaced Ventures, $4,650 for consulting services, $330 for professional services, $10,460 for distribution of news on PRNewswire, $250,000 to Space Channel, $62,500 for Spaced Ventures, and $250,000 for 9Point8 Capital.

In FY 2021 (October 1, 2020 through September 30, 2021) GBIC recorded $901,640 of expenditures for Space Related Activities. GBIC paid $450,000 towards the spaceport designation for The Brownsville South Padre Island Airport, a $2,700 retainer fee for window replacement consultation, $5,500 for asbestos survey, $5,940 for professional services, $187,500 to reimburse CoB for Spaced Ventures 380 agreement and $250,000 to reimburse CoB for Space Channel’s 380 agreement.
Additional items that need to be further investigated by GBIC and Finance are late charges and interest charged on GBIC credit cards, because we noted late charges and interest on the limited sample we reviewed. This would add to the total of funds put to better use, but we are not doing a calculation because we will address that when we audit accounts payable. The interim Executive Director and CEO provided verbal and written comments that she had addressed this with the CoB Chief Financial Officer (CFO).

Current CoB Finance policies state payments should be timely, but timely was not defined and payments were made in several cases more than 31 days from the invoice date. However, CoB Finance staff did not notate on the invoicing documents when they were received, nor GBIC staff when they were forwarded. The City Auditor submitted a separate memo to the CoB Finance Department, copying the City Manager and City Attorney notifying them of issues outside GBIC’s control and we will follow up to ensure these issues are resolved.

BACKGROUND ON SPACE RELATED COMPANIES IN BROWNSVILLE

In efforts to incentivize economic growth, the GBIC Board, and the City, sought to leverage space related businesses as avenues for growth. To do so, they used multiple economic funding methods including 380 Economic development, GBIC, and the Brownsville Community Improvement Corporation (BCIC).

Expanding Frontiers (ExF) is included in this report because the founder of ExF introduced the CoB to the founder of Spaced Ventures Inc. Also, ExF appears to be the first space related entity to receive a grant of City of Brownsville funds through Brownsville Community Improvement Corporation (BCIC). BCIC granted ExF $650,000 effective October 1, 2019. ExF’s mission was to provide training and services that promote commercial space development, also known as a “NewSpace” eco-system in the City of Brownsville. To do this, they were to hold 3 community education outreaches per year and to directly help commercial space entrepreneurs obtain the skills, connections, and funding they need to create successful startup companies in commercial space and related markets. One method of meeting the missions was listed as promoting the creation of NewSpace startup companies which was intended to help community members create startup companies.

Two agreements resulted from ExF’s introduction of the Spaced Ventures, Inc. founder. In the first agreement, the City of Brownsville granted Spaced Ventures, Inc. $250,000 in a 380 Economic Development agreement. Spaced Ventures, Inc., incorporated in Delaware, is a beta test crowdfunding platform for individuals interested in investing in space related startup companies and the company has a notice on spacedventures.com that “Equity Crowdfunding involves risk” which when hovered over further expands to “Investing in startups via crowdfunding is risky and highly speculative. Investments cannot easily be converted to cash and investors could lose the entirety of what they invest.” The website is https://www.spacedventures.com/. The second agreement was between the City of Brownsville (CoB) and 9Point8 Capital, signed on September 29, 2021, for $1,000,000 and included a four-payment schedule at six-month intervals thereafter for $250,000 each.

The founder of Spaced Ventures, Inc., and 9Point8 Capital informed the CoB that SV will have an equity position in all its clients that it recommends to CoB and are making an introduction with a fiduciary

10 One of two founders and not the one signing the Spaced Ventures 380 agreement
11 Via email October 16, 2020
12 Spaced Ventures, Inc.
responsibility to those businesses. They were only making client introductions to CoB if there is a clear value-add to their business. 13

Spaced Ventures, Inc. was supposed to create employment for 4 local full-time employees or contractors. Spaced Ventures Inc. was also to introduce City officials to companies they had screened who might consider moving to Brownsville. The 380 agreement with Spaced Ventures, Inc. (APPENDIX G) was signed, by the City Manager and one of two cofounders, November 16, 2020. GBIC reimbursed CoB for the $250,000 award.

Spaced Ventures, Inc. proposed their value to CoB was to:
1) Help Brownsville startups get seed funding
2) Create local thought leadership in Space & Finance
3) Unparalleled reach with Space startups (200-300/year)

EVALUATION OF SPACED VENTURES, INC. & 9POINT8 CAPITAL AGREEMENTS’ KEY DATES & COMPLIANCE

Review of available documentation supported the following:

Table 1: Spaced Ventures, Inc. 380 Agreement Key Dates

<table>
<thead>
<tr>
<th>Action</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Founder of 9Point8 is cofounder, introduced as founder by ExF founder</td>
<td>09/01/2020</td>
</tr>
<tr>
<td>Application for 380 funds</td>
<td>10/15/2020</td>
</tr>
<tr>
<td>Agreement signed</td>
<td>11/16/2020</td>
</tr>
<tr>
<td>Signed contract with ExF</td>
<td>12/08/2020 &amp; 12/09/2020</td>
</tr>
<tr>
<td>Payment 1</td>
<td>12/11/2020</td>
</tr>
<tr>
<td>Payment 2</td>
<td>04/09/2021</td>
</tr>
<tr>
<td>Payment 3</td>
<td>03/11/2022</td>
</tr>
<tr>
<td>GBIC REIMBURSES $187,500.00 to CoB</td>
<td>09/22/2021 Journal Voucher</td>
</tr>
<tr>
<td>GBIC Reimburses $62,500.00 to CoB</td>
<td>03/14/2022 Journal Voucher</td>
</tr>
<tr>
<td>Total</td>
<td>$250,000.00</td>
</tr>
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Table 2: Spaced Ventures, Inc. Agreement Compliance

<table>
<thead>
<tr>
<th>Spaced Ventures, Inc. 380 Agreement Section</th>
<th>Spaced Ventures, Inc. 380 Agreement Provision</th>
<th>Compliant Y = Yes. N = No. Unconfirmed: U.</th>
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<tbody>
<tr>
<td>1.01 (1)</td>
<td>Physical location within City of Brownsville (CoB)</td>
<td>U</td>
</tr>
<tr>
<td>1.01 (2)</td>
<td>Provide startups that wish to locate in CoB with access to capital and training on Venture Capital, Marketing, &amp; Finance</td>
<td>U</td>
</tr>
<tr>
<td>1.01 (3)</td>
<td>Provide CoB due diligence during vetting by providing Expert Space Advisory network of professionals, by providing Quality Control on startups</td>
<td>U</td>
</tr>
<tr>
<td>1.02</td>
<td>Creation and retention of 4 FTE (or contractors) new local jobs in the CoB @ $30 per hour 40 hours per week 2080 hours a year</td>
<td>N</td>
</tr>
<tr>
<td>1.03</td>
<td>Assist CoB in marketing and introductions of NewSpace companies</td>
<td>Y</td>
</tr>
</tbody>
</table>

14 Just over one month after signing the 380 Agreement with CoB, the founder of Spaced Ventures, Inc. told CoB he was contemplating moving part of his space finance company, 9Point8 Capital (9Point8.net) to Texas

13 An equity position implies an ownership interest, and a fiduciary responsibility implies they must act in a way to benefit someone else financially
14 In an email to the City Manager, December 19, 2020
and asked if the City Manager knew of and could introduce a local partner. The founder then said he would make the new local partner a cofounder and an equity owner. We found no evidence that the founder and City management further discussed the introduction of a local partner.

First introduced to the CoB as the founder of Spaced Ventures, Inc., the founder of 9Point8 Capital, documented that Spaced Ventures was part of a larger group of companies called 9.8 Financial Group and said it would take him 6 to 8 years to build completely, but several operating companies already existed including Spaced Ventures as a public funding platform, Gravity Capital Partners (GCP) a venture fund and private credit, and 9Point8 Capital, an advisory firm.\textsuperscript{15}

In the second agreement GBIC granted $1,000,000 to 9Point8 Capital (APPENDIX H), which was documented in the agreement as a New York Corporation. The $1,000,000 was payable in 4 increments of $250,000 with the first payment within 5 days of the effective (signature) date then one at 6 months, one at 12 months, and the final at 18 months of a 3-year agreement. 9Point8 Capital, an advisory company, was supposed to create local employment (20 full time equivalent jobs – 15 back office and 5 hatchery jobs), create a business “hatchery” to help startups find funding, fund space program scholarships at University of Texas at Rio Grande Valley (UTRGV), and bring capital investment for space startups within the city limits of Brownsville. The original terms for payment were to be $1,000,000 in incentives, paid $250,000 every 6 months for two years per the original term sheet.

The agreement with 9Point8 Capital was signed September 29, 2021, just two months after the proposal was sent to the City and 10 months after the City’s 380 agreement with Spaced Ventures, Inc. Per information given to the GBIC board, the entity was also supposed to bring in taxable business personal property valued at $10,000,000 to within the city limits of Brownsville. For the first 4 years wages were estimated at $1,150,656, and sales tax revenues estimated at $4,602 per year. Bottom line revenues to the city were estimated at $74,399 in year one, and $743,990 by year ten.

Our review of available information supports the following:

Table 3: 9Point8 Capital Performance Agreement with GBIC Key Dates

<table>
<thead>
<tr>
<th>Action</th>
<th>Date</th>
<th>Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposal emailed to CoB</td>
<td>7/23/2021</td>
<td></td>
</tr>
<tr>
<td>Signed 380 Term Sheet</td>
<td>08/06/2021</td>
<td></td>
</tr>
<tr>
<td>Agreement Signed</td>
<td>09/29/2021</td>
<td></td>
</tr>
<tr>
<td>Payment 1</td>
<td>10/05/2021</td>
<td>$250,000.00</td>
</tr>
<tr>
<td>Payment 2</td>
<td>04/21/2022</td>
<td>$250,000.00</td>
</tr>
<tr>
<td>Payment 3</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Payment 4</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>City Attorney representing GBIC Board sends noncompliance letter giving 6 months (03/26/2023) to remedy or trigger claw back</td>
<td>09/26/2022</td>
<td></td>
</tr>
<tr>
<td>City Attorney Reports Concerns to City Auditor</td>
<td>12/22/2022</td>
<td></td>
</tr>
<tr>
<td>City Auditor recommends audit to Audit and Oversight Committee and they agree</td>
<td>01/06/2023</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$500,000.00</td>
</tr>
<tr>
<td>City Attorney initiates claw back</td>
<td>05/11/2023</td>
<td></td>
</tr>
</tbody>
</table>

Auditor created from files

\textsuperscript{15} In an email to the City Manager April 28, 2021
### Table 4: 9Point8 Capital Performance Agreement Compliance

<table>
<thead>
<tr>
<th>Section</th>
<th>Provision</th>
<th>Compliant Y = Yes. N = No. Unconfirmed: U.</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 A.</td>
<td>15 new local back-office jobs within 3 months in physical location in CoB</td>
<td>N</td>
</tr>
<tr>
<td>3.1 B.</td>
<td>5 new local “Hatchery” jobs within 3 months in physical location in CoB</td>
<td>N</td>
</tr>
<tr>
<td>3.1 C.</td>
<td>Within 3 years facilitate a minimum of $10,000,000 of new investment into CoB calculated on investment company’s percent of physical presence in CoB</td>
<td>N*</td>
</tr>
<tr>
<td>3.1 D.</td>
<td>Within 6 months establish “Space Scholarship Fund” with UTRGV – benefit UTRGV Students</td>
<td>N</td>
</tr>
<tr>
<td>3.1 E.</td>
<td>Brownsville Chamber of Commerce membership entire term of agreement</td>
<td>N**</td>
</tr>
<tr>
<td>3.1 F.</td>
<td>2 local routine media events or high profile launches each year</td>
<td>N***</td>
</tr>
</tbody>
</table>

* 3 years is not yet elapsed until 9/29/2024
** Company purchased recent membership under 9Point8 Financial Group
*** Compliant for one year. We are in year 2 of 3

Auditor created from files

The founder of Spaced Ventures, Inc. and 9Point8 Capital introduced Space Channel November 6, 2020. Space Channel received a grant of $500,000 from GBIC and helped train students at Texas Southmost College (TSC) on production and broadcasting. We interviewed the CEO of Space Channel, who told us to his knowledge he was the only CEO (Chief Executive Officer) of a space-related startup company to move to Brownsville and that he lived here 14 months. He told us Space Channel had an office location in Brownsville, but that it unfortunately was not appropriate for a recording studio. He also added that he did not receive the assistance from the CoB that he understood would be forthcoming and he believed no one had done the research to understand what was needed for the company to be successful.

UTRGV has applied for and received a $150,000 Launch BTX Performance grant that will benefit Cosmic Shielding Corporation, to fund a 16-month research project to test and support commercialization efforts of Cosmic Shielding Corporation’s potential relocation to Brownsville. ([https://riograndeguardian.com/ramirez-i-encourage-other-companies-to-follow-cosmic-shieldings-lead-and-apply-for-launch-btx-grants/](https://riograndeguardian.com/ramirez-i-encourage-other-companies-to-follow-cosmic-shieldings-lead-and-apply-for-launch-btx-grants/)) We did not do an in depth review or audit of the Space Channel agreement or of the UTRGV (Cosmic Shielding) agreement. The UTRGV agreement is at the beginning of its cycle.

The City Attorney on behalf of GBIC started the claw back May 11, 2023.

**OTHER TEXAS LAW REQUIREMENTS**

Texas law requires the company to file with the Secretary of State and if using an assumed name, they should apply for an assumed name certificate and file it with the county clerks’ office in the county they are doing business in. ([What is proof of legal authority... BUSINESS AND COMMERCE CODE](https://www.sos.state.tx.us/corp/namesfilingsfaqs.shtml#aname9), [https://statutes.capitol.texas.gov/Docs/BC/htm/BC.71.htm](https://statutes.capitol.texas.gov/Docs/BC/htm/BC.71.htm), [https://statutes.capitol.texas.gov/Docs/BO/htm/BO.3.htm](https://statutes.capitol.texas.gov/Docs/BO/htm/BO.3.htm), and [https://statutes.capitol.texas.gov/Docs/BO/htm/BO.9.htm](https://statutes.capitol.texas.gov/Docs/BO/htm/BO.9.htm)).

---

16 Cofounder
Although we asked, 9Point8, Inc. did not provide us with evidence of filing the assumed name 9Point8 Capital with the state of Texas or Cameron County, nor did we find evidence the filings were made.

Texas law also requires that investment advisers and brokers not already listed with the Securities and Exchange Commission (SEC) file with the state. No evidence of 9Point8 or the founder filing was found by our team or submitted by the founder.

OTHER REQUIREMENTS
The Financial Industry Regulatory Authority (FINRA) and the Securities and Exchange Commission (SEC) both have interactive portals where you can check the status of companies and investor advisors. FINRA is authorized by Congress to protect America’s investors by making sure the broker-dealer industry operates fairly and honestly (https://www.finra.org/about). Spaced Ventures, Inc. is listed alphabetically under SV Portal LLC, SEC File No.: 7-280 as a portal regulated by FINRA, (https://www.finra.org/about/firms-we-regulate/funding-portals-we-regulate).

Additionally, brokers and investment advisors may be researched at https://brokercheck.finra.org/ as well as brokers barred by FINRA https://www.finra.org/rules-guidance/oversight-Oversight%20%26%20Enforcement/individuals-barred-finra.

The Texas State Securities Board also requires registration of securities Dealers and Investment Advisors (advisers) or their representatives, but if they are federally registered, they may file a consent to service appointing the Commissioner as the adviser’s agent for service of process as required by Section 8 and Section 12-1 of the Texas Securities Act; otherwise and investment adviser or representative must file a sworn statement with the Commissioner as described in Section 13 of the Texas Securities Act (https://www.ssb.texas.gov/securities-professionals & https://www.ssb.texas.gov/securities-professionals/dealer-adviser-registration & https://www.ssb.texas.gov/sites/default/files/2019TexasSecuritiesActWithIndex.pdf section 12-1).

