

ORDINANCE 2020-01-30-0061

**AUTHORIZING A CHAPTER 380 ECONOMIC DEVELOPMENT PROGRAM FORGIVABLE LOAN AGREEMENT WITH SOJO COMMONS II, LP IN THE AMOUNT OF \$282,225.00 TO BE USED IN THE CONSTRUCTION OF 15 AFFORDABLE CONDOMINIUMS OUT OF A 48 CONDOMINIUM PROJECT TO BE SOLD TO HOUSEHOLDS EARNING AT OR BELOW 120% OF AREA MEDIAN INCOME (AMI).**

\* \* \* \* \*

**WHEREAS**, SOJO Commons II (“Developer”) is undertaking an economic development project consisting of the construction of 48 condominiums with a total investment from the developer of approximately \$15,383,269.00 to be located on Locust and Grayson streets in City Council District 1 (the “Project”); and

**WHEREAS**, the City is seeking to insert an affordable housing component in the Project and is able to provide Developer with funding to assist in the implementation of the affordable component; and

**WHEREAS**, Developer has identified 15 condominiums of the 48 condominium project that it will designate as affordable by selling the units to households earning at or below 120% of Area Median Income (AMI); and

**WHEREAS**, pursuant to Chapter 380 of the Texas Local Government Code, the City of San Antonio (the “City”) is authorized to establish and provide for the administration of one or more programs, including programs for making loans of public money to promote state or local economic development and to stimulate business and commercial activity in the municipality; and

**WHEREAS**, in accordance with City Ordinance No. 100684, the City created an Economic Development Program (the “Program”) for the purpose of making loans available for economic development projects that the City finds will accomplish the purpose and goals of Chapter 380; and

**WHEREAS**, the City finds that the goals of Chapter 380 will be met by assisting SOJO Commons II in undertaking and completing the Project and has identified economic development funds for use in carrying out this purpose; **NOW THEREFORE:**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:**

**SECTION 1.** The City Council approves the terms and conditions of a Chapter 380 Economic Development Program Forgivable Loan Agreement with SOJO Commons II for the construction of 15 affordable condominiums to be sold to households earning at or below 120% of the Area Median Income (AMI).

**SECTION 2.** The City Manager or his designee is authorized to execute a Chapter 380 Economic Development Program Forgivable Loan Agreement with SOJO Commons II in accordance with this Ordinance. A copy of the Agreement, in substantially final form, is attached to this Ordinance as **Attachment I**. The final agreement shall be filed with this Ordinance upon execution.

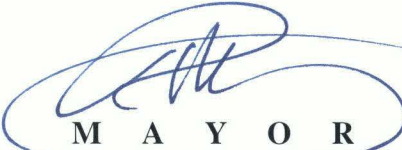
**SECTION 3.** Funding in the amount of \$282,225.00 for this Ordinance is available in Fund 29104000, Cost Center 1909010001, and General Ledger 5201040 as part of the Fiscal Year 2020 budget.

**SECTION 4.** Payment not to exceed the budgeted amount is authorized to SOJO Commons II, LP in the form of a Chapter 380 Economic Development Forgivable Loan.

**SECTION 5.** The financial allocations in this Ordinance are subject to approval by the Deputy Chief Financial Officer, City of San Antonio. The Deputy Chief Financial Officer may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific Cost Centers, WBS Elements, Internal Orders, General Ledger Accounts, and Fund Numbers as necessary to carry out the purpose of this Ordinance.


**SECTION 6.** This Ordinance shall become effective immediately upon its passage by eight (8) votes or more and upon ten (10) days following its passage if approved by fewer than eight (8) votes.

