

AN ORDINANCE 2017-03-30-0193

APPROVING A DEVELOPMENT AGREEMENT BETWEEN THE CITY OF SAN ANTONIO, THE BOARD OF DIRECTOR ("BOARD") FOR TAX INCREMENT REINVESTMENT ZONE NUMBER ELEVEN, CITY OF SAN ANTONIO, TEXAS, AND MLK GARDEN HOMES, LLC, AND AUTHORIZING FUNDING IN AN AMOUNT NOT TO EXCEED \$300,000.00 FROM THE INNER CITY TIRZ FUND.

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WHEREAS, in accordance with the Tax Increment Financing Act, Texas Tax Code, Chapter 311 ("the Act"), City Council through Ordinance No. 93101 designated the Inner City TIRZ, located in City Council Districts 1, 2, and 5; and

WHEREAS, pursuant to the aforementioned authorities the Board may enter into agreements and exercise any power necessary and convenient to implement project plans and achieve their purpose; and

WHEREAS, on November 17, 2016, Developer applied for TIRZ funding for the public infrastructure and public improvements necessary to facilitate the development of the MLK Garden Homes, 12 single-family homes located at Martin Luther King Drive and Aurelia Street, San Antonio, Texas; and

WHEREAS, on December 9, 2016, the Board authorized City staff to negotiate an agreement to provide funding in an amount not to exceed \$300,000.00 for public infrastructure and public improvements associated with the development of the MLK Garden Homes; **NOW THEREFORE:**

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

SECTION 1. The terms and conditions of the Development Agreement referenced above are hereby approved. The City Manager or her designee is authorized to execute the Agreement, a copy of which, in substantially final form is set forth in **Attachment I**.

SECTION 2. This Ordinance authorizes the commitment of \$300,000.00 for public infrastructure and public improvements necessary to facilitate the development of the MLK Garden Homes, located at Martin Luther King Drive and Aurelia Street, San Antonio, Texas. Funding for this Project shall derive from the Inner City TIRZ fund. There is no direct fiscal impact to the City's General Fund.

SECTION 3. The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director of Finance may, subject to concurrence by the City Manager or her designee, correct allocations to specific SAP Fund Numbers, SAP Project Definitions, SAP WBS Elements, SAP Internal Orders, SAP Fund Centers, SAP Cost Centers,

Agenda Item:	28 (in consent vote: 5, 6, 7, 9, 13, 15, 16, 17, 18, 19, 20, 21, 23, 24, 25, 26, 27, 28, 29, 30)						
Date:	03/30/2017						
Time:	09:51:12 AM						
Vote Type:	Motion to Approve						
Description:	An Ordinance authorizing a Development Agreement with MLK Garden Homes, LLC in an amount not to exceed \$300,000.00 for infrastructure improvements necessary to facilitate the development of 12 single-family residences within the TIRZ #11 boundary. [Peter Zanoni, Deputy City Manager; Bridgett White, Director, Planning]						
Result:	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Ivy R. Taylor	Mayor		x				
Roberto C. Treviño	District 1		x				
Alan Warrick	District 2		x			x	
Rebecca Viagran	District 3		x				x
Rey Saldaña	District 4	x					
Shirley Gonzales	District 5		x				
Ray Lopez	District 6		x				
Cris Medina	District 7		x				
Ron Nirenberg	District 8		x				
Joe Krier	District 9		x				
Michael Gallagher	District 10		x				

ATTACHMENT I

**DEVELOPMENT AGREEMENT
WITH THE CITY OF SAN ANTONIO, TEXAS,
MLK GARDEN HOMES LLC, and
THE BOARD OF DIRECTORS OF REINVESTMENT ZONE NUMBER ELEVEN,
CITY OF SAN ANTONIO, TEXAS**

This Development Agreement ("Agreement"), pursuant to Ordinance No. 2017-_____, approved on the 30th day of March 2017, is entered into by and between the City of San Antonio, a Texas municipal corporation in Bexar County, Texas ("City"), MLK Garden Homes, LLC, a Texas limited partnership ("Developer"), and the Board of Director ("Board") for Tax Increment Reinvestment Zone Number Eleven, City of San Antonio, Texas, and whom together may be referred as the "Parties".