WHAT WENT WRONG
Although we reviewed the hundreds of pages of documentation retrieved by GBIC, it was not clearly documented what the application and screening process looked like or how it should have looked at the time of occurrence of the signing of the 9Point8 Capital agreement. Further, it was not clear who should have taken those steps and who should have documented that they were taken, or who should determine that sufficient evidence was gathered and reviewed. We did find a note indicating accepting self-reporting from the grant recipient would be acceptable in determining compliance. We deem the internal controls were inadequate because of the lack of policies and procedures and reliance on grantee self-reporting.

Based on the lack of files, prior GBIC management and personnel did not keep files and did not verify existence and registration of the entity called 9Point8 Capital (company), documented to be a New York Corporation, before signing the Performance Agreement September 29, 2021 (agreement). Therefore, no one found that the company used an “assumed name”, also known as a “doing business as” or “dba”, and incorrectly recorded the company’s state of formation and legal status to do business in Texas in the agreement. No background check on the founder was done or documented and documentation was not kept in entity files. Files were empty, per our discussion with current GBIC staff who recreated the files. We tried to contact former GBIC staff to verify what procedures they had in place during the time of the signing of the 9Point8 agreement, but we were unsuccessful.
The founder of 9Point8 Capital acknowledged the legal entity is and was 9Point8 Inc. registered in Delaware. When interviewed, he said it was his mistake and that he used Capital because no one knew what 9Point8 Inc. was. He said it was also his mistake that the agreement referred to 9Point8 Capital as a New York Corporation rather than the legal entity 9Point8 Inc. registered in Delaware.

The founder of 9Point8 Capital also did not confirm registration with the Texas Secretary of State, or Cameron County, Texas, as an assumed name or “doing business as” or “dba” name as required by the Texas Business and Commerce Code, Title 5, Subtitle A., Chapter 71. Additionally, we found no confirmation of the registration during our search (https://statutes.capitol.texas.gov/Docs/BC/htm/BC.71.htm).

WHAT GBIC HAS DONE TO CORRECT FOR FUTURE

Current GBIC management instituted new requirements and built them into the application process. There are two types of application for economic development grants from GBIC. GBIC updated their process within the economic development funds applications. The first application for job training incentives now requires a letter of intent, historical financial data and principal shareholders and corporate structure, including checking articles of incorporation. See APPENDIX I.

The BTX Launch grants go to the institution of higher learning17 and includes requirements for the company to submit information showing their Account Status from the Texas Comptroller’s Office and print-out of their filing history on the Secretary of State’s website but goes further to require collaboration with an eligible institution of higher education located in Cameron County. See APPENDIX J.

Per discussions with GBIC, they plan to verify information, including federal tax identification numbers and historical financial data as well as principal shareholders and corporate structure.

WHAT WE SUGGEST - RECOMMENDATIONS FOR IMPROVEMENT

General factors to keep in mind are that third party checks are objective. For example, this would include registration with the Internal Revenue Service, Secretary of State of the state if incorporated, registration with Texas Securities Commission, Securities and Exchange Commission or any other applicable regulatory agency that may apply such as Cameron County for assumed names.

Watch for red flags such as using a home address instead of a business office location or minimal contact information on websites. This may also include using different company name variations or multiple company names when the agreement is with one specific entity.

When in doubt, use the best common business practices or contact the State Comptroller, City Attorney’s office, or other reputable source.

Bolded and numbered items below are our recommendations to improve oversight and management of the processes. Non bolded items are for reference and examples. We asked management to respond whether they agree or disagree and what corrective actions they will take to address the observations.

1) Document and monitor all applicable policies and procedures to be used in the normal course of business to ensure continuity, preserve institutional knowledge, and minimize or prevent potential noncompliance with applicable laws and regulations, while at the same time, ensuring uniformity.

17 These grants have always gone to the institution of higher learning, but GBIC has strengthened the processes.
transparency, and accountability for the agency’s operations and ensure all necessary provisions for right to audit and other legal protections are included.

2) Complete a background check of any individual (s) or business entity prior to approving a grant, contract, or agreement with external parties.

3) Monitor and ensure grantees fulfill all terms of the contract or agreement before payments are made. Require and document objectively verifiable data as part of the compliance oversight.

4) Keep all related supporting documentation in individual files, according to retention policy. This will require ensuring expected steps are documented in policy and in the individual files.

The following items require CoB assistance to provide resolution and a separate memo has been sent and responses received that items are being worked on.

5) Ensure GBIC’s Fiscal Year is appropriately documented, and financial reporting is done on the appropriate Fiscal year Period. In GBIC’s Articles of Incorporation the Fiscal Year is defined as January 1 through December 31, but Finance has historically used the CoB Fiscal Year October 1 through September 30. Finance is reporting to the Texas Comptroller’s Office October 01 through September 01.

6) Both GBIC and Finance must work together to ensure that they are not paying late fees or interest on credit cards to improve the effectiveness and efficiency of operations.

7) Pay invoices in a timely manner to comply with GOVERNMENT CODE, TITLE 10. GENERAL GOVERNMENT, SUBTITLE F., CHAPTER 2251, or best practices, in the absence of stricter guidelines.

Management is responsible for all internal controls necessary to meet agency objectives, so we will document management’s responses and comment on the sufficiency of management’s corrective action plan.

FUNDS PUT TO BETTER USE
We asked management to comment on the fairness of this estimation. We understand going into an agreement there are unknown factors and inherent risk. This estimation is based solely on non-compliance. If expenditures are unsupported or unauthorized, we would include those as “questioned costs”. If we calculated how much in total was paid in credit card interest and late fees paid, we could classify those as either “funds put to better use” or “questioned costs”.

Based on noncompliance of both Spaced Ventures, Inc. ($250,000) and 9Point8 Capital ($500,000) with the respective signed agreements, we believe the $750,000 would have been “funds but to better use” on other projects.

GBIC MANAGEMENT COMMENTS
The GBIC interim Executive Director and CEO was asked to respond to the recommendations provided in this report and the fairness of the “Funds Put to Better Use” estimation. She stated, “Staff is already working on some of these; all good suggestions.” We accept this as agreement with the recommendations.
Additionally, management provided the following statement, “I cannot provide comments regarding the projects mentioned here, as we, the current management, and staff, were not involved in any part of the projects’ evolution. During my time here and with the staff’s assistance, we have addressed many of the issues we inherited to ensure that projects are adequately vetted and managed and have complete files that capture projects from beginning to end. Work on creating written standard operating procedures for the standards we implemented and currently practice continues.”

**FOLLOW UP**

Our office will follow up with GBIC to ensure that they are following the new guidelines and documenting them after **December 31, 2023**.

**ADDITIONAL IMPORTANT INFORMATION**

Part of our audit included interviews with individuals involved with bringing the CoB and the companies into partnership and former consultants for both companies. Based on information obtained from former consultants, 3 individuals were still owed compensation during our audit. However, the company founder said he did not agree. One consultant of the three was paid and made whole, but two were not.

Additionally, when asked, more than one former consultant said they left due to concerns with company management and culture and that they felt demoralized by their experience working for the company and disagreed with the company management’s statements that they could not find qualified employees in the CoB area to fulfill the job creation requirements of the respective agreements.

When asked, the founder of 9Point8 Capital provided CoB a Delaware registration for “9Point8, Inc.” Although requested on multiple occasions, he has not provided CoB, GBIC, or the City Auditor financial records, tax records to verify what was paid to consultants or employees, he has not verified more than one local consultant who we found has resigned, has not shared a calculation of how he intended to document bringing $10 million of investment into Brownsville City limits, has not substantiated a physical business address in Brownsville, Texas, and has not substantiated the Space Scholarship Fund with UTRGV past the conception stage at the time of our audit reporting finalization. Our last attempt to obtain documentation was made **April 26, 2023** and we were referred to contact his attorney. The result of the City Attorney’s demand letter remains to be seen at the time of our finalizing this audit.

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Keilah Folkertsma, MBA, CFE, CIA, City Auditor
City of Brownsville, Texas
cityauditor@brownsvilletx.gov

With Jose Luis Silva, CIA, CFE, CGAP, MSOL, Deputy City Auditor & Daniela G. Gonzalez, Assistant City Auditor
APPENDICES
APPENDIX A – Excerpt of Business and Commerce Code, Title 5. Regulation of Business and Services, Subtitle A. General Practices, Chapter 71. Assumed Business or Professional Name, Subchapter A. General Provisions¹⁸

Sec. 71.002. DEFINITIONS. In this chapter:

1. "Address" means:
   (A) a post office address; and
   (B) a street address, if the street address is not the same as the post office address.

2. "Assumed name" means:
   (A) for an individual, a name that does not include the surname of the individual;
   (B) for a partnership, a name that does not include the surname or other legal name of each joint venturer or general partner;
   (C) for an individual or a partnership, a name, including a surname, that suggests the existence of additional owners by including words such as "Company," "& Company," "& Son," "& Sons," "& Associates," "Brothers," and similar words, but not words that merely describe the business being conducted or the professional service being rendered;
   (D) for a limited partnership, a name other than the name stated in its certificate of formation;
   (E) for a company, a name used by the company;
   (F) for a corporation, a name other than the name stated in its certificate of formation or a comparable document;
   (G) for a limited liability partnership, a name other than the name stated in its application filed with the office of the secretary of state or a comparable document;
   (H) for a limited liability company, a name other than the name stated in its certificate of formation or a comparable document, including the

¹⁸ https://statutes.capitol.texas.gov/Docs/BC/htm/BC.71.htm
name of any protected series of the limited liability company established by its company agreement; and
(I) for a registered series of a domestic limited liability company, a name other than the name stated in its certificate of registered series.

(3) "Certificate" means an assumed name certificate.
(4) "Company" means a real estate investment trust, a joint-stock company, or any other business, professional, or other association or legal entity that is not incorporated, other than a partnership, limited partnership, limited liability company, registered series of a limited liability company, limited liability partnership, or foreign filing entity.
(5) "Corporation" means:
(A) a domestic or foreign corporation, professional corporation, professional association, or other corporation; or
(B) any other business, professional, or other association or legal entity that is incorporated.
...

Sec. 71.054. PLACE OF FILING. A person shall file the certificate in the office of the county clerk in each county in which the person:
(1) has or will maintain business or professional premises; or
(2) conducts business or renders a professional service, if the person does not or will not maintain business or professional premises in any county.
Chapter 380 of the Local Government Code authorizes municipalities to offer incentives designed to promote economic development such as commercial and retail projects. Specifically, it provides for offering loans and grants of city funds or services at little or no cost to promote state and local economic development and to stimulate business and commercial activity.

In order to provide a grant or loan, a city must establish a program to implement the incentives. Before proceeding, cities must review their city charters or local policies that may restrict a city's ability to provide a loan or grant.

Chapter 381 of the Local Government Code allows counties to provide incentives encouraging developers to build in their jurisdictions. A county may administer and develop a program to make loans and grants of public money to promote state or local economic development and to stimulate, encourage and develop business location and commercial activity in the county.

The county also may develop and administer a program for entering into a tax abatement agreement. This tool allows counties to negotiate directly with developers and businesses.

In May 2021, the 87th Texas Legislature passed House Bill 2404, which went into effect Sept. 1, 2021, and required the Texas Comptroller of Public Accounts to create and make accessible an online database for local governments to report their economic development agreements authorized by either Chapter 380 or Chapter 381 of the Local Government Code.

All agreements must be submitted to the Chapter 380-381 economic development database using eSystems. The statute also required the Comptroller to make the database available to the public. Local governments are required to post a link to their agreements on the Comptroller’s webpage to their website.

All active agreements, meaning agreements that were in effect as of Jan. 1, 2022, were required to be reported by May 1, 2022. Any agreements entered into, amended or renewed after Jan. 1, 2022, must be reported in the database within 14 days of entering into, amending or renewing the agreement. If your local government does not have any Ch. 380-381 agreements, there is no reporting requirement. Failure to comply with the new law could result in a $1,000 penalty.

19 https://comptroller.texas.gov/economy/local/ch380-381/
Sec. 380.001. ECONOMIC DEVELOPMENT PROGRAMS. (a) The governing body of a municipality may establish and provide for the administration of one or more programs, including programs for making loans and grants of public money and providing personnel and services of the municipality, to promote state or local economic development and to stimulate business and commercial activity in the municipality. For purposes of this subsection, a municipality includes an area that:

(1) has been annexed by the municipality for limited purposes; or

(2) is in the extraterritorial jurisdiction of the municipality.

(b) The governing body may:

(1) administer a program by the use of municipal personnel;

(2) contract with the federal government, the state, a political subdivision of the state, a nonprofit organization, or any other entity for the administration of a program; and

(3) accept contributions, gifts, or other resources to develop and administer a program.

(c) Any city along the Texas-Mexico border with a population of more than 500,000 may establish not-for-profit corporations and cooperative associations for the purpose of creating and developing an intermodal transportation hub to stimulate economic development. Such intermodal hub may also function as an international intermodal transportation center and may be colocated with or near local, state, or federal facilities and facilities of Mexico in order to fulfill its purpose.


Amended by:

Acts 2005, 79th Leg., Ch. 57 (H.B. 918), Sec. 1, eff. May 17, 2005.

Sec. 380.002. ECONOMIC DEVELOPMENT GRANTS BY CERTAIN MUNICIPALITIES. (a) A home-rule municipality with a population of more than 100,000 may create programs for the grant of public money to any organization exempt from taxation under Section 501(a) of the Internal Revenue Code of 1986 as an organization described in Section 501(c)(3) of that code for the purpose of development and diversification of the economy of the state, elimination of unemployment or underemployment in the state, and development or expansion of commerce in the state. The grants must be in furtherance of those public purposes and shall be used by the recipient as determined by the recipient's governing board for programs found by the municipality to be in furtherance of this section and under conditions prescribed by the municipality.

(b) A home-rule municipality may, under a contract with a development corporation created by the municipality under the Development Corporation Act (Subtitle C1, Title 12), grant public money to the corporation. The development corporation shall use the grant money for the development and diversification of the economy of the state.
state, elimination of unemployment or underemployment in the state, and development and expansion of commerce in the state.

(c) The funds granted by the municipality under this section shall be derived from any source lawfully available to the municipality under its charter or other law, other than from the proceeds of bonds or other obligations of the municipality payable from ad valorem taxes.


Amended by:

Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.26, eff. April 1, 2009.

Sec. 380.003. APPLICATION FOR MATCHING FUNDS FROM FEDERAL GOVERNMENT. A municipality may, as an agency of the state, provide matching funds for a federal program that requires local matching funds from a state agency to the extent state agencies that are eligible decline to participate or do not fully participate in the program.

Added by Acts 1995, 74th Leg., ch. 1051, Sec. 1, eff. June 17, 1995.

Sec. 380.004. PROVISION OF CERTAIN INFORMATION TO COMPTROLLER. (a) Not later than the 14th day after the date of entering into, amending, or renewing an agreement authorized by this chapter, a municipality shall submit to the comptroller the information described by Section 403.0246(c), Government Code, and any other information the comptroller considers necessary to operate and update the database described by that section.

(b) A municipality shall transmit the information required by Subsection (a) in a form and manner prescribed by the comptroller.

(c) If a municipality submits an agreement to the comptroller under this section and maintains an Internet website, the municipality shall provide on the website a direct link to the location of the agreement information published on the comptroller's Internet website.