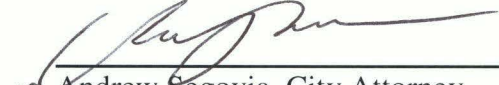
**PASSED AND APPROVED this 30<sup>th</sup> day of January, 2020.**

  
**M A Y O R**  
**Ron Nirenberg**

**ATTEST:**

**APPROVED AS TO FORM:**

600   
\_\_\_\_\_  
Leticia M. Vacek, City Clerk

  
\_\_\_\_\_  
Andrew Segovia, City Attorney



# City of San Antonio

## City Council

January 30, 2020

**Item: 23**

**File Number: 19-8920**

**Enactment Number:**

**2020-01-30-0043**

Ordinance approving the negotiation and execution of Chapter 380 Economic Development Forgivable Loan Agreement for up to \$282,225 to SOJO Commons II, LP, for construction of 15 affordable condominiums to be sold to households earning at or below 120% of Area Median Income (AMI). Funding in the amount of \$282,225 is available in the Inner City Incentive Fund FY 2020 Adopted Budget. [Lori Houston, Assistant City Manager; John Jacks, Director, Center City Development & Operations]

passed

**Aye:** 7 Nirenberg, Treviño, Andrews-Sullivan, Gonzales, Cabello Havrda, Sandoval and Pelaez

**Nay:** 3 Viagran, Courage and Perry

**Abstain:** 1 Rocha Garcia

RR  
01/30/20  
Item No. 23

**ATTACHMENT I**

STATE OF TEXAS

§  
§  
§  
§

**ECONOMIC DEVELOPMENT  
LOAN AGREEMENT OF THE  
CITY OF SAN ANTONIO**

COUNTY OF BEXAR

This Economic Development Loan Agreement (hereinafter referred to as the "Agreement") is made and entered into by and between the City of San Antonio, a municipal corporation of the State of Texas, (hereinafter referred to as "CITY"), acting by and through its City Manager or his designee, and SOJO Commons II, LP (hereinafter referred to as "Developer"), and together referred to as the "Parties.

**WHEREAS**, pursuant to Chapter 380 of the Texas Local Government Code, CITY is authorized to grant and loan municipal funds in furtherance of economic development projects; and

**WHEREAS**, in accordance with City Ordinance No. 100684, the City created an economic development program for the purpose of making such grants and loans available; and

**WHEREAS**, DEVELOPER is engaged in an economic development project that will be located within the city limits of the City of San Antonio on Locust and Grayson streets within City Council District 1 and will consist of the construction of 48 townhomes and condominiums, 15 of which are to be reserved for households earning at or below 120% of the Area Median Income (AMI) for the San Antonio-New Braunfels Metropolitan Area with the Developer investing approximately \$15,383,269 in acquiring and developing the properties (the "Project"); and

**WHEREAS**, DEVELOPER has requested an economic development loan for the purpose of deferring costs associated with the construction related to the Project; and

**WHEREAS**, City has identified economic development funds available for DEVELOPER to use to carry out the Project; and

**WHEREAS**, the City Council has authorized the City Manager or her designee to enter into this Agreement with DEVELOPER as reflected in Ordinance No. 2020-01-30-\_\_\_\_\_, passed and approved on January 16, 2020;

**NOW THEREFORE:**

The Parties hereto severally and collectively agree, and by the execution hereof are bound, to the mutual obligations herein contained and to the performance and accomplishment of the tasks hereinafter described:

**SECTION 1. AGREEMENT PURPOSE**

The Project is anticipated to promote local economic development and to stimulate business and commercial activity in the City of San Antonio in accordance with Chapter 380 of the Texas Local Government Code. City is supporting the Project through its Inner City Incentive Fund (ICIF) Program and is providing the funds to be used to defray costs of the Project.

**SECTION 2. PROJECT REQUIREMENTS**

**A. Properties.** Developer shall undertake and complete the Project in accordance with the following schedule and as further described in Exhibit A:

Developer shall commence on the Project in May 2020 and complete the Project prior to April 30, 2022.

