

**CITY OF EL PASO, TEXAS  
AGENDA ITEM  
DEPARTMENT HEAD'S SUMMARY FORM**

**AGENDA DATE:** 5/25/2021 (Consent)  
**PUBLIC HEARING DATE:** N/A

**CONTACT PERSON(S) NAME AND PHONE NUMBER:** Nicole Ferrini, 212-1659

**DISTRICT(S) AFFECTED:** District 8

**STRATEGIC GOAL:** Goal 1 – Cultivate an environment conducive to strong, sustainable economic development

**SUBGOAL:** 1.1 – Stabilize and expand El Paso's Tax Base

**SUBJECT:**

**APPROVE a resolution / ordinance / lease to do what? OR AUTHORIZE the City Manager to do what? Be descriptive of what we want Council to approve. Include \$ amount if applicable.**

To approve authorizing the City Manager to execute an Amendment to the Empowerment Zone Revolving Loan Fund Program Loan Agreement by and among the City of El Paso and Cesar Scott, LLC., to allow notice to be given to 3rd parties in support of a New Market Tax Credit transaction.

**BACKGROUND / DISCUSSION:**

**Discussion of the what, why, where, when, and how to enable Council to have reasonably complete description of the contemplated action. This should include attachment of bid tabulation, or ordinance or resolution if appropriate. What are the benefits to the City of this action? What are the citizen concerns?**

On December 2, 2014, the City and Cesar-Scott, LLC. entered into an Empowerment Zone loan agreement with an original principle amount of \$350,000. Delays resulted in the project that were outside the control of Cesar-Scott, LLC. Staff recommends approving an amendment to the loan disbursement terms to account for those delays.

**Project Details:**

Cesar-Scott, LLC. was established in 1988. The company serves as distribution center, warehouse, and administrative center for its contract manufacturing facility in Cd. Juarez which provides wire harness/cable assembly, electronic spark ignitors and electromechanical assembly work. The Empowerment Zone loan agreement was entered into to expand its warehouse capacity at 1731 Myrtle Ave. The company is owned by Mr. C. Gustavo Farell (94%) and Cesar Farell (6%).

The \$350,000 loan proceeds will leverage \$629,442 applicant's investment. The loan will assist in the retention of 14 jobs and creation of 6 jobs. Cesar-Scott, LLC. is making a good faith commitment, in accordance with EZ guidelines, to making future job opportunities available to EZ residents. The project meets the 1 retained/created job: \$35,000 loan requirement.

**PRIOR COUNCIL ACTION:**

**Has the Council previously considered this item or a closely related one?**

City Council approved the original Empowerment Zone loan agreement with Cesar-Scot, LLC. on December 2, 2014

**AMOUNT AND SOURCE OF FUNDING:**

**How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?**

The monetary terms under the agreement remain the same in this amendment (\$350,000 Empowerment Zone loan)

**HAVE ALL AFFECTED DEPARTMENTS BEEN NOTIFIED?  YES  NO**

**PRIMARY DEPARTMENT:** Department of Community + Human Development

**SECONDARY DEPARTMENT:** N/A

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\*\*\*\*\*REQUIRED AUTHORIZATION\*\*\*\*\*

**DEPARTMENT HEAD:**



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**(If Department Head Summary Form is initiated by Purchasing, client department should sign also)**

**RESOLUTION**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:**

That the City Manager be authorized to execute the Amendment to Empowerment Zone Revolving Loan Fund Program Loan Agreement by and among the City of El Paso and Cesar Scott, LLC, to allow notice to be given to 3<sup>rd</sup> parties in support of a New Market Tax Credit transaction.

**APPROVED THIS** \_\_\_\_\_ **DAY OF** \_\_\_\_\_ **2021.**

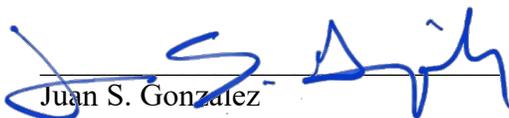
**CITY OF EL PASO:**

\_\_\_\_\_  
Oscar Leeser  
Mayor

**ATTEST:**

\_\_\_\_\_  
Laura D. Prine  
City Clerk

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
Juan S. Gonzalez  
Senior Assistant City Attorney

**APPROVED AS TO CONTENT:**

  
\_\_\_\_\_  
Nicole Ferrini, Director  
Community & Human Development

**AMENDMENT TO EMPOWERMENT ZONE REVOLVING LOAN FUND PROGRAM  
LOAN AGREEMENT AND PROMISSORY NOTE**

This Amendment to Empowerment Zone Revolving Loan Fund Program Loan Agreement and Promissory Note ("First Amendment") is made this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by and between the **CITY OF EL PASO, TEXAS** (the "City") and **CESAR-SCOTT, INC.** (the "Borrower").

**WHEREAS**, on December 2, 2014, the City and Borrower entered into the Empowerment Zone Revolving Loan Fund Program Loan Agreement (the "Agreement"); and

**WHEREAS**, pursuant to the Agreement, the City will or has provided a Loan in the original principal amount of \$350,000.00, evidenced by a certain promissory note (the "Promissory Note") dated December 2, 2014.