Added by Acts 2021, 87th Leg., R.S., Ch. 208 (H.B. 2404), Sec. 2, eff. September 1, 2021.
ELIGIBLE TYPE A PROJECTS
Developing Industries

How Type A Sales Tax Revenue Can Be Used

The Type A sales tax is primarily intended for manufacturing and industrial development. EDCs may use Type A revenue to fund land, buildings, equipment, facilities expenditures, targeted infrastructure and improvements for projects including:

- manufacturing and industrial facilities, recycling facilities, distribution centers, and small warehouse facilities;
- research and development facilities, regional or national corporate headquarters facilities, primary job training facilities operated by higher education institutions, job training classes, telephone call centers and career centers not located within a junior college taxing district;
- certain infrastructure improvements that promote or develop new or expanded business enterprises;
- aviation facilities;
- commuter rail, light rail or commuter bus operations;
- port-related facilities, railports, rail switching facilities, marine ports, inland ports; and
- maintenance and operating costs associated with projects.

With voter approval, Type A EDCs may fund projects eligible under Type B without voting to abolish the Type A tax and impose the Type B tax. In this situation, a Type A EDC must publish notice of its intent to fund a Type B project, hold at least one public hearing and conduct a special election.

Type A EDCs also may seek voter approval to spend Type A sales tax funds to clean up contaminated property.

A Type A corporation cannot assume, or pay principal or interest on, debts that existed before voters agreed to establish the EDC.

Disclaimer
This information should not be construed as, and is not a substitute for, legal advice.


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21 City Website: https://www.brownsvilletx.gov/163/Greater-Brownsville-Incentives-Corporation
State Eligible Type A Projects: https://comptroller.texas.gov/economy/local/type-ab/type-a.php
See also https://comptroller.texas.gov/economy/local/
Additional frequently asked questions (FAQs): https://comptroller.texas.gov/economy/local/type-ab/faq.php
ELIGIBLE TYPE B PROJECTS
Developing Industries and Cultivating Communities

How Type B Sales Tax Revenue Can Be Used
The Type B sales tax may be used for any project eligible under Type A rules and several other project types, including quality of life improvements. Type B corporations may pay for land, buildings, equipment, facilities, targeted infrastructure and improvements for:

- professional and amateur sports and athletic facilities, tourism and entertainment facilities, convention facilities and public parks;
- related store, restaurant, concession, parking and transportation facilities;
- related street, water and sewer facilities; and
- affordable housing.

To promote and develop new and expanded business enterprises that create or retain primary jobs, a Type B EDC may fund:

- public safety facilities;
- recycling facilities;
- streets, roads, drainage and related improvements;
- demolition of existing structures;
- general municipally owned improvements; and
- maintenance and operating costs associated with projects.

Type B EDCs also may seek voter approval to spend Type B sales tax funds for a water supply, water conservation program or cleanup of contaminated property.

Exceptions for Small Cities and Landlocked Communities
Type B EDCs created by cities with a population of 20,000 or less and those classified as landlocked communities may use sales tax proceeds to fund projects that promote new or expanded business development that do not create or retain primary jobs. A landlocked community must be located in either Harris or Dallas counties and have less than 100 acres within its city limits and extraterritorial jurisdiction zoned for manufacturing or industrial facilities.

Disclaimer
This information should not be construed as, and is not a substitute for, legal advice.

Cities are urged to consult the Attorney General’s Economic Development Handbook and their own legal counsel for any questions or interpretations of economic development laws.

APPENDIX E – Excerpt from 2022 Economic Development Handbook • Texas Municipal League

22 City Website:
https://www.brownsvilletx.gov/Search?searchPhrase=Brownsville%20Community%20Improvement%20Corporation
State Eligible Type B Projects https://comptroller.texas.gov/economy/local/type-ab/type-b.php
Performance Agreements  Economic development corporations cannot simply provide gifts of sales tax proceeds. The attorney general has noted that expenditures of sales tax proceeds must be made pursuant to a contract or other arrangement sufficient to ensure that the funds are used for the intended and authorized purposes.212 An economic development corporation is required to enter into a written performance agreement with a business enterprise when the corporation provides funding or makes expenditures on behalf of the business enterprise in furtherance of a permissible economic development project.213 This performance agreement between the corporation and the business enterprise at a minimum must contain the following: 1. a schedule of additional payroll or jobs to be created or retained; 2. the capital investment to be made by the business enterprise; and 3. the terms under which repayment must be made by the business enterprise to the economic development corporation should the business fail to meet the performance requirements specified in the agreement.214 Also, the Texas Legislature requires that both governmental entities and economic development corporations put certain language in any written agreement involving public subsidies to businesses, which would include those given by economic development corporations. The language must specify that the business does not and will not knowingly employ an undocumented worker (which statement must also be in any application for the subsidy). The language also must require repayment of the subsidy at specified rates and terms of interest if the business is convicted of federal immigration violations under 8 U.S. Code Section 1324a(f) not later than the 120th day after receiving notice of the violation from the public entity or economic development corporation. 215

212 Tex. Att’y Gen. Op. No. JC-118 (1999) at 9 (“Expenditures for even project costs must be pursuant to a contractual or other arrangement sufficient to ensure that the funds are used for the purposes authorized.”); Tex. Att’y Gen. LO-97-061 at 4-5; LO-94-037 (1994) at 3.


214 Id.


Oversight of an Economic Development Corporation  Section 501.073 of the Act provides that the city shall approve all programs and expenditures of the development corporation and shall annually review any financial statements of the corporation. It further provides that at all times the city will have access to the books and records of the development corporation. Additionally, Section 501.054(b)(2) of the Act states that the powers of the corporation shall be subject at all times to the control of the city’s governing body. Also, Section 501.401 of the Act gives the city authority to alter the structure, organization, programs or activities of the development corporation at any time. This authority is limited by constitutional and statutory restrictions on the impairment of existing contracts. Additionally, bond covenants may restrict the restructuring or dissolution of an economic development corporation. Finally, the city council retains a certain degree of control over the corporation by virtue of its power at any time to replace any or all of the members of the board of directors of the development corporation.222 (PDF pg 45, document page 40)

222 Id. § 501.062(c)
APPENDIX F – Reported Budgets Brownsville Type 4A Corporation Greater Brownsville Incentives Corporation (GBIC) FY 2020-2022 (October 1, 2019 through September 30, 2022)

<table>
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<td>FY 2021</td>
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<tr>
<td>18,357,100.00</td>
</tr>
</tbody>
</table>

Note: we reviewed supporting documentation and requested a breakdown of “Other Expenditures” then further looked at Space Related Activities.

<table>
<thead>
<tr>
<th>Corporation’s total revenues during the fiscal year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax Revenue</td>
</tr>
<tr>
<td>$ 5,179,964.00</td>
</tr>
<tr>
<td>$ 6,105,221.00</td>
</tr>
<tr>
<td>$ 6,933,598.00</td>
</tr>
<tr>
<td>State/Federal Grants and Matching Contributions:</td>
</tr>
<tr>
<td>$</td>
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<tr>
<td>$</td>
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<tr>
<td>$</td>
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<tr>
<td>Retail/Lease/User Fees Income</td>
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<tr>
<td>$</td>
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<tr>
<td>$</td>
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<tr>
<td>$</td>
</tr>
<tr>
<td>Bond Proceeds/Loans Obtained</td>
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<tr>
<td>$</td>
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<td>$</td>
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<tr>
<td>$</td>
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<tr>
<td>Other Revenues</td>
</tr>
<tr>
<td>$ 739,587.00</td>
</tr>
<tr>
<td>$ 501,560.00</td>
</tr>
<tr>
<td>$ 321,631.00</td>
</tr>
<tr>
<td>TOTAL FISCAL YEAR REVENUES</td>
</tr>
<tr>
<td>$ 5,919,551.00</td>
</tr>
<tr>
<td>$ 6,606,781.00</td>
</tr>
<tr>
<td>$ 7,255,229.00</td>
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</table>

<table>
<thead>
<tr>
<th>Corporation’s total expenditures during the fiscal year in each of the following categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
</tr>
<tr>
<td>$ 542,454.00</td>
</tr>
<tr>
<td>$ 603,858.00</td>
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<tr>
<td>$ 280,612.00</td>
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<tr>
<td>Administration</td>
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<td>$</td>
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<td>$</td>
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<td>$</td>
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<tr>
<td>Marketing and Promotion</td>
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<tr>
<td>$</td>
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<tr>
<td>$</td>
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<tr>
<td>$</td>
</tr>
<tr>
<td>Direct Business Incentives</td>
</tr>
<tr>
<td>$ 5,248,823.00</td>
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<tr>
<td>$ 1,549,580.00</td>
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<td>$ 2,169,487.00</td>
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<td>Job Training</td>
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<td>$</td>
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<td>$</td>
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<tr>
<td>Debt Service</td>
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<td>$</td>
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<tr>
<td>Capital Costs</td>
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<tr>
<td>$</td>
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<td>$</td>
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<tr>
<td>Affordable Housing</td>
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<td>$</td>
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<td>$</td>
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<tr>
<td>Payments to Taxing Units</td>
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<tr>
<td>$</td>
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<tr>
<td>$</td>
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<tr>
<td>$</td>
</tr>
<tr>
<td>Other Expenditures</td>
</tr>
<tr>
<td>$ 2,317,853.00</td>
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<tr>
<td>$ 2,034,806.00</td>
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<tr>
<td>$ 2,002,804.00</td>
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<tr>
<td>TOTAL FISCAL YEAR EXPENDITURES</td>
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<tr>
<td>$ 8,109,130.00</td>
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<td>$ 4,188,244.00</td>
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<td>$ 4,452,903.00</td>
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</table>

<table>
<thead>
<tr>
<th>Corporation’s capital assets</th>
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</thead>
<tbody>
<tr>
<td>Corporation’s capital assets</td>
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<tr>
<td>Corporation’s capital assets</td>
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<tr>
<td>Industrial Parks/Sites</td>
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<td>Industrial Parks/Sites</td>
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<tr>
<td>Industrial Parks/Sites</td>
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<tr>
<td>Land</td>
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<tr>
<td>Land</td>
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<tr>
<td>Land</td>
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<tr>
<td>Other Capital Asset</td>
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<tr>
<td>Other Capital Asset</td>
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<td>Other Capital Asset</td>
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<tr>
<td>Other Description (Capital Asset): Vehicle</td>
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<tr>
<td>Other Description (Capital Asset): Vehicle</td>
</tr>
<tr>
<td>Other Description (Capital Asset): Vehicle</td>
</tr>
<tr>
<td>Person completing report:</td>
</tr>
<tr>
<td>Salvador Villalpando, Accountant</td>
</tr>
<tr>
<td>Salvador Villalpando, Accountant</td>
</tr>
<tr>
<td>Salvador Villalpando, Accountant</td>
</tr>
<tr>
<td>Phone 956-548-6053</td>
</tr>
<tr>
<td>Phone 956-548-6053</td>
</tr>
<tr>
<td>Phone 956-548-6053</td>
</tr>
</tbody>
</table>

Note: we reviewed supporting documentation and requested a breakdown of “Other Expenditures” then further looked at Space Related Activities.
APPENDIX G - Spaced Ventures, Inc. CHAPTER 380 ECONOMIC DEVELOPMENT AGREEMENT

STATE OF TEXAS } )
) ) CHAPTER 380 ECONOMIC DEVELOPMENT
COUNTY OF CAMERON ) AGREEMENT

ECONOMIC DEVELOPMENT AGREEMENT

This Chapter 380 Economic Development Agreement ("Agreement") is made and entered into by and between Spaced Ventures, Inc. a Delaware Company having a place of business at 1132 Mary Joye Avenue, Indian Harbour Beach, Florida 32937 and qualified to do business in Texas ("Company"), and the City of Brownsville, Texas, a home-rule city and municipal corporation ("City") (together, the "Parties").

WHEREAS, the City is authorized by Chapter 380 of the Texas Local Government Code to offer incentives in order to promote State and local economic development, in partnership with Business prospects to stimulate growth, business, and commercial activity in the area; and

WHEREAS, the City has authorized the City Manager to incentivize Space Ventures, a Delaware Company that intends to locate in the City of Brownsville at the Pan Am Building, located at 495 Amelia Earhart Drive, Brownsville, Texas 78521 with an option to relocate, once construction has been completed, to eBridge Center for Business and Commercialization located at 1304 E. Adams Brownsville, Texas 78520 and will: (i) establish a presence in Brownsville, Texas (ii) create a minimum of four (4) New Local Full-Time Jobs as per the description and timeframe established in Section 1.01 and 1.02 and Exhibit B, (i) and (ii) together are the "Project") to (iii) provide Economic Development Services to the City of Brownsville; and

WHEREAS, the City believes that the Company’s presence in the City will further enhance State and local economic development and stimulate business and commercial activity, specifically the NewSpace or Commercial Space economic activity, in the City; and,

WHEREAS, Company accepts the City’s two (2) year incentive and agrees to carry out the Project, the terms of which are subject to this Agreement.

NOW, THEREFORE, the Parties agree as follows:
Article I.

Company's Obligations

1.01 Investment Capital Portal, Recruitment and Due Diligence Services.

- **Investment in Brownsville.** Company will establish a physical location within the City of Brownsville, as a Texas entity incorporated or organized under the laws of Texas, authorized to do business in Texas and include Brownsville as a location on all of its platforms and marketing by way of the Company's investment portal. This Fintech equity crowdfunding portal is expected to fill the funding gap for investors and the industry knowledge gap.

- **Technical Assistance for Brownsville Start Ups:** Company will actively provide access to capital and strategic guidance to local and non-local startups that want to establish a presence in the City of Brownsville by obtaining Company seed funding and training them on Venture Capital (VC), Marketing and Finance.

- **Due Diligence (DD) Services:** When requested, Space Ventures will provide the City of Brownsville DD services during their vetting process by providing access to Expert Space Advisory Network of professionals, by providing Quality Control on startups the City is considering assisting for economic development incentives with the goal of fostering the financial growth of commercial space and related industry within the City of Brownsville.

This incentive agreement is a performance-based agreement and occurs over a two year period, beginning from the date of execution of the agreement and establishment of a City of Brownsville, Texas company authorized to do business in Texas.

1.02 Creation of New Local Full-Time Jobs. The Company shall create and maintain a minimum of four (4) New Local Full-Time Jobs at an average hourly rate of $30.00 as more specifically provided by Exhibit B incorporated herein.

(a) **Claw Back.** Company agrees that the Incentives being provided herein are economic incentives for the creation and retention of jobs in the City of Brownsville, Texas and that the economic benefits of job creation and retention sought by City will not be met if Company (or its successors or assigns) terminates any new local jobs prematurely without satisfying in full the parameters for the "creation of new local full-time jobs" as agreed in this development agreement and further specified in Exhibit B. In such event, Company (or its successors or assigns) will pay back any economic incentives received from City.
(b) **Opportunity to Cure.** If Company has not satisfied the requirements and conditions described in paragraph (a), above, at the end of any Employment Year, Company shall have a period of ninety (90) calendar days after the end of the applicable Employment Year to correct such deficiency. The City is not required to provide notice of such deficiency as required under **Section 3.04** and **Section 3.04** does not otherwise apply to this provision. If Company fails to correct the deficiency within such 90-day period, Company shall not be entitled to receive the Chapter 380 incentive and shall pay incentives back to City as provided in 1.02(a) above.

1.03 **Company Introductions.**

(a) Spaced Ventures shall also assist the City of Brownsville in the marketing and introductions of NewSpace companies to the City of Brownsville. Spaced Ventures shall provide introductions to space companies, where then the City of Brownsville will be responsible for demonstrating the local value proposition.

1.04 **Compliance with City Regulations.** If any construction of improvements to Lease Location, Company will comply with all City Code regulations in effect at the time any site-plan application is filed and support proposed improvements. The City of Brownsville in turn will expedite development permits.