Upon completion of construction, and for a period of five (5) years, Developer shall reserve 15 units to be sold to households earning at or below 120% of the Area Median Income (AMI) for the San Antonio-New Braunfels Metropolitan Area.

B. DEVELOPER shall invest or cause to be invested approximately FIFTEEN MILLION THREE HUNDRED EIGHTY-THREE THOUSAND TWO HUNDRED SIXTY-NINE DOLLARS (\$15,383,269.00) in real and personal property improvements to the property prior to April 30, 2022.

C. Upon completion of the improvements, DEVELOPER shall:

- 1) Provide City with evidence of the \$15,383,269.00 investment by DEVELOPER in real and personal property improvements directly associated with the Project; and
- 2) Provide City with documentation evidencing all sales of the affordable housing units described in Exhibit A; and
- 3) Provide City annually with evidence indicating that DEVELOPER is current on the City's portion of ad valorem taxes for the Term of the Agreement.

D. DEVELOPER shall comply with all applicable federal, state and local laws and regulations, and shall develop and operate the Project in accordance with the terms and conditions of this Agreement.

### SECTION 3. ECONOMIC DEVELOPMENT PROGRAM LOAN

A. **Economic Development Program Loan.** CITY has agreed to provide DEVELOPER with an Economic Development Program Loan in the amount of TWO HUNDRED EIGHTY-TWO THOUSAND TWO HUNDRED TWENTY-FIVE DOLLARS (\$282,225.00) (the "Loan Funds") to assist in the construction and completion of the Project.

B. **Loan Disbursement.** City will make the Loan Funds available to DEVELOPER upon Developer submitting documents evidencing, to City's satisfaction, that Developer has completed the Project in accordance with Section 2(A) above.

C. **Repayment of Loan Funds.** DEVELOPER shall be obligated to repay City the Loan Funds on the third (3<sup>rd</sup>) year anniversary of this Agreement (the "Due Date"). Such payment shall be paid in full by DEVELOPER to City no later than thirty (30) days following the Due Date.

D. **Payment of Principal and Accrued Interest.** In addition to the principal amount of the Loan Funds, DEVELOPER shall also pay accrued interest on the Loan Funds in the amount of the applicable federal rate (the "AFR") published by the Internal Revenue Service. The AFR shall be determined as of the date of the disbursement.

E. **Sufficient Amounts.** Each payment made pursuant to SECTION 3(C) and 3(D) above shall be sufficient to pay the total amount of principal and Accrued Interest on the Economic Development Program Loan becoming due and payable upon that date.

F. **Unconditional Obligation to Repay the Program Loan.** Unless forgiven pursuant to Section H below, the obligations of DEVELOPER to make the loan payment and interest payment required by SECTIONS 3(C) and 3(D) above are absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim it might otherwise have against the City, and during the term of this Agreement, DEVELOPER shall pay all payments required to be made on account of this Agreement (which payments shall be net of any other obligations of DEVELOPER) as prescribed in SECTION 3(C) and 3(D) free of any deductions and without abatement, diminution or set-off.

G. **Prepayment.** Should DEVELOPER repay the amount of the Loan Funds in whole, or in part, prior to the scheduled payment dates or the expiration of the dates specified in Section 3(C) of this Agreement, no penalty or interest for such payment shall be applied.

H. **Loan Forgiveness.** Due to the economic nature of the City's loan, DEVELOPER shall have a right to reduce or eliminate the amount of the repayment of the loan by showing strict compliance with Section 2(A), (B), (C) and (D) above on the due date of the loan or sooner.