**WHEREAS**, the City and Borrower now desire to amend the loan disbursement terms due to a delay of the project outside the parties control.

**NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL COVENANTS AND AGREEMENTS, THE PARTIES HEREBY MUTUALLY AGREE AS FOLLOWS:**

1. Page 1, Section 1. City's Obligation, C. of the Agreement is hereby amended to add a *Waiver of Rebate* clause, to read as follows:

(1) Waiver of Rebate.

If an event of default is cured in accordance with the terms of this Agreement by a 3<sup>rd</sup> Party; Borrower will not be eligible for the aforementioned Rebate described in this Section 1. C.

2. Page 3, Section 7, Relocation. of the Agreement is hereby amended to read as follows:

Borrower shall not relocate the business out of the boundaries of the EZ through May 4, 2028. Without limitation, relocation shall include the following events: closure of the business, going out of business, failing to retain its operations in the EZ boundaries, or moving to another location outside the EZ boundaries.

3. Page 5, Section 16, Default of the Agreement is hereby amended to add a *Notice of Default to 3<sup>rd</sup> Parties* clause, to read as follows:

A. Notice of Default to 3<sup>rd</sup> Parties

Borrower and City agree to provide additional Notice of Default to the following 3<sup>rd</sup> Parties:

UACD Sub CDE 52 LLC  
2101 E. Biddle Street, Suite 1201

Baltimore, Maryland 21213  
Attention: Joe Summers

USB NMTC Fund 2020-6, LLC  
c/o U.S. Bancorp Community Development Corporation  
1307 Washington Avenue, Suite 300  
St. Louis, Missouri 63103  
Attention: Director of Asset Management – NMTC; Project  
#27417; S1327

3. Page 16, Default of the Agreement is hereby amended to add a *Cure of Default by 3<sup>rd</sup> Party* clause, to read as follows:

B. Cure of Default by 3<sup>rd</sup> Party.

The 3<sup>rd</sup> Parties listed in Section 16. A. shall have an additional (30) days to cure the event of default if Borrower fails to cure such failure within the original cure period afforded to Borrower (but shall be under no obligation to cure such default), unless the cure period provided to Borrower under this Agreement for such default provides for a longer period (in which case such longer period shall apply), provided further, that if the default cannot reasonably be cured within such (30) day period, then the 3<sup>rd</sup> Parties shall have such additional time as needed to cure such default provided the 3<sup>rd</sup> Parties have commenced cure within the (30) day period introduced in this subsection B, in which event the City agrees that it shall not commence (or shall promptly discontinue) any foreclosure or other enforcement action instituted under the Deed of Trust and the City agrees to accept any such cure from the 3<sup>rd</sup> Parties as if it were made by Borrower, subject to the provisions of Section 16. A. The 3<sup>rd</sup> parties are intended third party beneficiaries of this Section with the power and authority to enforce the terms hereof.

4. Except as amended herein, both the Agreement and the Promissory Note between the City and Borrower shall remain in full force and effect.

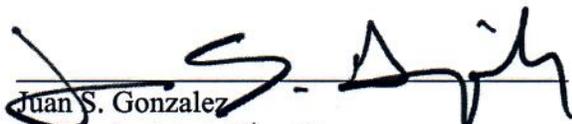
*(Signatures on following page)*

**IN WITNESS WHEREOF**, the City and Borrower have executed this First Amendment as of the date first written above to be effective on the same.

**CITY OF EL PASO:**

\_\_\_\_\_  
Tomás González  
City Manager

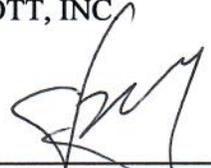
**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
Juan S. Gonzalez  
Senior Assistant City Attorney

**APPROVED AS TO CONTENT:**

  
\_\_\_\_\_  
Nicole Ferrini, Director  
Community & Human Development

**BORROWER:**  
CESAR-SCOTT, INC

  
By: \_\_\_\_\_  
Cesar Gustavo Farrell, President – Director

**3<sup>rd</sup> PARTY**  
UACD Sub CDE 52 LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

*(Acknowledgments on following page)*

**ACKNOWLEDGMENT**

**STATE OF TEXAS**       §  
                                  §  
**COUNTY OF EL PASO**   §

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 2021, by Tomás González, as City Manager of the City of El Paso, Texas, on behalf of the City of El Paso, Texas.

\_\_\_\_\_  
Notary Public, State of Texas

My Commission Expires:

\_\_\_\_\_

**ACKNOWLEDGMENT**

**STATE OF TEXAS**       §  
                                  §  
**COUNTY OF EL PASO**   §

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 2021, by Cesar Gustavo Farell, as President-Director of Cesar-Scott, Inc., on behalf of said entity.

\_\_\_\_\_  
Notary Public, State of Texas

My Commission Expires:

\_\_\_\_\_

**ACKNOWLEDGMENT**

**STATE OF** \_\_\_\_\_ §  
                                  §  
**COUNTY OF** \_\_\_\_\_ §

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, as \_\_\_\_\_ of UACD Sub CDE 52 LLC, on behalf of said entity.

\_\_\_\_\_  
Notary Public, State of \_\_\_\_\_

My Commission Expires:

\_\_\_\_\_