1.05 **Texas Government Code, Chapter 2264.** In accordance with Chapter 2264 of the Texas Government Code, Company agrees not to knowingly employ any person for Company’s Brownsville Location who is not lawfully admitted to the United States for permanent residence, or who is not authorized under law to be employed in the United States (“**Undocumented Workers**”). During the Term of this Agreement, Company shall notify City of any complaint brought against Company alleging that Company has knowingly employed Undocumented Workers. If Company is convicted of a violation under 8 U.S.C. § 1324a(f), the total amount of Chapter 380 Payments Company has received, together with interest at the rate of 5% from the date of each Chapter 380 Payment, shall be repaid by Company to the City, not later than the 30th calendar day after the date the City notifies Company of the violation. The City shall recover court costs and reasonable attorneys’ fees incurred if it prevails in an action brought pursuant to this Agreement to recover past Chapter 380 Payments and interest. Company shall not be liable for a violation of Chapter 2264 by a subsidiary, affiliate, or franchisee, or by a person with whom Company contracts.
Article II.

City's Obligations

2.01 Economic Development Incentive. As consideration for Company's performance of its obligations under this Agreement and upon execution of the Agreement and submittal of proof of the Company's establishment as a Texas entity incorporated or organized under the laws of Texas and authorized to do business in Texas, the City will provide incentives to Company in an amount up to ($250,000) as follows:

(a) Within 30 days of the execution of this Agreement and submittal of proof of Company's authorization to do business in Texas the Company, the City will provide the Company with the amount not to exceed of $125,000 as a startup incentive for its expansion and assistance in Brownsville by carrying out Sections 1.01, and 1.02 of the Agreement. Use of funds will be applied as follows: approximately $55,000 for local job creation, approximately $20,000 for legal services to accelerate Financial Industry Regulatory Authority/ Security and Exchange Commission (FINRA/SEC) registration and approximately $50,000 for product development.

(b) Upon completion of six months of Employment in Year One, the City agrees to provide additional job creation and professional service incentive in the amount not to exceed of $125,000 upon completion of performance measures being to be met in Sections 1.01, and 1.02. Use of funds will be applied as follows: approximately $100,000 for local job creation and approximately $25,000 in marketing and legal services.

(c) No incentives are attributed to section 1.03, however Spaced Ventures agrees to make introductions to NewSpace companies to the City throughout the term of this agreement.

Article III.

General Terms

3.01 Effective Date and Term. This Agreement is effective as of the date of the last of the signatures by the Parties herein "Effective Date". Unless this Agreement is terminated earlier in accordance with its terms, Company's obligations to initiate its performance-based components under this Agreement shall commence after the date of execution of the agreement "effective date" and its establishment of a City of Brownsville, Texas company authorized to do business in Texas. The term of this agreement shall be two years from the effective date.
3.02 Payments Subject to Future Appropriation. This Agreement shall not be construed as a commitment, issue, pledge, or obligation of any specific taxes or tax revenues for payment to Company.

(a) All payments or expenditures made by the City under this Agreement are subject to the City’s appropriation of funds for such payments or expenditures to be paid in the budget year for which they are made.

(b) The payments to be made to Company, or other expenditures under this Agreement, if paid, shall be made solely from annual appropriations from the City as may be legally set aside for the implementation of Article III, Section 52-a of the Texas Constitution, Chapter 380 of the Texas Local Government Code, or any other economic development or financing program authorized by statute or home-rule powers of the City under applicable Texas law, subject to any applicable limitations or procedural requirements.

(c) In the event the City does not appropriate funds in any fiscal year for payments due or other expenditures under this Agreement, the City shall not be liable to Company for such payments or other expenditures unless and until appropriation of said funds is made; provided, however, that Company, in its sole discretion, shall have the right but not the obligation to terminate this Agreement and shall have no obligations under this Agreement for the year in respect to which said unappropriated funds relate.

(d) To the extent there is a conflict between this Section 3.02 and any other language or covenant(s) in this Agreement, this Section 3.02 shall control.

3.03 Representations and Warranties. The City represents and warrants to Company that the City’s Economic Development Program and Chapter 380 Payments and this Agreement are within the City’s authority, and that the City is duly authorized and empowered to establish the City’s Economic Development Program and Chapter 380 Payments and enter into this Agreement, unless otherwise ordered by a court of competent jurisdiction. Company represents and warrants to the City that it has the requisite authority to enter into this Agreement.

3.04 Default. If either the City or Company should default in the performance of any obligations under this Agreement, the other party shall provide such defaulting party written notice of the default, and a minimum period of ninety (90) calendar days after the receipt of said notice to cure such default, prior to instituting an action for breach or pursuing any remedy for default.
3.05 **Entire Agreement.** This Agreement contains the entire agreement between the Parties. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement. This Agreement may only be amended, altered, or revoked by written instrument signed by the City and Company.

3.06 **Binding Effect.** This Agreement shall be binding on and inure to the benefit of the Parties and their respective successors and assigns.

3.07 **Assignment.** Except as provided below, Company may not assign all or part of its rights and obligations under this Agreement to a third party without the prior written approval of the City, which approval shall not be unreasonably withheld or delayed. Notwithstanding anything to the contrary, Company may assign all or part of its rights and obligations under this Agreement without the prior written approval of the City if such assignment is to an affiliate of Company or to a third-party lender advancing funds for the acquisition, construction, or operation of the Company’s.

3.08 **Termination by Company.** In the event Company elects not to proceed with the Project as contemplated by this Agreement, Company shall promptly notify the City in writing, and this Agreement and the obligations hereunder with respect to both Parties shall be deemed terminated and of no further force or effect. If Company elects to terminate the agreement as provided by this section after receipt of incentives from the City, Company will pay back any economic incentives received from City.

3.09 **Notice.** Any notice and/or statement required or permitted to be delivered under this Agreement shall be deemed delivered by actual delivery, facsimile with receipt of confirmation, or by depositing same in the United States mail, certified with return receipt requested, postage prepaid, and addressed to the appropriate party at the addresses provided in Exhibit A herein attached and included in this Agreement. Either party may change its contact information contained in Exhibit A at any time upon written notice to the other party.

3.10 **Interpretation.** Each of the Parties has been represented by counsel of their choosing in the negotiation and preparation of this Agreement. Regardless of which party prepared the initial draft of this Agreement, this Agreement shall, in the event of any dispute regarding its meaning or application, be interpreted fairly and reasonably and neither more strongly for or against either party.

3.11 **Applicable Law.** This Agreement is made, and shall be construed and interpreted, under the laws of the State of Texas and venue shall lie in Cameron County, Texas.

3.12 **Severability.** In the event any provision of this Agreement is illegal, invalid, and/or unenforceable under present or future law(s), it is the intention of the Parties that the remainder
of this Agreement shall not be affected by such illegality, invalidity, and/or unenforceability. It is also the intention of the Parties that in lieu of each clause and provision that is found to be illegal, invalid, and/or unenforceable, a provision should be added to this Agreement which is legal, valid, or enforceable and as similar in terms as possible to the provision(s) found to be illegal, invalid, and/or unenforceable.

3.13  **Section Headings.** The section headings contained in this Agreement are for convenience only and are in no way intended to enlarge or limit the scope or meaning of the various and several paragraphs of this Agreement.

3.14  **No Third-Party Beneficiaries.** This Agreement is not intended to confer any rights, privileges, or causes of action on any third party.

3.15  **No Joint Venture.** It is acknowledged and agreed by the Parties that the terms of this Agreement are not intended to and shall not be deemed to create any partnership or joint venture among the Parties. The City, its past and future officers, elected officials, employees, and agents do not assume any responsibilities or liabilities to any third party in connection with any Company facilities or the design, construction, or operation of any portion of Company's facilities.

3.16  **Public Information.** The City is committed to compliance with the Texas Public Information Act ("Act"). Information provided by or on behalf of Company under or pursuant to this Agreement that Company considers as proprietary shall be maintained as confidential to the extent permitted by law. If proprietary financial or trade-secret information is requested under the Act, the City shall follow the standards set out in the Act and under the Texas Attorney General's procedures for such requests, and Company shall be solely responsible for defending the confidentiality of such information. Other records or information provided to the City and its representatives to verify compliance with this Agreement shall be available for public inspection. Regarding the Personal Data (as hereafter defined) of any Company employee, the employment of which must be verified under this Agreement, the City does not intend to take possession of any Personal Data relating to that individual employee. The City's right to verify the existence of full-time employees will be accomplished in a manner that does not breach any privacy policy of Company.

3.17  **Exhibits.** The following Exhibits are attached hereto and incorporated by reference for all purposes:

- Exhibit A — Parties' Contact Information
- Exhibit B — Local Job Creation Schedule
3.18 **Counterpart Copies.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

3.19 **Force Majeure.** Notwithstanding anything in this Agreement which may appear to be to the contrary, if the performance of any covenant or obligation to be performed hereunder by either party (specifically excluding any monetary obligations) is delayed as a result of circumstances which are beyond that party’s reasonable control (which circumstances may include, without limitation, pending or threatened litigation; acts of God; war; acts of civil disobedience; fire or other casualty; shortage of materials; adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures, hurricanes, or tornados; labor action; strikes; or other similar acts) the time for such performance shall be extended by the amount of time of such delay. The party claiming delay of performance as a result of any of the foregoing “force majeure” events shall delivery written notice of the commencement of any delay resulting from such force majeure event not later than seven (7) calendar days after the claiming party becomes aware of same, and if the claiming party fails to so notify the other party of the occurrence of a force majeure event causing such delay, the claiming party shall not be entitled to avail itself of the provisions for the extension of performance contained in this **Section 3.20.**

3.20 **Escrow.** The Parties agree that in the event of any legal challenge to this Agreement, the City shall place any and all funds to which Company would have a claim under the terms of this Agreement in an interest bearing account, capable of separate identification, during the pendency of the legal challenge. Upon any final decision upholding the enforceability of this Agreement, all amounts in such account, including principal and accrued interest, shall be paid forthwith to Company. If this Agreement is determined to be invalid or unenforceable, all amounts in such account, including principal and accrued interest, shall be deposited by the City into its General Fund and Company shall have no further claim thereto. The Parties covenant that neither will initiate any legal challenge to the validity or enforceability of this Agreement, and the Parties will cooperate in defending the validity or enforceability of this Agreement against any such challenge by a third party.

EXECUTED by the authorized representatives of the Parties on the dates indicated below.

[SIGNATURE PAGES FOLLOW]
SPACED VENTURES,  
a Delaware Company

Aaron Burnett,
Chief Executive Officer

Date: November 16, 2020

CITY OF BROWNSVILLE, TEXAS  
a home-rule city and municipal corporation

Noel Bernal, ICMA-CM  
City Manager

Date: November 16th, 2020
EXHIBIT A

PARTIES CONTACT INFORMATION

City of Brownsville Contact Information:

Noel Bernal,
City Manager
City of Brownsville
Office of the City Manager
1001 E. Elizabeth St. 2nd Floor
Brownsville, Texas 78520
Noel.Bernal@COB.US

With copy to:

Rene De Coss
City Attorney
City of Brownsville
1045 E. Washington Street
Brownsville, Texas 78520

Spaced Ventures Contract Information:

Aaron Burnett
1132 Mary Joye Ave
Indian Harbour Beach, Florida 32937
(315)237-7789
aaron@spacedventures.com

With copy to:

Brent Arsenau
119 Tweed Boulevard
Nyack, New York 10960
Brant.arseneau@9point8.net
EXHIBIT B

LOCAL JOB CREATION SCHEDULE

Company shall create a minimum of four (4) New Full-time Local Jobs to be created during the Term of this agreement. The Parties agree that "New Full-time Local Jobs" are defined as follows:

1. New jobs created, retained and provided to local Brownsville residents at an average hourly rate of $30.00 per hour, on a permanent basis (40 hours per week and 2,080 hours per year) at Company’s Brownsville Texas facility for the Term of this agreement.

2. New jobs created and retained through local independent contractors at an average hourly rate of $30.00 per hour, on a permanent basis (40 hours per week and 2,080 hours per year) for the Term of this agreement.
ECONOMIC DEVELOPMENT INCENTIVES AGREEMENT
AND JOINER TO CITY OF BROWNSVILLE
CHAPTER 380 ECONOMIC DEVELOPMENT AGREEMENT
(Spaced Ventures)

This Economic Development Incentives Agreement and Joiner (this "Agreement") is entered into to be effective as of March 11, 2021 (the "Effective Date") among the City of Brownsville, Texas, a Texas home-rule municipality ("Brownsville" or the "City"), the Greater Brownsville Incentives Corporation, a Texas non-profit economic development corporation (the "GBIC"), and Spaced Ventures, Inc., a Delaware Corporation authorized to do business in Texas and which facilitates public investments in private space companies (the "Company", and collectively with Brownsville, the GBIC, and the County, the "Parties", and each a "Party").

WITNESSETH:

WHEREAS, by Ordinance No. 2015-15, Brownsville established a City of Brownsville Economic Development Program (the "City Program") under Chapter 380, Texas Local Government Code, as amended (the "Code"), to promote economic development and to stimulate business and fuel commercial activity in Brownsville; and

WHEREAS, the GBIC has been established by Brownsville pursuant to the Development Corporation Act as codified in Title 12, Subchapter C1 of the Code (Sections 501-505) to promote economic development in Brownsville by sponsoring and funding economic development projects; and

WHEREAS, in accordance with Chapters 501 and 504 of the Texas Local Government Code, the GBIC may provide incentives and grants for qualifying projects to promote economic development, including the creation of additional payrolls and jobs in the City; and

WHEREAS, Texas Local Government Code Sec. 501.158, prohibits the GBIC to provide a direct incentive to or make an expenditure on behalf of a business enterprise under a project as defined by Subchapter C of this chapter unless the corporation enters into a performance agreement with the business enterprise, which: (1) provide, at a minimum, for a schedule of additional payroll or jobs to be created or retained and capital investment to be made as consideration for any direct incentives provided or expenditures made by the corporation under the agreement; and (2) specify the terms under which repayment must be made if the business enterprise does not meet the performance requirements specified in the agreement; and

WHEREAS, the Parties agree that this Agreement meets the requirements of Texas Local Government Code Sec. 501.158; and

WHEREAS, Spaced Ventures, a Company which functions as a public investment platform for the space industry, intends to maintain a regional headquarters within the City of Brownsville at 222 N. Expressway 77, Suite 200, with an option to relocate, once construction has been completed, to eBridge Center for Business and Commercialization located at 1304 E. Adams Brownsville, Texas 78520; and

WHEREAS, the Company will create and maintain a minimum of four (4) local full-time jobs at an average hourly rate of $30.00, as well as establish its regional headquarters in the City of Brownsville and provide

4837-9711-9683, v. 1
services as described herein and in the Chapter 380 Agreement (the "Project"), which will increase the tax base of the applicable taxing entities and enhance job opportunities for area citizens; and

WHEREAS, the Project will help (1) develop and diversify the economy of the State, (2) eliminate unemployment and underemployment in the State, and (3) develop and expand the commerce in the State; and

WHEREAS, the Company's application for the economic development incentives from Brownsville and the GBIC is set forth on Exhibit "A" attached hereto and incorporated herein for all purposes; and

WHEREAS, the Parties are entering into this Agreement for the purpose of setting forth their respective obligations with respect to the foregoing.

NOW THEREFORE, in consideration of the foregoing and the mutual agreements, covenants, and payments authorized herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1

DEFINITIONS

1.1 Defined Terms. Wherever used in this Agreement, the following terms shall have the meanings ascribed to them below:

(a) "Act" has the meaning ascribed to it in Section 5.2(a).
(b) "Affiliate" means an entity related by direct or indirect common or overlapping ownership to another entity.
(c) "Annual Payroll" means annual cash compensation, salary, and variable monetary compensation or monetary bonuses.
(d) "Calendar Year" means January 1 through December 31 of a given year.
(e) "City Commission" means the City Commission of the City of Brownsville, Texas.
(f) "City Incentives" has the meaning ascribed to it in Section 4.1.
(g) "City Program" has the meaning ascribed to it in the recitals.
(h) "Code" has the meaning ascribed to it in the recitals.
(i) "Commencement Date" means the date of the last signature to this Agreement.
(j) "Development Corporation Act" has the meaning ascribed to it in the recitals.
(k) "Effective Date" has the meaning ascribed to it in the first paragraph.
(l) "Event of Bankruptcy or Insolvency" means the dissolution or termination of the Company's existence as a going business, the Company's insolvency, appointment of receiver for any significant part of the Company's property with such appointment not being terminated within
ninety (90) calendar days after such appointment is initially made, any general assignment for the benefit of the Company's creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against the Company with such proceeding not being dismissed within ninety (90) calendar days after the filing thereof.