#### **SECTION 4. LOAN DEFAULT AND CITY'S REMEDIES**

A. **Loan Default Events.** Any one of the following which occurs and continues shall constitute a Loan Default Event:

1. Failure of DEVELOPER to observe and perform in any material respect any covenant, condition or agreement on its part required to be observed or performed under this Agreement to include Section 2, following the expiration of sixty (60) days written notice to cure; and/or
2. Failure of DEVELOPER to make any Loan Payment required by SECTIONS 3(C) and 3(D) and not forgiven pursuant to SECTION H above when due; and/or
3. The dissolution or liquidation of DEVELOPER or the filing by DEVELOPER of a voluntary petition in bankruptcy, or failure by DEVELOPER to promptly cause to be lifted any execution, garnishment or attachment of such consequence as will impair DEVELOPER's ability to carry on its obligations under this Agreement, and/or
4. The commission by DEVELOPER of any act of voluntary or involuntary bankruptcy under any state or federal law; and/or
5. The admittance of DEVELOPER, in writing, of its inability to pay its debts generally as they become due, or a receiver, trustee or liquidator of DEVELOPER shall be appointed in any proceeding brought against DEVELOPER and shall not be discharged within ninety (90) days after such appointment.

B. **Remedies to City upon a Loan Default Event.** Should DEVELOPER cause or allow a Loan Default Event to occur and it shall be continuing:

1. City, by written notice to DEVELOPER, shall declare the unpaid balance of the Economic Development Program Loan payable under SECTION 3(C) and 3(D) of this Agreement, and due immediately; and

2. City may take whatever action at law or in equity as may be necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of DEVELOPER under this Agreement.

C. RESERVED.

D. **No Remedy Exclusive.** No remedy herein conferred upon or reserved to the City 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. NOTWITHSTANDING ANY PROVISION OF THIS AGREEMENT TO THE CONTRARY, IN NO EVENT SHALL EITHER PARTY HERETO BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, PUNITIVE, EXEMPLARY, CONSEQUENTIAL, INCIDENTAL OR INDIRECT LOSSES OR DAMAGES (IN TORT, CONTRACT OR OTHERWISE) UNDER OR IN RESPECT OF THIS AGREEMENT.

#### **SECTION 5. AGREEMENT PERIOD**

This Agreement shall commence upon its execution and shall terminate upon DEVELOPER repaying all Loan Funds or the reduced amount of Loan Funds in accordance with Section 3(H) (the "Term").

#### **SECTION 6. DEPARTMENT OBLIGATIONS**

A. In consideration of full and satisfactory performance of activities required by Section 2 of this Agreement, the City will make an Economic Development Loan as described in Section 3(A) to DEVELOPER in the amounts and at the times specified by Section 3(A) of this Agreement, and subject to the conditions and limitations set forth in this Agreement.

B. CITY will not be liable to DEVELOPER or other entity for any costs incurred by DEVELOPER.

#### **SECTION 7. RETENTION AND ACCESSIBILITY OF RECORDS**

A. DEVELOPER shall maintain the fiscal records and supporting documentation for expenditures of funds directly associated with this Agreement. DEVELOPER shall retain such records, and any supporting documentation, for the greater of: (1) Four [4] years from the end of the Agreement Term; or (2) the period required by other applicable laws and regulations.

B. DEVELOPER shall following reasonable advance written notice from the City, give the City, its designee, or any of their duly authorized representatives, access to and the right to examine all books, accounts, records, audit reports, reports, files, documents, written or photographic material, videotape and other papers, things, or property belonging to or in use by DEVELOPER pertaining directly to the Economic Development Loan (the "Records"). The City's access to DEVELOPER's books and records will be limited to information needed to verify that DEVELOPER is and has been complying with the terms of this Agreement and to verify advances made by the City and re-payments made by DEVELOPER and to verify that the proceeds of the Economic Development Loan are or were used in connection with the development and operation the Project. Any information that is not required by law to be made public shall be kept confidential by City. DEVELOPER shall not be required to disclose to the City any information that by law DEVELOPER is required to keep confidential. Should any good faith dispute or question arise as to the validity of the data provided, the City reserves the right at its expense to require DEVELOPER to obtain an independent firm to verify the information. The rights to access the Records shall continue as long as the Records are retained by DEVELOPER. Failure to provide reasonable access to the Records to authorized City representatives shall give the City the right to



