



January 6, 2017

Manuel De La Rosa
City Manager
City of San Benito

Dear Mr. De La Rosa,

As per our meeting on December 22, 2016 in regards to the land owned by the San Benito Economic Development Corporation located on the 500 block of Business 77, I am submitting our group's written proposal.

The VARCO Group is interested in commercially developing this site. At this point, we believe our development in that site would require a construction budget between \$5M and \$7million and consist of 40,000-50,000 square feet of leasable space. We would develop the site in 2 to 3 phases with an estimated 3-year completion schedule. As a point of reference, our group has been in the real estate development business since 2003 and develops real estate primarily in South Texas today, but owns real estate projects in Texas, Arizona, and Mexico.

We would like to propose to the San Benito EDC for the land to be deeded to a VARCO entity in exchange for our commitment to commercially develop this land into a substantial retail development as stated above. The value of the land can be included in a note payable to the EDC including a provision for the SBEDC to subordinate their priority lien position to the lender on the project. The note would call for a debt forgiveness schedule based on the completion of each phase of the project. As discussed in our prior meeting, the EDC would invest in developing the irrigation easement by continuing the walking trail on this side of Business 77 to include landscaping the area, securing a cross-walk and light across business 77 and the addition of a community dock on the Resaca. Our project's design would focus on attracting people to this part of the property and to ensure the improvements complement the development our architectural firm would provide or assist the EDC with the design of this space.

We believe this partnership will allow our group to offer the space at affordable rental levels to attract quality tenants to the site. We foresee this project attracting not only the San Benito community to the site, but residents throughout Cameron County. This project will be the first of its kind in San Benito and will become a destination with its relaxed venue and the many quality family dining choices.

From an economic standpoint and based on our most recent projects, we anticipate this development will provide 300 full and part-time time jobs, approximately \$7 million in improvement value, and \$10 million in annual sales. The project will bring in 20 new tenants as well as number of professional office suites and potentially a new financial services company.

The process of site selection is crucial to any real estate project. This is a special site in Cameron County and our goal would be to make this a project that appreciates all the attributes that make it unique. I am available at your convenience to discuss any of the details involved with our proposal. I hope the EDC along with the City see the value of a partnership with our group.

Sincerely,

Carlos E. Varela

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