(m) "Expiration Date" means November 15, 2022, unless terminated earlier.

(n) "Force Majeure" means acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, acts or orders of any kind of the government of the United States of America, or of any state or locality thereof, or any civil or military authority, insurrections, riots, epidemics, landslides, earthquakes, floods, restraining of government and people, acts of civil disturbances, explosions, or nuclear accidents.

(o) "Full-Time Equivalents" means a ratio representing the number of hours that an employee works compared to 40 hours per week; any combination of workers that together work 40 hours per week and does not necessarily equate to headcount.

(p) "Full-Time Jobs" means persons employed at the Project who work a minimum of thirty-eight hours (38) hours of paid time per week (or full-time equivalents) and are entitled to at least the customary employer-sponsored employee benefits package afforded by the Company to its employees at other locations.

(q) "Governmental Authority" means any federal, state, or local governmental entity having jurisdiction over the matter in question.

(r) "Governmental Rule" means any applicable law, rule, or regulation of a Governmental Authority.

(s) "Incentives" means the GBIC Incentives (unless otherwise provided).

(t) "Minimum Retained and Initially Created Annual Payroll" has the meaning ascribed to it in Section 5.3(a).

(u) "Minimum Number of Retained and Initially Created Jobs" has the meaning ascribed to it in Section 5.3(a).

(v) "State" means the State of Texas.

(w) "Term" has the meaning ascribed to it in Section 2.3.

ARTICLE II

GENERAL PROVISIONS

2.1 Recitals. The recitals to this Agreement are incorporated herein for all purposes.

2.2 Purpose. The specific purpose of this Agreement is to provide economic benefits to the Company in order for the Company to operate the Project. This action will be a significant contribution toward (a) the City's and the GBIC's broader purposes of stimulating and encouraging business and commercial activity in Brownsville, creating more job opportunities, building the sales tax base, promoting a partnership relationship with private sector businesses that will bring additional employment projects into
Brownsville, developing and diversifying the economy of the State, eliminating unemployment and underemployment in the State, and developing and expanding the commerce in the State.

2.3 **Term.** The term of this Agreement (the "Term") shall begin on the Effective Date and shall terminate November 15, 2022 unless sooner terminated as provided herein.

**ARTICLE III**

**REPRESENTATIONS, WARRANTIES, AND COVENANTS OF THE COMPANY; DISCLAIMER**

3.1 **Representations and Warranties.** The Company hereby makes the following representations, warranties, and covenants to Brownsville and the GBIC as of the Effective Date:

(a) **Existence.** The Company is a Corporation duly created and validly existing under the laws of the State of Delaware and is authorized to transact business in the State of Texas. The Company has all requisite power and authority to enter into this Agreement.

(b) **Authorization.** The execution, delivery, and performance by the Company of this Agreement have been duly authorized by all necessary action and will not violate the organizational documents of the Company or result in the breach of or constitute a default under any loan or credit agreement, or other material agreement to which the Company is a party or by which the Company or its material assets may be bound or affected.

(c) **Enforceable Obligations.** Assuming due authorization, execution, and delivery by each other Party hereto, this Agreement, all documents executed by the Company pursuant hereto, and all obligations of the Company hereunder and thereunder are enforceable against the Company in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditor's rights generally, and by general equity principles.

(d) **No Legal Bar.** The execution and delivery of this Agreement and the performance of its obligations hereunder by the Company will not conflict with any provision of any law, regulation, or Governmental Rules to which the Company is subject or conflict with, or result in a breach of, or constitute a default under any of the terms, conditions, or provisions of any agreement or instrument to which the Company is a party or by which the Company is bound or any order or decree applicable to the Company.

(e) **Litigation.** There are no legal actions or proceedings pending or, to the knowledge of the Company, threatened against the Company which, if adversely determined, would materially and adversely affect the ability of the Company to fulfill its obligations under this Agreement or the financial condition, business, or financial or business prospects of the Company.

(f) **Documents.** All documents made available by the Company or its representatives to Brownsville and the GBIC, including without limitation all financial documents relating to
the Company and the Project, are true, correct, and complete copies of the instruments which they permit to be and accurately depict the subject matter addressed therein based on the information that was known to the Company at the time that the documents were submitted.

(e) **Knowledge.** The Company has no knowledge of any facts or circumstances which currently evidence, or with the passage of time or giving of notice or both, would evidence, that any of the representations made by the Company under this Agreement are in any way inaccurate, incomplete, or misleading.

**ARTICLE IV**

**ECONOMIC DEVELOPMENT INCENTIVES**

4.1 **Economic Development Incentives from the GBIC.** Subject to the Company’s continued fulfillment of all the terms of this Agreement and the Chapter 380 Agreement with the City of Brownsville, the GBIC will contribute certain incentives (collectively, the "GBIC Incentives") to the Company, as dispersed to the City for administration concurrently with its Chapter 380 Agreement procedures.

**ARTICLE V**

**THE COMPANY’S RESPONSIBILITIES**

5.1 **Minimum Term of Operation.** The Company shall operate the Project in accordance with the terms of this Agreement at least until the Expiration Date.

5.2 **No Employment of Undocumented Workers.** The Company certifies and agrees as follows:

(a) the Company certifies that its operations within Brownsville, and the State of Texas will not knowingly employ an undocumented worker, as defined in Chapter 2264, Subchapter A, Texas Government Code, as amended (the "Act"); and

(b) pursuant to the Act, if the Company is convicted of a violation under 8 U.S.C. Section 1324a(f) with respect to its operations in Brownsville, and/or the State of Texas, after receiving all or any portion of the "public subsidy" (as defined in the Act) authorized by this Agreement, the Company shall (x) promptly give Brownsville and the GBIC written notice of such violation, and (y) repay Brownsville and the GBIC the amount of the public subsidy with interest, at the rate of the prime rate of interest per annum of the Brownsville's depository bank (the "Bank") in effect on the date the Company is convicted of the violation. Such repayment shall be made not later than the one hundred twentieth (120th) calendar day after the date the Company is convicted of the violation. This Section 5.2 shall survive the termination of this Agreement.

5.3 **Investment and Performance Factors.** The Company covenants and agrees to achieve the following investment and performance factors:
(a) **Retained and Initially Created Jobs/Payroll.** No later than May 7, 2021, the Company shall employ at the Project on the Property a minimum of four (4) Retained and Initially Created Full-Time Jobs or Full-Time Equivalents (collectively, the "Minimum Number of Retained and Initially Created Jobs") to be performed at the Project on the Property, and the average Annual compensation for each Full-Time Job shall be $30.00 (collectively, the "Minimum Retained and Initially Created Annual Payroll").

No later than May 7, 2021 and continuing throughout the Term of this Agreement, the Company shall maintain at least the Minimum Number of Retained and Initially Created Jobs and the Minimum Retained and Initially Created Annual Payroll at the Project on the Property according to the table above. The Parties agree that failure to reach any of the job and payroll benchmarks annually will constitute a default under this agreement.

5.4 **Annual Reports.** Throughout the Term of this Agreement, the Company shall provide the City and the GBIC with annual reports, no later than thirty (30) calendar days following the end of each Calendar Year, detailing the activities of the Project, which reports shall include, at a minimum, the following information:

(a) average number of Full-Time Jobs or Full-Time Equivalents located at the Project during the Calendar Year, which shall be equal to the sum of the number of Full-Time Jobs located at the Project on the last day of each month of the Calendar Year divided by twelve (12), along with total Annual Payroll with respect to the Full-Time Jobs or Full-Time Equivalents located at the Project during the Calendar Year; and

(b) an Annual Development Incentive Compliance and Certification Report using the GBIC’s then-current form of Annual Development Incentive Compliance and Certification Report. For reference purposes, a copy of the current form of the GBIC’s Annual Development Incentive Compliance and Certification Report is set forth on Exhibit "B" attached hereto and incorporated herein for all purposes.

5.5 **Property Taxes.** Company is obligated to make timely payment of its real and personal property taxes located on or at the Project.

5.6 **Compliance with Laws.** Company shall comply with any and all local, state and federal rules, regulations, and laws applicable to the Project.

**ARTICLE VI**

**TERMINATION**

6.1 **Termination.** Subject to Section 8.12, this Agreement shall terminate upon the occurrence of any one or more of the following:

(a) the Expiration Date;
(b) the execution by all Parties of a written agreement terminating this Agreement;

(c) at the option of a Party in the event any other Party breaches any of the terms of this Agreement and such breach is not cured within ninety (90) calendar days after notice thereof;

(d) at the option of Brownsville and the GBIC, with respect to the City Incentives, if the Company suffers an Event of Bankruptcy or Insolvency;

6.2 Repayment of Incentive. If this Agreement is terminated prior to the Expiration Date for a reason other than a default by the City or the GBIC, then the Company shall immediately pay to the City as liquidated damages an amount equal to the dollar amount of the total City Property Tax Incentives paid to the Company by the GBIC for all periods preceding the date of such termination.

ARTICLE VII

INDEMNIFICATION AND OTHER REMEDIES

7.1 Company’s Indemnification. THE COMPANY COVENANTS AND AGREES TO FULLY INDEMNIFY AND HOLD HARMLESS BROWNSVILLE AND THE GBIC, AND THE ELECTED OFFICIALS, EMPLOYEES, OFFICERS, DIRECTORS, VOLUNTEERS, REPRESENTATIVES, AND AGENTS OF BROWNSVILLE AND THE GBIC (COLLECTIVELY, THE “INDEMNIFIED PARTIES”), INDIVIDUALLY OR COLLECTIVELY, FROM AND AGAINST ANY AND ALL COSTS, CLAIMS, LIENS, DAMAGES, LOSSES, EXPENSES, FEES, FINES, PENALTIES, PROCEEDINGS, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITIES, AND SUITS OF ANY KIND AND NATURE, INCLUDING BUT NOT LIMITED TO, PERSONAL OR BODILY INJURY, DEATH AND PROPERTY DAMAGE, MADE UPON THE INDEMNIFIED PARTIES, DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM, OR RELATED TO THE COMPANY’S ACTIVITIES UNDER THIS AGREEMENT, INCLUDING ANY ACTS OR OMISSIONS OF THE COMPANY, ANY AGENT, OFFICER, DIRECTOR, REPRESENTATIVE, EMPLOYEE, CONSULTANT, CONTRACTOR, OR SUBCONTRACTOR OF THE COMPANY, AND THEIR RESPECTIVE OFFICERS, AGENTS, EMPLOYEES, DIRECTORS, AND REPRESENTATIVES, WHILE IN THE EXERCISE OR PERFORMANCE OF THEIR RIGHTS OR DUTIES UNDER THIS AGREEMENT, BUT EXCLUDING CLAIMS RELATED TO THE CITY’S OR THE GBIC’S AUTHORITY TO ENTER INTO THIS AGREEMENT, ALL WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO BROWNSVILLE AND THE GBIC UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW. THE PROVISIONS OF THIS INDEMNIFICATION ARE SOLELY FOR THE BENEFIT OF THE INDEMNIFIED PARTIES AND NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY. THE COMPANY SHALL PROMPTLY ADVISE BROWNSVILLE AND THE GBIC IN WRITING OF ANY CLAIM OR DEMAND AGAINST THE INDEMNIFIED PARTIES OR THE COMPANY KNOWN TO THE COMPANY AND RELATED TO OR ARISING OUT OF THE COMPANY’S ACTIVITIES UNDER THIS AGREEMENT AND SHALL SEE TO THE INVESTIGATION AND DEFENSE OF SUCH CLAIM OR DEMAND AT THE COMPANY’S COST. THE INDEMNIFIED PARTIES SHALL HAVE THE RIGHT, AT THEIR OPTION AND AT THEIR OWN EXPENSE, TO

4837-6711-6583, v. 1
PARTICIPATE IN SUCH DEFENSE WITHOUT RELIEVING THE COMPANY OF ANY OF ITS OBLIGATIONS UNDER THIS PARAGRAPH. THE COMPANY FURTHER AGREES TO DEFEND, AT ITS OWN EXPENSE AND ON BEHALF OF THE INDEMNIFIED PARTIES AND IN THE NAME OF THE APPLICABLE INDEMNIFIED PARTY, ANY CLAIM OR LITIGATION BROUGHT AGAINST THE INDEMNIFIED PARTIES IN CONNECTION WITH ANY SUCH INJURY, DEATH, OR DAMAGE FOR WHICH THIS INDEMNITY SHALL APPLY, AS SET FORTH ABOVE. THE COMPANY'S OBLIGATIONS UNDER THIS SUBSECTION SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

7.2 Independent Operator. It is expressly understood and agreed that the Company and the Lessor are and shall be deemed to be independent operators responsible to Brownsville and the GBIC for their own respective acts or omissions and that Brownsville and the GBIC shall in no way be responsible therefore.

7.3 Non-Waiver of Remedies. No remedy herein conferred upon or reserved to Brownsville or the GBIC is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute.

ARTICLE VIII

MISCELLANEOUS

8.1 Binding Agreement; Assignment. The terms and conditions of this Agreement are binding upon the successors and permitted assigns of the Parties hereto. This Agreement may not be assigned by the Company without the prior written consent of Brownsville and the GBIC.

8.2 Texas Public Information Act. If the City and/or the GBIC receives a Texas Public Information Act request from a third party requesting information that has been submitted to the City and/or the GBIC by the Company in connection with this Agreement, the City and/or the GBIC, as applicable, shall timely provide a copy of such request to the Company in accordance with the provisions of the Texas Public Information Act so that the Company may take such actions, if any, as the Company deems necessary to object to the release of such information in accordance with the provisions of the Texas Public Information Act.

8.3 Limitation on Liability. It is understood and agreed among the Parties that each of the Parties in satisfying the conditions of this Agreement, has acted independently, and assumes no responsibilities or liabilities to third parties in connection with these actions.

8.4 No Joint Venture. It is acknowledged and agreed by the Parties that the terms hereof are not intended to, and shall not be deemed to, create a partnership or joint venture among the Parties.

8.5 Notices. Any notice required or permitted to be delivered hereunder shall be deemed received (i) three (3) business days after deposit into the United States Mail, postage prepaid, certified mail,
returned receipt requested, addressed to the Party at the address set forth below or (ii) on the day actually received if sent by courier, a recognized overnight delivery service, or otherwise hand delivered.

The Company:  
Spaced Ventures  
222 N. Espressoway 2783, Ste. 200  
Brownsville, Texas 78521  
Attn: CEO

With a copy to:  
Spaced Ventures  
1132 Mary Joe AVE  
Indian Harbour Beach, FL 32937  
Attn: CEO

And with a copy to:  
Corridor Legal, Chartered &  
Corridor Legal Lawyer, PLLC  
325 Sth Avenue Suite 103  
Indialantic, FL, 32903  
Attn: Spaced Ventures, General Counsel

Brownsville:  
City of Brownsville  
1001 E. Elizabeth St.  
Brownsville, Texas 78520  
Attn: Noel Bernal, City Manager

With a copy to:  
Denton Navarro Rocha Bernal & Zecà  
701 E. Harri son St., Ste. 100  
Harlingen, Texas 78550  
Attn: Allison Bastian-Rodriguez, Attorney

The GBIC:  
Greater Brownsville Incentives Corporation  
500 E. St. Charles  
Brownsville, Texas 78520  
Attn: Helen Ramirez, Executive Director

With a copy to:  
Denton Navarro Rocha Bernal & Zecà  
701 E. Harri son St., Ste. 100  
Harlingen, Texas 78550  
Attn: Allison Bastian-Rodriguez, Attorney

8.6 **Conflict.** If there is any conflict between this Agreement and another document, the terms of this Agreement shall control.