suspend or terminate this Agreement as provided for in Section 15 and 16 below, or any portion thereof, for reason of default. All Records shall be retained by DEVELOPER for a period of four (4) years after all performance requirements are achieved for audit purposes until such audits or other administrative, civil or criminal matters including, but not limited to, investigations, lawsuits, administrative inquiries and open record requests are completed. DEVELOPER agrees to maintain the Records in an accessible location and to provide citizens reasonable access to the Records consistent with the Texas Public Information Act on the same terms as the Records are made available to the City as set forth above. All of the above notwithstanding, the City and the citizens shall have no right to access any confidential or proprietary records of DEVELOPER, including but not limited to the ownership and capital structure of DEVELOPER.

## **SECTION 8. MONITORING**

A. City reserves the right to confirm DEVELOPER's compliance with the terms and conditions of this Agreement. City will provide DEVELOPER with a written report of the monitor's findings. If the monitoring report notes deficiencies in DEVELOPER's performances under the terms of this Agreement, the monitoring report shall include a listing of requirements for the correction of such deficiencies by DEVELOPER and a reasonable amount of time in which to attain compliance. Failure by DEVELOPER to take action specified in the monitoring report may be cause for suspension or termination of this Agreement, in accordance with Sections 15 and 16 herein.

B. DEVELOPER shall provide to City a statement with reasonable supporting information evidencing the creation of and filling of the number of jobs required by this Agreement.

## **SECTION 9. NOTICE**

Except where the terms of this Agreement expressly provide otherwise, any election, notice or communication required or permitted to be given under this Agreement shall be in writing and deemed to have been duly given if and when delivered personally (with receipt acknowledged), or three (3) days after depositing same in the U.S. mail, first class, with proper postage prepaid, or upon receipt if sending the same by certified mail, return receipt requested, or upon receipt when sent by a commercial courier service (such as Federal Express or DHL Worldwide Express) for expedited delivery to be confirmed in writing by such courier, at the addresses set forth below or to such other address as either party may from time to time designate in writing.

If intended for City, to:

City of San Antonio  
Center City Development & Operations  
Attn: Director  
P.O. Box 839966  
San Antonio, Texas 78283-3966

If intended for DEVELOPER, to:

SOJO Commons II, LP  
Attn: Michael B. Melson  
774 E Locust  
San Antonio, TX 78212

## **SECTION 10. CONFLICT OF INTEREST**

A. DEVELOPER shall use reasonable business efforts to ensure that no employee, officer, or individual agent of DEVELOPER shall participate in the selection, award or administration of a subcontract supported by funds provided hereunder if a conflict of interest, real or apparent, would be involved. Such conflict of interest would arise when: (1) the employee, officer, or individual agent; (2) any member of his or her immediate family; (3) his or her partner; or, (4) any organization which employs, or is about to employ any of the above, has a financial or other interest in the firm or person selected to perform the subcontract and the relationship calls for payments to be made to such subcontractor on terms which are greater than those which are customary in the industry for similar services conducted on similar terms. DEVELOPER shall comply with Chapter 171, Texas Local Government Code as well as the CITY's Code of Ethics.

## **SECTION 11. NONDISCRIMINATION AND SECTARIAN ACTIVITY**

A. DEVELOPER shall ensure that no person shall, on the ground of race, color, national origin, religion, sex, age or handicap, be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be denied access to subcontracts for project improvements funded in whole or in part with funds made available under this Agreement.

B. None of the performances rendered by DEVELOPER under this Agreement shall involve, and no portion of the funds received by DEVELOPER under this Agreement shall be used in support of, any sectarian or religious activity, nor shall any facility used in the performance of this Agreement be used for sectarian instruction or as a place of religious worship.

C. DEVELOPER shall include the substance of this Section 11 in all agreements associated with the funds made available through this Agreement.