BACKGROUND:

WHEREAS, the City recognizes the importance of its continued role in economic development; community development and urban design and in accordance with Chapter 311 of the Texas Tax Code (the "Act"), the City through Ordinance No. 93101, established Tax Increment Reinvestment Zone Number Eleven, San Antonio, Texas, known as the Inner City TIRZ ("TIRZ"), to promote development and redevelopment which would not otherwise occur solely through private investment in the reasonably foreseeable future; established the Board, and authorized the Board to exercise all the rights, powers, and duties as provided to such boards under the Act; and

WHEREAS, pursuant to the Act and City Ordinance No. 93101, the Board has authority to enter into agreements that the Board considers necessary or convenient to implement the Project Plan and Financing Plan and to achieve the purposes of developing the TIRZ; and

WHEREAS, on November 17, 2016, Developer applied for funding necessary to facilitate the development of 12 single-family homes and assistance for costs associated with public infrastructure and improvements, including street and utility improvements, ("Project"); and

WHEREAS, on December 9, 2016, the Board authorized City staff to negotiate an agreement to provide funding in amount not to exceed \$300,000.00 in Tax Increment to support the development for the public infrastructure and improvements of the MLK Garden Homes, as more specifically described in Resolution T11 2016-12-09-16 02R, attached and incorporated into this Agreement as **Exhibit A**; and

WHEREAS, on February 10, 2017, the Board approved this Development Agreement, as described in Resolution T11 2017-02-10-17-01R, and incorporated into this Agreement as **Exhibit B**; and

WHEREAS, pursuant to said authority above, the Parties hereby enter into a binding agreement to develop the Project; and,

NOW, THEREFORE, in consideration of the mutual promises, covenants, obligations, and benefits contained in this Agreement, the Parties hereby agree as follows:

ARTICLE I. TERM

- I.1 **TERM.** The term of this Agreement shall commence on the Effective Date and end on whichever of the following dates should occur the earliest: (i) the date Developer receives the final reimbursement for completing the Project; (ii) the date this Agreement is terminated as provided in Article X; or, (iii) termination of the TIRZ, provided that all existing warranties and warranty bonds on the Project shall survive termination of this Funding Agreement.

ARTICLE II. DEFINITIONS

- 2.1 **City, Board, and Developer** – The meaning specified in the preamble of this agreement.
- 2.2 **Act** - The Tax Increment Financing Act of Texas Tax Code, Chapter 311 as may be amended from time to time.
- 2.3 **Administrative Costs** – The reasonable costs incurred directly or indirectly by the City for the administration of the TIF Program.
- 2.4 **Agreement** – This document by and among the “City”, “Board”, and “Developer”, which may be amended from time to time, pursuant to the provisions contained herein.
- 2.5 **Available Tax Increment Funds** - Tax increment as defined in the Texas Tax Code, Section 311.012 (a), contributed by each participating taxing entity to the TIF Fund, accessible to the TIRZ, and distributed in accordance with the priority of payment, listed in Section 7.3 below.
- 2.6 **Board** - The Board of Directors of the Inner City TIRZ.
- 2.7 **Completion** – The Project must be accepted as “completed” in accordance with the Developer’s engineer’s design and this Agreement. In order for Public Infrastructure and Public Improvements to have achieved a state of “completion” the improvement must be approved and accepted by the City or appropriate entity as evidenced by a letter of acceptance issued by an authorized official of the City or appropriate entity.
- 2.8 **Construction Schedule** - The specific timetable for constructing the improvements specified in this Agreement, which is more particularly set forth in **Exhibit C**, attached hereto and incorporated herein for all purposes and which timetable may be amended from time to time pursuant to the provisions of this Agreement.
- 2.9 **Contract Progress Payment Request (“CPPR”)** - Request, prepared in accordance with the requirements of **Exhibit F**, Contract Progress Payment Request Form, attached and incorporated herein, for reimbursement to the Developer for work completed in accordance with the definition of “Completion” on specific improvement in the TIRZ in accordance with the Public Improvements in the Project Plan and the timeline detailed in **Exhibit C**. The CPPR shall also reflect all waivers granted through any City program or incentives.
- 2.10 **CPPR Approval** - The written acknowledgement from the City to the Developer that the CPPR was completed and submitted correctly, and that the CPPR is ready for presentation to the Board for approval and consideration of reimbursement to the Developer.
- 2.11 **Effective Date** - The last date that a Party signs this Agreement.
- 2.12 **Finance Plan** – The Inner City TIRZ Finance Plan, as defined in the Act, and approved and amended from time to time by the Board and the City, which is incorporated by reference into this document as if set out in its entirety, for all purposes.
- 2.13 **Phase(s)** – The specific portion of the Project’s Construction Schedule which is planned to be constructed and completed.
- 2.14 **Project** – Shall have the meaning specified in Section 4.1 of this Agreement.
- 2.15 **Project Costs** - Shall have the meaning provided by the Act, limited to expenses approved by the Board for the development of Public Infrastructure and Public Improvements within the TIRZ boundary, and incurred upon execution herein.