8.7 **Governing Law.** This Agreement shall be governed by the laws of the State of Texas, and venue for any action concerning this Agreement shall be exclusively in the applicable Courts of Jurisdiction of Cameron County, Texas. The Parties agree to submit to the jurisdiction of said court.
8.8 **Force Majeure.** Notwithstanding anything in this Agreement which is or may appear to be to the contrary, if the performance by any Party of any covenant or obligation hereunder is delayed as a result of Force Majeure, the time for such performance may be extended as provided below by the amount of time of such delay. The Party claiming delay of performance as a result of a Force Majeure event shall deliver written notice of the commencement of such delay not later than fourteen (14) calendar days after the claiming Party becomes aware of the same, and if the claiming Party fails to so notify the affected Party or Parties of delay caused by a Force Majeure event, the claiming Party shall not be entitled to extend the time for performance as provided herein.

8.9 **Amendment.** This Agreement may only be amended by a written agreement executed by the Parties.

8.10 **Legal Construction.** In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect other provisions, and it is the intention of the Parties to this Agreement that in lieu of each provision that is found to be illegal, invalid, or unenforceable, a provision shall be added to this Agreement which is legal, valid, and enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable to the extent that it does not deprive the Parties of the benefit of the bargain and only to the extent permissible by law.

8.11 **Captions.** All descriptive headings and captions herein are inserted for convenience only and shall not be considered in interpreting or construing this Agreement.

8.12 **Survival of Covenants.** Any of the representations, warranties, covenants, and obligations of the Parties, as well as any rights and benefits of the Parties, pertaining to a period of time following the termination of this Agreement (specifically including, without limitation, Sections 5.2, 6.2, and 7.2, of this Agreement) shall survive termination of this Agreement.

8.13 **No Implied Waiver.** The failure of a Party hereto to insist, in any one or more instances, upon performance of any of the terms, covenants, or conditions of this Agreement shall not be construed as a waiver or relinquishment of the future performance of any such terms, covenant, or condition by the other Parties hereto, but the obligation of such other Parties with respect to such future performance shall continue in full force and effect.

8.14 **Right to Audit.** The City and the GBIC shall have the right, at any time during the Term of this Agreement, upon advance written notice to the Company to audit the records of the Company related to the Company’s performance and obligations under this Agreement and related to the information submitted to the City and/or the GBIC on the annual reports required by Section 5.6. The Company shall cooperate fully with the City and the GBIC in connection with any such audit and shall promptly make all relevant documentation available to the City and the GBIC.

8.15 **Counterparts; Facsimile.** This Agreement may be executed in multiple counterparts. Each of the counterparts shall be deemed an original instrument, but all of the counterparts shall constitute one and the same instrument. Executed counterparts of this Agreement received via facsimile shall have the same binding effect as the original instruments.
8.16 **Entire Agreement.** This Agreement constitutes the entire agreement among the Parties relative to the subject matter hereof. There have been and are no agreements, covenants, representations, or warranties among the Parties as to the subject matter hereof other than those expressly stated or provided for herein.

8.17 **Exhibits.** The following exhibits are attached hereto and incorporated herein for all purposes.

- Exhibit "A"  
  Company's Application for Economic Development Incentives

- Exhibit "B"  
  The GBIC's Annual Development Incentive Compliance and Certification Report

[Signatures and acknowledgments on the following pages]
SIGNATURE PAGE TO
ECONOMIC DEVELOPMENT INCENTIVES AGREEMENT
AND JOINDER TO CITY OF BROWNSVILLE
CHAPTER 380 ECONOMIC DEVELOPMENT AGREEMENT

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the dates of the acknowledgements to be effective as of the Effective Date.

The City:

City of Brownsville, Texas,
A Texas home rule municipality

By: ____________________________
Noel Bernal, City Manager

THE STATE OF TEXAS §

COUNTY OF CAMERON §

This instrument was acknowledged before me on the _____ day of ____________, 2021, by Noel Bernal, the City Manager of the City of Brownsville, Texas on behalf of said City.

[Seal]

Notary Public in and for the State of Texas

[Signatures and acknowledgments continue on the following pages]
SIGNATURE PAGE TO
ECONOMIC DEVELOPMENT INCENTIVES AGREEMENT
AND JOINDER TO CITY OF BROWNSVILLE
CHAPTER 380 ECONOMIC DEVELOPMENT AGREEMENT

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the dates of the
acknowledgements to be effective as of the Effective Date.

The GBIC:

Greater Brownsville Incentives Corporation,
A Texas non-profit economic development corporation

By:
John Cowen, Chairman

THE STATE OF TEXAS

COUNTY OF CAMERON

This instrument was acknowledged before me on the 1st day of April, 2021, by John
Cowen, the Chairman of the Greater Brownsville Incentives Corporation, a Texas non-profit economic
development corporation, on behalf of said non-profit industrial development corporation.

[Seal]

ELSA MARIE GALVAN
Notary Public, State of Texas
Commission Expires 04-21-2024
Notary ID 132446893

[Signatures and acknowledgments continue on the following pages]
SIGNATURE PAGE TO
ECONOMIC DEVELOPMENT INCENTIVES AGREEMENT
AND JOINER TO CITY OF BROWNSVILLE
CHAPTER 380 ECONOMIC DEVELOPMENT AGREEMENT

The Company:
Spaced Ventures,
A Delaware Corporation

By: ____________________________
Name: Aaron Burnett
Title: CEO

THE STATE OF Florida §
COUNTY OF Broward §

This instrument was acknowledged before me on the 1st day of April, 2021, by Aaron Burnett, the CEO of Spaced Ventures, a Delaware Corporation, on behalf of said Delaware Corporation.

[Seal]

Notary Public in and for the State of Florida

[Signatures and acknowledgments continue on the following pages]
Exhibit “A”

Company’s Application for Economic Development Incentives

[see attached pages]
Exhibit "B"
The GBIC's Annual Development Incentive Compliance and Certification Report

[see attached pages]
PERFORMANCE AGREEMENT BETWEEN
GREATER BROWNSVILLE INCENTIVES CORPORATION (GBIC)
AND 9POINT8 CAPITAL

This Performance Agreement (“Agreement”) by and between the Greater Brownsville
Incentives Corporation, a Texas Economic Development Corporation (hereinafter “GBIC”) and
9POINT8 CAPITAL, a New York based corporation authorized to do business in the State of
Texas (hereinafter “COMPANY”), (collectively, hereinafter, the “Parties”), is effective as of the
date of the last of the signatures herein (“Effective Date”);

WHEREAS, GBIC in connection with its desire to encourage businesses to locate and develop
business operations in the City of Brownsville, Texas, for the public purpose of the development
and diversification of the economy and the creation and retention of primary local jobs, wishes to
provide economic incentives to COMPANY; and

WHEREAS, these incentives also provide for the implementation of local jobs training.

NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENT:

That for an in consideration of the mutual promises and covenants contained herein, and in
order to obtain the mutual benefits provided hereunder, the Parties agree as follows:

ARTICLE 1
TERM:

The term of this Agreement shall be for a period of three (3) years, commencing upon the
Effective Date and as further described herein below.

ARTICLE 2
DEFINITIONS

2.1 The following terms shall be defined:

New Local Job” is a full time (40 hour per week) job, or full-time equivalent “FTE”, employed
by COMPANY at their location in Brownsville, Texas, on a full time or full time equivalent
permanent basis (40 hours per week and 2,080 hours per year), either directly or through lease
labor companies. The job should be dependent on COMPANY in Brownsville, Texas (i.e. the
position would not exist if COMPANY ceases operations in Brownsville) AND COMPANY will
make reasonable efforts to hire first from Brownsville residents. Where skills or expertise are not
readily available in Brownsville for specific roles, COMPANY may hire from outside the region with the requirement for employees to relocate to Brownsville, Texas, as soon as possible. All New Local Jobs shall be maintained during the term of this Agreement.

ARTICLE 3
JOB CREATION AND OTHER COMMITMENTS GUARANTEED BY COMPANY

3.1 COMPANY agrees to the following commitments and conditions precedent set forth in exchange for the economic incentives provided by GBIC:

A. COMPANY will locate the first phase of its back-office operations in Brownsville in Brownsville, Texas. In addition, COMPANY will employ fifteen (15) “New Local Jobs,” as further prescribed in Exhibit “A”, Job Creation Schedule, attached hereto and incorporated herein, for its Brownsville back-office operations. Within three (3) months from the Effective Date, COMPANY will secure a physical office location in Brownsville, Texas, for its Brownsville back-office operations.

B. COMPANY will locate a small business incubator (the “Hatchery”) Brownsville, Texas, with the purpose of supporting and building Brownsville’s new space economy. In addition, COMPANY will employ five (5) “New Local Jobs,” as further prescribed in Exhibit “A”, Job Creation Schedule, attached hereto and incorporated herein, for its Brownsville Hatchery. Within three (3) months from the Effective Date, COMPANY will secure a physical office location in Brownsville, Texas, for its Brownsville Hatchery.

C. Within three (3) years from the Effective Date, COMPANY will facilitate a minimum of Ten Million dollars ($10,000,000.00) of new investment (including but not limited to capital investment value, venture capital funds, and private equity investors) into the Brownsville, Texas, city-limits, to be calculated on an investment company’s proportionate physical presence in Brownsville city-limits.

D. Within six (6) months from the Effective Date, COMPANY shall establish a formalized “Space Scholarship Fund” with the University of Texas Rio Grande Valley (UTRGV) benefit UTRGV students. UTRGV Students will receive scholarships covering full tuition and expenses to develop knowledge and skill to serve the unique intersection of finance and the space industry. COMPANY will make best efforts towards issuing four (4) cohorts of ten (10) scholarships for UTRGV students, as part of its Space Scholarship Program, specifically designated for Brownsville operations. All scholarship recipients must be residents of Brownsville, Texas.
E. COMPANY will commit to filing its application as a member of the Brownsville Chamber of Commerce and must sustain said membership for the entire Term of the Agreement.

F. COMPANY will commit to contributing at least two (2) local routine media events and/or high-profile launch events each year during the term of this Agreement to attract and support Brownsville’s new space economy and other media impressions for the City of Brownsville.

3.2 Job Creation Incentives. GBIC agrees to contribute up to a maximum of One Million dollars ($1,000,000.00) to COMPANY in “Job Creation Incentives” over the duration of this Agreement, as further prescribed herein. The incentives will be paid for “New Local Jobs” created and retained and compliance with all other commitments guaranteed by COMPANY in Section 3.1 and Exhibit “A.”

3.3 Payment of Job Creation Incentives. GBIC shall pay to COMPANY an amount not to exceed One Million dollars ($1,000,000.00) over four (4) equal payments in the amount of Two Hundred Fifty Thousand dollars ($250,000.00) every six (6) months as of the Effective Date of this Agreement (as further described in the table below), conditioned upon COMPANY creating and maintaining 20 “New Local Jobs” (15 for COMPANY’s back-office operations in Brownsville and 5 for COMPANY’s Hatchery in Brownsville) and compliance with all other commitments guaranteed by COMPANY in Section 3.1 above and “Exhibit A.”

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<tr>
<th>First Payment</th>
<th>Not later than 5 business days from the Effective Date</th>
<th>$250,000.00</th>
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<tr>
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<td>6 months after the Effective Date</td>
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<tr>
<td>Third Payment</td>
<td>12 months after the Effective Date</td>
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<tr>
<td>Fourth Payment</td>
<td>18 months after the Effective Date</td>
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</tbody>
</table>
3.4 Created and Retained. The incentives will be paid for “New Local Jobs” created and retained and compliance with all other commitments guaranteed by COMPANY in Section 3.1 and Exhibit “A.”

3.5 Clarification on Payment. COMPANY will only be entitled to claim incentives for jobs created by COMPANY at the COMPANY Facility located in the City of Brownsville, Texas.

3.6 Amendment. The schedule for job creation and retention may be amended in writing by the mutual agreement of the parties and majority vote of the GBIC Board of Directors, to provide for flexibility in complying with the goals of the creation and retention of jobs in Brownsville, Texas. The GBIC shall, however, have no duty or obligation to amend or adjust the schedule set forth in this Agreement.

3.7 Acknowledgement. COMPANY agrees that the incentives being provided to COMPANY by GBIC are economic incentives for the creation and retention of jobs in the City of Brownsville, Texas. COMPANY further acknowledges that the benefits to GBIC will be lost if COMPANY terminates its operations in the City of Brownsville prematurely without satisfying the job creation, training incentive goals, and other requirements set forth in this Agreement.

3.8 Reporting Requirements. COMPANY shall provide quarterly reports to GBIC. The reports shall be due on the fifteenth (15th) day of April, July, October and January. The quarterly reports shall provide all information reasonably necessary to verify compliance with the terms of this Agreement, including but not limited to Texas Workforce Commission reports, as applicable.

3.9 Claw Back. COMPANY stipulates that GBIC’s payments under this Agreement are conditional upon (1) COMPANY’s performance in creating and retaining the 20 “New Local Jobs” in the City of Brownsville, Texas, and (2) compliance with all other commitments guaranteed by COMPANY in Section 3.1 and Exhibit “A.” In the event of default by COMPANY of any of the terms of this Agreement, GBIC shall provide notice of default to COMPANY. COMPANY shall have thirty (30) days from the date of written notice to remedy such default. Should COMPANY fail to remedy the default(s) within the 30-day remedial period provide herein, COMPANY shall repay GBIC the pro rata portion of the relevant incentive amount, as determined in Article 3 paid by GBIC.
ARTICLE 4
DEFAULT AND TERMINATION

4.1 Notice and Opportunity to Cure. A default occurs when a party fails to perform any of its obligations hereunder. The non-defaulting party shall give the defaulting party written notice of the default within a thirty (30) day opportunity to cure. If the defaulting party fails to cure the default within the thirty (30) day opportunity to cure period, then the non-defaulting party may terminate this Agreement.

4.2 Termination. This Agreement may also be terminated unilaterally in the event of any occurrence (e.g. bankruptcy, dissolution, or government action) that prevents the other party from performing its obligations under this Agreement.

4.3 Limitation on Remedies. In the event of a termination of this Agreement for any reason prior to the expiration, the parties sole remedy shall be actual money damages.

4.4 Attorney Fees. If either party retains an attorney to enforce this Agreement, the party prevailing in litigation is entitled to recover reasonable attorney’s fees and other fees, court costs and other costs.

ARTICLE 5
CONFLICT DISPUTE RESOLUTION

5.1 Mediation. Prior to filing suit on any dispute, conflict or claim arising under this Agreement the matter must first be submitted to non-binding mediation by a mediator mutually agreed upon by GBIC and COMPANY.

5.2 Arbitration. This Agreement does not require binding arbitration. The parties may agree to submit any dispute hereunder to arbitration, but any such agreement must be in writing and signed by all parties hereto.

ARTICLE 6
CHOICE OF LAW, JURISDICTION AND VENUE

This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and as per the agreement of the parties, mandatory venue shall lie in the courts of Cameron County, Texas and in the United States District Courts for the Southern District of Texas, Brownsville Division.
ARTICLE 7
NOTICES

Any notice required by or permitted under this Agreement must be in writing. Any notice required by this Agreement will be deemed to be delivered (whether actually received or not) when deposited with the United States Postal Service, postage prepaid, certified mail, return receipt requested, and addressed to the intended recipient at the address shown in this Agreement. Notice may also be given by regular mail, personal delivery, courier delivery, facsimile transmission, e-mail (but only if an email address is provided below) or other commercially reasonable means and will be effective when actually received, provided that (a) any notice received on a Saturday, Sunday, or holiday will be deemed to have been received on the next day that is not a Saturday, Sunday, or holiday and (b) any notices received after 5:00 P.M. local time at the place of delivery on a day that is not a Saturday, Sunday, or holiday will be deemed to have been received on the next day that is not a Saturday, Sunday, or holiday. Any address for notice purposes herein may be changed by the parties not less than ten (10) days prior to any written notice delivered as provided herein.