## **SECTION 12. LEGAL AUTHORITY**

A. Each party assures and guarantees to the other that they possesses the legal authority to enter into this Agreement, to receive/deliver the funds authorized by this Agreement, and to perform their obligations hereunder.

B. The person or persons signing and executing this Agreement on behalf of each party or representing themselves as signing and executing this Agreement on behalf of a party, do hereby guarantee that he, she or they have been duly authorized to execute this Agreement on behalf of that party and to validly and legally bind that party to all terms, performances and provisions herein set forth.

C. City will have the right to suspend or terminate this Agreement in accordance with Sections 15 and 16 herein if there is a dispute as to the legal authority, of either DEVELOPER or the person signing this Agreement, to enter into this Agreement, any amendments hereto or failure to render performances hereunder. DEVELOPER is liable to City for any money it has received from City for performance of the provisions of this Agreement if City suspends or terminates this Agreement for reasons enumerated in this Section 12.

## **SECTION 13. LITIGATION AND CLAIMS**

A. DEVELOPER shall give City immediate notice in writing of any action, including any proceeding before an administrative agency, filed against DEVELOPER directly related to the project improvements. Except as otherwise directed by City, DEVELOPER shall furnish immediately to City copies of all

pertinent papers received by DEVELOPER with respect to such action or claim. DEVELOPER shall notify the City immediately of any legal action filed against the DEVELOPER or any subcontractors, or of any proceeding filed under the federal bankruptcy code. DEVELOPER shall submit a copy of such notice to City within 30 calendar days after receipt. No funds provided under this Agreement may be used in the payment of any costs incurred from violations or settlements of, or failure to comply with, federal and state regulations. The above notwithstanding DEVELOPER is not required to notify City of claim litigation which arise out of DEVELOPER's operations on the Project, including without limitation, landlord tenant disputes, personal injury actions (slip and falls), and other operational activities or relationships.

B. City and DEVELOPER acknowledge that City is a political subdivision of the State of Texas and is subject to, and complies with, the applicable provisions of the Texas Tort Claims Act, as set out in the Civil Practice and Remedies Code, Section 101.001 et. seq., and the remedies authorized therein regarding claims and causes of action that may be asserted by third parties for accident, injury or death.

C. This Agreement shall be interpreted according to the Constitution and the laws of the State of Texas. Venue of any court action brought directly or indirectly by reason of this Agreement shall be in Bexar County, Texas.

#### **SECTION 14. CHANGES AND AMENDMENTS**

A. Except as provided in Section 14(C) below, any alterations, additions, or deletions to the terms of this Agreement shall be by amendment hereto in writing and executed by both parties to this Agreement upon City approval and authorization of DEVELOPER.

B. It is understood and agreed by the parties hereto that performances under this Agreement shall be rendered in accordance with the laws and rules governing the Economic Development Program as set forth in Texas Local Government Code Chapter 380, and the terms and conditions of this Agreement.

C. Any alterations, additions, or deletions to the terms of this Agreement required by changes in state law or regulations are automatically incorporated into this Agreement without written amendment hereto, and shall become effective on the date designated by such law or regulation.

#### **SECTION 15. SUSPENSION**

A. In the event DEVELOPER fails to comply with the terms of this Agreement, City shall provide DEVELOPER with written notification as to the nature of the non-compliance. City shall grant DEVELOPER a sixty (60) day period from the date of the City's written notification to cure any issue of non-compliance under such agreement. Should DEVELOPER fail to cure any default within this period of time, the City may, upon written Notice of Suspension to DEVELOPER, suspend this Agreement in whole or in part and withhold further payments to DEVELOPER or accelerate the due date of the repayment of the loan, and prohibit DEVELOPER from incurring additional obligations of funds under this Agreement. Such Notice of Suspension shall include: (1) the reasons for such suspension; (2) the effective date of such suspension; and, (3) in the case of partial suspension, the portion of the Agreement to be suspended.

B. In the case of default for causes beyond DEVELOPER's reasonable control, which cannot with due diligence be cured within such sixty (60) day period, the City may, in its sole discretion, extend the cure period provided that DEVELOPER shall: (1) immediately upon receipt of Notice of Suspension advise City of DEVELOPER's intention to institute all steps necessary to cure such default and the associated

time frame; and (2) institute and thereafter prosecute to completion with reasonable dispatch all steps necessary to cure same.

C. A suspension under this Section 15 may be lifted only at the sole discretion of the City upon a showing of compliance with or written waiver by City of the term(s) in question.

D. With the exception of payment for work in progress or materials ordered prior to receiving a Notice of Suspension, City shall not be liable to DEVELOPER or to DEVELOPER's creditors for costs incurred during any term of suspension of this Agreement.

## **SECTION 16. TERMINATION**

A. City shall have the right to terminate this Agreement for non-compliance, in whole or in part, at any time before the date of completion specified in Section 5 of this Agreement whenever City determines that DEVELOPER has failed to comply with any term of any Agreement with the City and fails to cure any issue of non-compliance within a sixty (60) day period from the date of the City's written notification. Should DEVELOPER fail to cure any default within this period of time, the City may as its sole and exclusive remedies, upon issuance to DEVELOPER of a written Notice of Termination, terminate this Agreement in whole or in part and either: (1) withhold further payments to DEVELOPER; or (2) require the repayment of the loan. Such notification shall include: (1) the reasons for such termination; (2) the effective date of such termination; and, (3) in the case of partial termination, the portion of the Agreement to be terminated.

B. In the case of default for causes beyond DEVELOPER's reasonable control, which cannot with due diligence be cured within such sixty (60) day period, the City may, in its sole discretion, extend the cure period provided that DEVELOPER shall: (1) immediately upon receipt of Notice of Termination advise City of DEVELOPER's intention to institute all steps necessary to cure such default and the associated time frame; and (2) institute and thereafter prosecute to completion with reasonable dispatch all steps necessary to cure same.

C. Except as provided in Section 16(A), the Economic Development Program Loan may be terminated in whole or in part only as follows:

1. By the City (with the consent of the DEVELOPER) in which case the two parties shall agree upon the termination conditions, including the repayment of funds, the effective date and in the case of partial termination, the portion to be terminated; or
2. By the DEVELOPER upon written notification to the City, setting forth the reasons of such termination, a proposed pay-back plan of any funds loaned, the effective date, and in the case of partial termination, the portion to be terminated. However, if, in the case of partial termination, the City determines in its sole discretion that the remaining portion of the award will not accomplish the purpose for which the award was made, the City may terminate the award in its entirety under Section 16(A).

D. Notwithstanding any exercise by City of its right of suspension under Section 15 of this Agreement, or of early termination pursuant to this Section 16, DEVELOPER shall not be relieved of repayment of loaned funds under this Agreement or any liability to City for actual damages due to City by virtue of any breach by DEVELOPER of this Agreement.

## **SECTION 17. SPECIAL CONDITIONS AND TERMS**

DEVELOPER understands and agrees that if DEVELOPER is a “business” and if the City’s contribution under this Agreement is a “public subsidy” as that term is defined in Chapter 2264 of Subtitle F, Title 10 of the Government Code (80 (R) HB 1196), the following applies: if DEVELOPER convicted of knowingly employing an undocumented worker) DEVELOPER shall repay the Loan Funds and interest within six months of final conviction. Interest shall accrue at the rate of .5% per month until the time of such repayment from the date of final conviction.

#### **SECTION 18. SUBCONTRACTS**

A. DEVELOPER shall use reasonable business efforts to ensure that the performance rendered under all subcontracts directly related to the project improvements complies with all terms and provisions of this Agreement as if such performance were rendered by DEVELOPER.