To GBIC:
Helen Ramirez
500 E. St. Charles
Brownsville, Texas 78520
E-mail: hramirez@greaterbrownsville.com
CC email: administration@greaterbrownsville.com

To COMPANY:
9POINT8 CAPITAL
J. Brant Arseneau
30 Harrison Garden Blvd
Toronto, Ontario
M2N 7A9
ARTICLE 8
ASSIGNMENT

Prohibition of Assignment. COMPANY may not assign this Agreement or any of COMPANY’s rights under it without GBIC’s prior written consent, which if granted, may be conditioned in any manner GBIC deems appropriate. Any attempted assignment without GBIC’s written consent is void. The consent by GBIC to any assignment by COMPANY will not release COMPANY of its obligations under this Agreement, and COMPANY and the assignee will be jointly and severally liable for the performance of those obligations after any such assignment.

ARTICLE 9
MISCELLANEOUS PROVISIONS

9.1 Relationship of the Parties. This contract is for job training and job retention and creation incentives and does not establish a joint venture, principal agent or employer-employee relationship between the parties.

9.2 Compliance with Laws. COMPANY shall comply with all laws, ordinances, rules, and regulations (including without limitation, all labor laws) that are applicable to its activities and operations in Brownsville, Texas.

9.3 Force Majeure. The time which any party to this Agreement shall be required to perform any act under this Agreement shall be extended by a period of time equal to the number of days during which performance of such act is delayed by condemnation, casualty, damage, strikes or lockouts, acts of God, Governmental restrictions, failure or inability to secure materials or labor, reasons of priority or similar regulations or order of any governmental or regulator body, enemy action, terrorism, civil disturbance, fire, unavoidable casualties or any other cause beyond the reasonable control of the party seeking the delay.

9.4 Successors and Assigns. Subject to the provisions in Article 7, the provisions hereof shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Except as expressly provided herein, this Agreement may not be assigned without the prior written consent of the other party.

9.5 Entire Agreement. This Agreement shall constitute the full and entire understanding and agreement between the parties with regard to the subject matter hereof. This Agreement may not be altered, modified or amended except by a writing executed by both parties hereto.
9.6 Waiver. No term or condition of this Agreement shall be deemed to have been waived nor shall there be any estoppel to enforce any provision of this Agreement, except by written instruction of the party charged with waiver or estoppel.

9.7 Severability. A determination that any provision of this Agreement is unenforceable or invalid shall not affect the enforceability or validity of any other provision.

9.8 Contract Interpretation. Although this Agreement is drafted by GBIC, should any part be in dispute, GBIC and COMPANY agree that this Agreement shall not be construed more favorably for either party.

9.9 Authority. The parties to this Agreement warrant that the signatories below are authorized to act on behalf of the respective parties to this instrument, that they have signed the Agreement in their proper capacity and that the execution of this Agreement constitutes a binding act of each party to this Agreement.

This Agreement is executed on and effective as of the Effective Date.

GREATER BROWNSVILLE INCENTIVES CORPORATION (GBIC)

By: ________________________________
Name: Helen Ramirez
Title: Executive Director and CEO
Date: Sept 29, 2021

9POINT8 CAPITAL (COMPANY)

By: ________________________________
J. Brant Arseneau
Founder, President
Date: Sept 29, 2021
CORPORATE ACKNOWLEDGEMENT

STATE OF Canada
COUNTY OF Toronto

This instrument was acknowledged before me by J. BRANT ARSENEAU, Founder and President, for 9POINTS CAPITAL, a New York based corporation authorized to do business in the State of Texas, on behalf of said corporation, this 29 day of September, 2021.

Notary Public - State of Ontario, Canada

RED SEAL NOTARY INC.
25 Adelaide St. East #100
Toronto, ON M5C 3A1
(905) 922-7325
www.redsealnotary.com

CORPORATE ACKNOWLEDGEMENT

STATE OF TEXAS
COUNTY OF CAMERON

This instrument was acknowledged before me by HELEN RAMIREZ, Executive Director and CEO for the GREATER BROWNSVILLE INCENTIVE CORPORATION, Texas Economic Development Corporation, on behalf of said corporation, this 29th day of September, 2021.

Notary Public - State of Texas
There were to be 6 employees total by the end of the first 6 months, 6 more at 12 months, 6 more at 18 months, and 2 more at 24 months for a total of 20 (15 back office and 5 hatchery).
APPENDIX I – Job Incentives Training Incentives Application for GBIC Economic Development Funds

INCENTIVE FUNDS OVERVIEW

JOB CREATION INCENTIVE FUNDS

DESCRIPTION:
The purpose of the Job Creation Incentive Fund is to provide funding, either grants and/or loans, in accordance with Type A requirements of the Texas Development Corporation Act for the expansion or retention of companies, in turn, the creation of primary jobs.

ELIGIBILITY FOR INCENTIVES: All projects are evaluated on a case-by-case basis and fall within the category of ‘creation’ or ‘retention’ of primary jobs, as defined by the Texas Development Corporation Act. For consideration of GBIC funds, the project needs to provide a significant return on investment of economic development public dollars, which include the following criteria:

• Creation and/or retention of a minimum of 20 full-time jobs
• Wages paying at least $10 per hour, per job
• Provide access to health care benefits for full-time employees

* Above is not all-inclusive, additional requirements are listed under the required attachments.

ADVANCED MANUFACTURING TRAINING FUNDS

DESCRIPTION:
Development of a Training Fund for Advanced Manufacturers by the GBIC is a plan which identifies and helps local industry train and fully develop its human capital through financial resources and strategic community partnerships. The initiative is a result of a national trend of lack of skilled labor force in industry and specifically targeting advanced manufacturing workforce in the Greater Brownsville region.

TAXABATEMENT PROGRAMS

• Triple Freeport Exemption: The freeport goods qualify if they leave Texas within 175 days from the date they are brought into or acquired in the state. The following entities have adopted a Freeport Exemption.
  » City of Brownsville
  » Cameron County
  » Brownsville ISD

• Foreign Trade Zone No. 62, sites currently designated include.
  » Port of Brownsville
  » BRO Airport Airpark
  » North Brownsville Industrial Park (Pending)

STATE OF TEXAS INCENTIVE PROGRAMS

The following are programs that the GBIC has successfully applied for in recent years for an array of prospects and entities. The GBIC partners with the potential prospect and administers the application process.

I. Texas Enterprise Fund
The Texas Enterprise Fund (TEF) awards “deal-closing” grants to companies considering a new project for which one Texas site is competing with other out-of-state sites. The fund serves as a financial incentive for those companies whose projects would contribute significant capital investment and new employment opportunities to the state’s economy.

II. Texas Enterprise Zone Program
The Texas Enterprise Zone Program (EZP) is a state sales and use tax refund program designed to encourage private investment and job creation in economically distressed areas of the state.

III. Skills Development Fund
Grants are provided to help companies form partnerships with local community colleges and technical schools to provide custom job training. Average training costs is $1,000 per trainee, however, the benefit may vary depending on the proposal.

IV. Self-Sufficiency Fund
Training grants available to eligible public colleges or to eligible private, nonprofit organizations to provide customized job training and training support services for specific employer.

For more info please contact:
Constanza Miner, EDIIF Interim Executive Director and CEO
Greater Brownsville Incentives Corporation
(956) 446-8116 | cmine@greaterbrownsville.com | greaterbrownsville.com
Application for GBIC Economic Development Funds

The following information is required for all projects requesting economic development funds through the Greater Brownsville Incentives Corporation (GBIC). After receipt of the application, GBIC will require additional information to be submitted to indicate the financial abilities or other factors. Please note that each application is considered on a project-by-project basis. All fund applications are subject to the final approval of the GBIC's board of directors. If the project is approved for funding, a performance agreement will be signed by both parties.

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Mailing Address</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Phone Number</th>
<th>Fax Number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Applicant’s Representative submitting application</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Brief Company History</th>
<th>Does the company have other operations (please list)</th>
</tr>
</thead>
<tbody>
<tr>
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</table>

<table>
<thead>
<tr>
<th>NAICS Code &amp; Description</th>
<th>Federal Tax Id #</th>
</tr>
</thead>
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<tr>
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</tr>
</tbody>
</table>

To the best of my knowledge and belief, the information contained in this Economic Development Assistance Application is true and correct, as evidenced by my signature below.

Signature ___________________________ Date ____________
**PROJECT INFORMATION**

Description of Project (include time frame)

<table>
<thead>
<tr>
<th>PROJECT CHARACTERISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Check all that apply)</td>
</tr>
<tr>
<td>□ Construct New Facility</td>
</tr>
<tr>
<td>□ Lease Facility</td>
</tr>
<tr>
<td>□ Expand Existing Facility</td>
</tr>
<tr>
<td>□ Renovate Existing Facility New</td>
</tr>
<tr>
<td>□ Business/Start-up</td>
</tr>
<tr>
<td>□ Expansion/Relocation from Out of State</td>
</tr>
<tr>
<td>□ Expansion/ Relocation within Texas</td>
</tr>
<tr>
<td>□ Foreign Direct Investment</td>
</tr>
<tr>
<td>□ Merger/Acquisition Project</td>
</tr>
<tr>
<td>□ Consolidation Project</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Square footage of manufacturing building (if applicable)</th>
<th>Investment for pollution control equipment (if applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investment for clean rooms (if applicable)</th>
<th>Inventory at project location (if applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**PROJECT CAPITAL INVESTMENT**

<table>
<thead>
<tr>
<th>Land</th>
<th>Building(s) (Do not include working capital in this calculation)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Machinery &amp; Equipment</th>
<th>Working Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Projected Dates & Milestones

<table>
<thead>
<tr>
<th>Begin Construction (if applicable)</th>
<th>Begin Hiring New Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Complete (if applicable)</td>
<td>Fully Operational</td>
</tr>
<tr>
<td>Purchase Machinery &amp; Equipment</td>
<td></td>
</tr>
</tbody>
</table>

## Employment Information

Please provide as much detail as possible regarding employment as the incentive package is directly proportional to the quantity and quality of jobs to be created.

| Current Employment levels at Brownsville Facility (if applicable) | Projected Employment levels at the end of months 12, 24 & 36 (attach spreadsheet if more years) |
|------------------------------------------------------------------|-------------------------------------------------------------------------------------------------
| Year 1:                                                          |                                                                                                  |
| Year 2:                                                          |                                                                                                  |
| Year 3:                                                          |                                                                                                  |

Expected wages per job classification and of non-principal employees (please list)

### Benefits Program

- **Health Plan**
  - Cost to Employee

- **Retirement/401K/Life Insurance**
  - Cost to Employee

- **Dental Insurance**
  - Cost to Employee

**JOB TRAINING NEEDS:** (Attached summary if needed)
## UTILITIES USAGE INFORMATION

<table>
<thead>
<tr>
<th>Water (average monthly usage)</th>
<th>Electrical Service Needed (transformers needed)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Natural Gas Needs             | Rail (weight rail needed /average monthly      |
| (Pressure needed /volume usage per month) | volume)                                       |
|                               |                                               |

Please list other needs, if any

---

## PRIMARY COMPETITION FOR PROJECT
(if applicable)

<table>
<thead>
<tr>
<th>City, State or County (Attach summary if needed)</th>
<th>Incentives being offered (if any)</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

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## REQUIRED ATTACHMENTS

The following items must be attached to this application in order for the application to be complete:

**Letter of Intent**

**Historical Financial Data:**

a. Three years of GAAP compiled, reviewed and CPA-reviewed financial statements
b. A signed affidavit from a CPA firm or Executive Officer that compiled statements is correct
c. Three years of tax returns, including Schedule C or Form 1120 for C or S Corporations
d. Signed IRS form allowing the GBIC to directly access tax returns from the IRS
e. Most recent 10K filing
f. Detailed disclosures about contingent litigation from the company’s legal counsel
g. Name, location, and revenue figures of any domestic or foreign subsidiaries, parents, or other companies with significant shared ownership
h. Authorization to consent to a Dun & Bradstreet or other equivalent business
   Background and credit check

**Principal Shareholders & Corporate Structure:**

a. Resume of each principal in your company and anyone in key management positions
b. Articles of Incorporation and/or letter of good standing from the Texas Secretary of State

Submit the completed application by email, traditional mail or in person to:

**Jerry Briones**

Director Of International Business & Industrial Park Development

Brownsville Incentives Corporation

500 E. Saint Charles St. (Historic Young House)

Brownsville, TX 78520

(956) 431-7939

jbriones@greaterbrownsville.com

greaterbrownsville.com
Application for
FY 2022 - 2023 Launch BTX Grant Program

Application Period:
October 1, 2022, through September 31, 2023

Greater Brownsville Incentives Corporation (GBIC)
A Type A Economic Development Organization
500 E. Saint Charles Street
Brownsville, Texas 78520
(956) 561-4133
www.greaterbrownsville.com
Karla De La Riva, MBA
Workforce and Business Development Director
kdelariva@greaterbrownsville.com

Program Name: Launch BTX Grant Program (Launch BTX)

Program Goal/Overview: The mission of the Launch BTX Grant Program is to assist and support Brownsville, Texas, start-ups, or established businesses in the Aerospace, NewSpace, Urban Mobility, Technology, Agriculture, Medical, and Advanced Manufacturing through the research and development phases of their new or evolving products or product lines. Success comes from a collaboration with the Greater Brownsville Incentives Corporation (GBIC), business partners, and eligible grant applicants comprised of institutions of higher education.

About the Grant: The City of Brownsville, Texas, is quickly becoming a hub for companies with a mission to venture in or expand in Aerospace, NewSpace, Urban Mobility, Technology, Agriculture, Medical, and Advanced Manufacturing.

The Launch BTX Grant Program allocated an initial Four Hundred and Fifty Thousand Dollars ($450,000) by the GBIC Board of Directors for the Fiscal Year 2021-2022. Given the success of the program, an additional $450,000 was approved by the GBIC Board of Directors for FY 2022-2023 to provide grants to institutions of higher education that are working in collaboration with targeted key industry companies that are already located, or expanding in the City of Brownsville, Texas. These institutions of higher education include Universities, Community Colleges, Technical Colleges, State Colleges, and High Schools that provide Career & Technical Education that are working in collaboration with Brownsville-based companies, with assistance with the following: providing office or laboratory space, training by professors that are working in collaboration with specialized industry professionals, student research and internships, testing equipment, materials, and development in the launching of new or evolving products within the Aerospace, NewSpace, Urban Mobility, Technology, Agriculture, Medical, and Advanced Manufacturing.

How the Program Works: Launch BTX will provide grants to eligible institutions of higher education to defray the costs associated with providing office and/or laboratory space, training by professors, student research, internships/apprenticeships, testing equipment, and associated services that are meant to develop and launch new or evolving products. Projects must have the ability to evolve from concepts to viable designs, based on science, to commercialize products that can ultimately be scaled.

Eligibility: Start-ups, companies, and businesses in the Aerospace, NewSpace, Urban Mobility Technology, Agriculture, Medical, and Advanced Manufacturing must be developing or evolving a product or product line, be situated in Brownsville, Texas, and must meet the following criteria:

1. To qualify for the Launch BTX Grant Program, companies applying must provide a Certificate of Account Status from the Texas Comptroller’s Office and a Print-out of their Filing History Report on the Secretary of State’s Website.