B. DEVELOPER, in subcontracting any of the project improvements contemplated hereunder, expressly understands that in entering into such subcontracts, City is in no way liable to DEVELOPER's subcontractor(s).

C. DEVELOPER assures and shall obtain assurances from all of its subcontractors providing services directly related to the project improvements, where applicable, that no person shall, on the grounds of race, creed, color, disability, national origin, sex or religion, be excluded from, be denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part under this Agreement.

#### **SECTION. 19. DEBARMENT**

By signing this Agreement, DEVELOPER certifies that it will not knowingly award any funds provided under this Agreement to any party which is debarred, suspended or otherwise excluded from or ineligible for participation in assistance programs by the CITY.

#### **SECTION 20. RIGHTS UPON DEFAULT**

It is expressly understood and agreed by the Parties hereto that any right or remedy provided for in this Agreement shall not preclude the exercise of any other right or remedy under any other agreements between DEVELOPER and the City or under any provision of law, nor shall any action taken in the exercise of any right or remedy be deemed a waiver of any other rights or remedies. Failure to exercise any right or remedy hereunder shall not constitute a waiver of the right to exercise that or any other right or remedy at any time.

#### **SECTION 21. NON-ASSIGNMENT**

This Agreement is not assignable without the written consent of City and the passage of a City Ordinance approving such assignment. Any other attempt to assign the Agreement shall not relieve DEVELOPER from liability under this Agreement and shall not release DEVELOPER from performing any of the terms, covenants and conditions herein. DEVELOPER shall be held responsible for all funds received under this Agreement.

However, no City Council consent is required for an assignment or transfer to a parent of DEVELOPER, a subsidiary of DEVELOPER, an affiliate entity of DEVELOPER, or to any new entity created as a result of a merger, acquisition or other corporate restructure or reorganization of DEVELOPER. In such case, DEVELOPER shall give CITY prior written notice of any potential assignments or other transfers that DEVELOPER concludes is compliant with this Section 21, and shall submit such notice for City to

review and confirm that such assignment is compliant with this Section 21. Final determination shall be made by the City Manager's Office in consultation with the City Attorney's Office. All future assignees shall be bound by all terms and/or provisions and representations of this Agreement.

**SECTION 22. ORAL AND WRITTEN AGREEMENTS**

All oral and written agreements between the Parties to this Agreement relating to the subject matter of this Agreement that were made prior to the execution of this Agreement have been reduced to writing and are contained in this Agreement.

**SECTION 23. AUTHORIZED RELIEF FROM PERFORMANCE (*Force Majeure*)**

City may grant temporary relief from performance of this Agreement if the DEVELOPER is prevented from compliance and performance by an act of war, order of legal authority, act of God, or other unavoidable cause not attributed to the fault or negligence of the DEVELOPER. The burden of proof for the need for such relief shall rest upon the DEVELOPER. To obtain release based upon *force majeure*, the DEVELOPER must file a written request with the City. Should City grant temporary relief to DEVELOPER, it shall in no case relieve DEVELOPER from any repayment obligations as specified in Section 3(C) and 3(D) of this Agreement.

**WITNESS OUR HANDS, EFFECTIVE as of \_\_\_\_\_, 2020:**

Accepted and executed in two duplicate originals on behalf of the City of San Antonio pursuant to Ordinance Number 2020-01-30-\_\_\_\_\_, dated January 30, 2020, and DEVELOPER pursuant to the authority of its \_\_\_\_\_.

**CITY OF SAN ANTONIO,**  
a Texas Municipal Corporation

**SOJO COMMONS II, LP**

\_\_\_\_\_  
Erik Walsh  
CITY MANAGER

\_\_\_\_\_  
Michael B. Melson

ATTEST:

\_\_\_\_\_  
Leticia Vacek  
CITY CLERK

APPROVED AS TO FORM:

\_\_\_\_\_  
CITY ATTORNEY

DRAFT