2. Collaborate with eligible institutions of higher education located in Cameron County (Universities, Community Colleges, Technical Colleges, State Colleges, and High Schools providing Career & Technical Education), to aid with providing office or laboratory space, training by professors that are collaborating with a specialized industry professional(s), provide student research, training and internships/apprenticeships, testing equipment, development, materials, in the launching of new or evolving products.
3. Disclose if any other local, state or federal funds are being sought or awarded for the proposed plan/program. (This information will only be utilized to assist in finding other funding opportunities /sources for business partners where awarded funds if any, can be leveraged.)

4. Provide a signed Memorandum of Understanding (MOU) or similar Agreement or Contract between the start-up, business, or company and the applicant/institutions of higher education (University, Community College, Technical College, State College, and/or High School providing Career & Technical Education) outlining each entity’s role and responsibilities under the grant award.

5. Include an itemized budget that identifies the use of funding. For example, course descriptions if requesting training, equipment costs and/or material costs, etc.

6. Verify that the institution of higher education submits a complete application through the GBIC website portal.

7. The company must have a Brownsville address.

8. The company must be able to prove personal or in-kind investments from the principal[s] into the project by the time of application. The company will be required to provide financial statements and other possible documentation to prove its investment in the company.

9. If the company is a start-up a business plan will be required as part of the documentation. Companies with more than a year of existence must provide tax returns and financial statements.

10. The company must provide a certificate of account status.

Project Duration: Launch BTX will be in effect until the end of FY 2023 or until program-allocated funds are depleted.

Evaluation Considerations: All applications will be reviewed each month. The evaluation process will consist of:

- An initial review of the submitted application will be performed by GBIC staff members for completeness and compliance with technical specifications.
- All compliant and complete applications will be evaluated and scored by an internal team of reviewers. Applications will be evaluated on specific criteria by reviewers using a standardized instrument based on the criteria below.

Grants will be scored and awarded based on the following general criteria:

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company and Project Information</td>
<td>10</td>
</tr>
<tr>
<td>Anticipated Outcomes of the Project</td>
<td>30</td>
</tr>
<tr>
<td>Programs/Services rendered by the institution of higher education</td>
<td>25</td>
</tr>
<tr>
<td>Reasonability of Budgeted Costs</td>
<td>20</td>
</tr>
<tr>
<td>Industry Sector Focus Area</td>
<td>10</td>
</tr>
<tr>
<td>Institution of higher education located in Brownsville</td>
<td>5</td>
</tr>
<tr>
<td>Total Possible Score</td>
<td>100</td>
</tr>
</tbody>
</table>
Application Process:

Applications that meet Eligibility and Evaluation Considerations will be presented to the Greater Brownsville Incentives Corporation (GBIC) Board of Directors for approval. Applicants will be notified and allowed to provide additional information, if necessary. Institutions of higher education may be granted funds for more than one signed Memorandum of Understanding (MOU), contract, or Agreement. If awarded funding for a Project for Fiscal Year 2023, the start-up, business, or company, is ineligible to reapply under that same Agreement, with the same institution of higher education, until the next fiscal year. Projects that are not granted funds, may reapply if they meet Eligibility and Evaluation Considerations.

How to Apply:

- Complete the online application and upload required the documents at the Greater Brownsville Incentives Corporation (GBIC) [https://greaterbrownsville.com](https://greaterbrownsville.com)

Other Project Considerations:

- All BTX Launch Grant Program applications must be submitted by an eligible institution of higher education.
- An institution of higher education may apply for more than one Project.

Launch BTX is a competitive process; not all applicants will be awarded funding despite meeting criteria, and funding may be reduced.

- Funds may be utilized for the purchase of equipment and/or supplies and materials necessary for training, researching, developing, and testing. In addition, providing office and/or laboratory space, training by professors, student research and internships/apprenticeships, and associated services that are meant to develop and launch new or evolving products.

If the application is selected for funding, the institution of higher education will enter into a Performance Agreement with the Greater Brownsville Incentives Corporation to comply with Section 501.101 of the Act, allowing funding for equipment, facilities, expenditures, targeted infrastructure, and improvements that are for the creation or retention of primary jobs.

For questions, please contact:

Karla De La Riva, MBA

Workforce and Business Development Director

Greater Brownsville Incentives Corporation

Phone: (956) 479-3813

Email: kdelariva@greaterbrownsville.com
Greater Brownsville Incentives Corporation

BTX Launch Application

SECTION I – APPLICANT INFORMATION

Institution of higher education Information: Complete the following information requested.

Name: ________________________________________________________________

Address: ____________________________________________________________

Type of institution of higher education (University, Community College, Technical College, State College, or High School providing Career & Technical Education)

Contact Name: ______________________________________________________

Contact Email: _____________________________________________________

Contact Phone: _____________________________________________________

Company Street Address (physical location required):

City, State: _________________________________________________________

County: ___________________________________________________________

Zip Code: __________________________________________________________
SECTION II – COMPANY INFORMATION

Company Information: Complete the information requested.

Company Name: _______________________________________________________

Contact Name: _______________________________________________________

Job Title: _____________________________________________________________

Contact Email: _______________________________________________________

Contact Phone: _______________________________________________________

Company Street Address (physical location required):

____________________________________________________________________

City, State: ___________________________________________________________

County: ______________________________________________________________

Zip Code: _____________________________________________________________

Total Number of Employees Company-wide: _______________________________

Tax ID #: _____________________________________________________________

4-Digit NAICS Code that identifies Industry (You can find these codes here: NAICS has moved! (census.gov)

____________________________________________________________________

TWC Account Number (Account # under which business partner reports employee wages to TWC Tax Department): * Unemployment Tax Contact Information - Texas Workforce Commission *Only applicable for companies with an existing TWC Account Number.

____________________________________________________________________

SECTION III – FUNDING

A) Type of Industry: Place an “X” next to the type of industry your company belongs to, if other, please type the name of the industry next to other.

<table>
<thead>
<tr>
<th>Industry Type</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerospace/</td>
<td>Technology</td>
<td>Urban Mobility</td>
<td>Other:</td>
<td></td>
</tr>
<tr>
<td>NewSpace</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>Medical</td>
<td>Advanced</td>
<td>Manufacturing</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Manufacturing</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
B) Funding Information Request: Please fill in the information below.

Is Your Company a Start-up? If so, please attached a copy of a 990 Tax Form or Form Business Structure. ________________________________

Please provide your company’s Brownsville address. ______________________________________________________

Total of New Jobs or Internships Created? ________________________________

What is the Average Wage Per Employee/Intern? ________________________________

Please provide a breakdown of the company’s total project investment (monetary and non-monetary resources).

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

What is your funding request? [Maximum request granted per application $150,000]

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

Briefly explain in what areas the company will utilize the funds:

________________________________________________________________________

________________________________________________________________________

Briefly describe how funding will assist in achieving the company’s goals:

Disclose if any other local, state, or federal funds are being sought or awarded for the proposed plan/program. (This information will only be used to assist in finding other funding opportunities for business partners where awarded funds if any, can be leveraged.)

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________
SECTION IV – TRAINING

A) Type of Training: Please fill in the information below, if applicable.

Project Description: Please provide a brief description of the training needs and high-level goals.

The submittal document shall not exceed 10 pages for the required information. A page is considered 8.5” x 11”, single-sided, 12-point font size (or larger), single-spaced, and in portrait orientation.

Training Needs

Anticipated Start Date: ____________________________________________

Anticipated End Date: ____________________________________________

Total Number of Employees/Interns to be Trained: _______________________

B) Training Courses to Be Provided, if applicable: Please provide training information and budget details below.

Name of Training Provider: _________________________________________

Job Title[s]: _____________________________________________________

Course Name[s]: _________________________________________________

Number of Trainees: ______________________________________________

Course Training Hours: _____________________________________________

Cost per Trainee: _________________________________________________

C) Trainee Information, if applicable: Please provide the following information.

- The job title of each position for which training is being requested.
- The number of employees/apprentices/Interns to receive training through the proposed project.
- If applicable, the hourly wage range is to be provided to the employee upon the successful completion of training, if applicable. (The minimum wage is the current minimum hourly wage that a trainee is paid, and the maximum wage is the highest hourly wage that a trainee can be paid). Only include hourly wages of those workers who will be participating in training, if applicable.

List the Job Title(s) ________________________________________________
Number Of employees/apprentice/Interns in the Occupation Receiving Training

Hourly Wage Range Minimum Wage (if Applicable) ______________________________

Hourly Wage Range Maximum Wage (if Applicable) ______________________________

SECTION V – RESEARCH, DEVELOPMENT, TESTING

A) Equipment and Supplies: List the type of equipment, supplies, or material needed for the project and the estimated cost per item, if applicable.

<table>
<thead>
<tr>
<th>Equipment and/or Supplies</th>
<th>Cost</th>
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B) SMART objectives: Specific, Measurable, Achievable, Realistic and Time-bound

<table>
<thead>
<tr>
<th>SMART Objective Description</th>
<th>Target Date</th>
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C) Technical milestone/challenge: Give details of the milestones below

<table>
<thead>
<tr>
<th>Technical Milestone/Challenge</th>
<th>Milestone Target Date</th>
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APPLICATION CERTIFICATION

To the best of my knowledge and belief, by signing this application, I certify all information provided in this application is true and correct.

Print Name of Applicant (Institution of Higher Education)

______________________________________________________________________________

Name of Authorized Representative

______________________________________________________________________________

Title of Authorized Representative

______________________________________________________________________________

Signature                                                  Date

______________________________________________________________________________  __________
Collaboration with Company/Start-Up

Company Name

Name

Title

Signature                          Date
Sec. 502.051. WRITTEN CONTRACT REQUIRED FOR BUSINESS RECRUITMENT OR DEVELOPMENT.

(a) Except under a written contract approved by the corporation’s board of directors, a corporation may not pay compensation, including a commission or fee, or another thing of value to a broker, agent, or other third party who:

(1) is involved in business recruitment or development; and

(2) is not an employee of the corporation.

(b) A corporation that violates Subsection (a) is liable to this state for a civil penalty in an amount not to exceed $10,000.

(c) The attorney general may bring an action to recover the civil penalty in a district court in Travis County or the county in which the violation occurred.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.01, eff. April 1, 2009.
ARTICLES OF INCORPORATION OF THE
GREATER BROWNSVILLE INCENTIVES CORPORATION

Pursuant to the provisions of Articles 1396-3.02 (of the Texas Non-Profit Corporation Act) and 5190.6 of the Texas Revised Civil Statutes, the undersigned natural persons of the age of eighteen (18) years or more, acting as incorporators of a non-profit corporation, and constituting the City Commission of the City of Brownsville, Texas, hereby adopt the following Articles of Incorporation for such corporation:

I.

The name of the corporation is the GREATER BROWNSVILLE INCENTIVES CORPORATION.

II.

The corporation is a non-profit corporation.

III.

The period of its duration is perpetual.

IV.

The purpose or purposes for which the corporation is organized are as follows: to expedite and enhance economic and industrial development in Brownsville, Texas, in accordance with the Texas Development Corporation Act of 1979, codified as Article 5190.6 of the Texas Revised Civil Statutes, and to administer the distribution of the proceeds of certain development bonds issued and the proceeds of certain development sales taxes, received on behalf of the City of Brownsville (and the Brownsville City Commission).

V.

The corporation has no members and is a non-stock corporation.

VI.

The street address of the initial registered office of the corporation is the Brownsville City Hall, 1 Market Square, Brownsville, Cameron County, Texas 78520, and the name of its initial registered agent at such address is Mr. Kirby Lilljedahl
(any subsequent registered agent for this corporation would be the successor to Mr. Kirby Lilljedahl as the City Manager of the City Of Brownsville, Texas).

VII.

The number of directors constituting the initial board of directors is five (5) and the names and addresses of the persons who are to serve as the initial directors are:

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
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<tbody>
<tr>
<td>Michele A. Sanchez</td>
<td>c/o Brownsville City Hall, Market Square Brownsville, Texas 78520</td>
</tr>
<tr>
<td>Vincent L. Crixell, III</td>
<td>c/o Brownsville City Hall, Market Square Brownsville, Texas 78520</td>
</tr>
<tr>
<td>Harry Holzman</td>
<td>c/o Brownsville City Hall, Market Square Brownsville, Texas 78520</td>
</tr>
<tr>
<td>Reynaldo &quot;Ray&quot; L. Lopez</td>
<td>c/o Brownsville City Hall, Market Square Brownsville, Texas 78520</td>
</tr>
<tr>
<td>Hal T. Morrow</td>
<td>c/o Brownsville City Hall, Market Square Brownsville, Texas 78520</td>
</tr>
</tbody>
</table>

Each Director and Initial Director shall be of good moral character, be a United States citizen and shall reside within the City or own property in the City. Any Director who ceases to possess the aforementioned qualifications shall forthwith forfeit his position, a vacancy shall occur and such vacancy shall be filled.

VIII.

The name and street address of each incorporator is:

<table>
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<tr>
<th>Name</th>
<th>Address</th>
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<tbody>
<tr>
<td>Patricio M. Ahumada, Jr.</td>
<td>c/o Brownsville City Hall, Market Square Brownsville, Texas 78520</td>
</tr>
<tr>
<td>Juan M. &quot;Butch&quot; Barbosa</td>
<td>c/o Brownsville City Hall, Market Square Brownsville, Texas 78520</td>
</tr>
</tbody>
</table>
Henry Gonzalez  
c/o Brownsville City Hall,  
Market Square  
Brownsville, Texas 78520

Pedro "Pete" Benavides  
c/o Brownsville City Hall,  
Market Square  
Brownsville, Texas 78520

Ernie Hernandez  
c/o Brownsville City Hall,  
Market Square  
Brownsville, Texas 78520

IX.

The Brownsville City Commission, on February 18, 1992, authorized the said corporation, the GREATER BROWNSVILLE INCENTIVES CORPORATION, by resolution, to act on its behalf to further the public purpose of expediting and enhancing economic and industrial development in Brownsville, Texas through the promotion and development of industrial and commercial enterprises to promote and encourage employment and the public welfare, as set forth in the said Resolution and in the Articles Of Incorporation, which have been approved by the Brownsville City Commission. To this extent, these Articles cannot be amended without the prior written consent of the Brownsville City Commission.

X.

The said corporation is governed by Section 4A of Article 5190.6 of the Texas Revised Civil Statutes.

XI.

A director or officer of the corporation is not liable to the corporation for monetary damages for an act or omission in the director's or officer's capacity as director or officer, except to the extent otherwise provided by statute of the State Of Texas, and only in the event of a breach of trust or gross negligence.

XII.

To the extent permitted by the Texas Non-Profit Corporation Act, Article 1396 - 2.22A of the Texas Revised Civil Statutes, the Board Of Directors may, in its discretion, authorize the corporation to indemnify any present or former director, officer, employee, or agent of the corporation against judgments, penalties (including excise and similar taxes), fines, settlements, and reasonable expenses actually incurred by the person in connection with a proceeding in which the person was, is, or is threatened to
be made a named defendant or respondent because the person is or
was a director, officer, employee, or agent of the corporation.

XIII.

No part of the corporation’s activities shall ever involve
propaganda, or otherwise attempting to influence legislation, and
it shall not participate in or intervene in any political campaign
on behalf of or in opposition to any candidate for public office.

XIV.

No dividends shall ever be paid by the corporation and no part
of its net earnings remaining after payment of its expenses shall
be distributed to or inure to the benefit of its Directors or
Officers or any individual, firm, corporation or association.
Moreover, if the corporation is dissolved, when it has or is
entitled to any interest in any funds or property or rights thereto, same shall not be transferred to private ownership, but
shall be transferred and delivered to the city of Brownsville after
satisfaction or provision for satisfaction of all debts and claims.

GREATER BROWNSVILLE INCENTIVES
CORPORATION (in formation)

Patricio M. Ahumada, Jr.

Juan M. "Butch" Barbosa

Henry Gonzalez

Pedro "Pete" Benavides

Ernie Hernandez

INCORPORATORS

- 4 -