- 2.16 **Project Plan** – The Project Plan as defined in the Act, for the Inner City TIRZ as approved and amended from time to time by the Board and the City, and incorporated by reference into this document as if set out in its entirety, for all purposes.
- 2.17 **Project Site** - The real property to be developed by MLK Garden Homes, LLC located at Martin Luther King Drive and Aurelia Street, San Antonio, Texas, described in attached **Exhibit D**.
- 2.18 **Project Status Report** – Document prepared and submitted by the Developer in accordance with the requirements of this Agreement, and **Exhibit E** attached and incorporated herein, and which shall include quarterly updates of Project construction and compliance with laws, ordinances, and contractual requirements.
- 2.19 **Public Improvements** - Improvements that provide a public benefit and that are listed in this Agreement in Section 4.1. When an improvement has both private and public benefits, only that portion dedicated to the public may be reimbursed to the City, such as, but not limited to capital costs, including the actual costs of public improvements, alteration, remodeling, repair, or reconstruction of existing buildings, and structures.
- 2.20 **Tax Increment** – Shall have the meaning provided by Section 311.012 of the Texas Tax Code, and applies only to taxable real property within the TIRZ.
- 2.21 **TIF** – Tax Increment Financing.
- 2.22 **TIF Fund** - The fund created by the City for the deposit of Tax Increments for the Zone, entitled “Reinvestment Zone Number Eleven, City of San Antonio, Texas.”
- 2.23 **TIF Unit** – The employees of the City department responsible for the management of the City's Tax Increment Financing Program.
- 2.24 **TIRZ** - For purposes of this agreement shall mean Tax Increment Reinvestment Zone Number Eleven, City of San Antonio, Texas, known as the Inner City TIRZ.

Singular and Plural: Words used in the singular, where the content so permits, also include the plural and vice versa, unless otherwise specified.

ARTICLE III. REPRESENTATIONS

- 3.1 **NO INCREMENT REVENUE BONDS.** The Parties represent that they understand and agree that neither City nor Board shall issue any tax increment revenue bonds to cover any costs directly or indirectly related to Developer’s improvement of the TIRZ under this Agreement.
- 3.2 **CITY’S AUTHORITY.** The City represents that as of the date of the execution of this Agreement, the City is a home rule municipality located in Bexar County, Texas, and has authority to carry out the obligations contemplated by this Agreement.
- 3.3 **BOARD’S AUTHORITY.** The Board represents that as of that date of the Board’s signature to this Agreement, the TIRZ as established pursuant to City Ordinance No. 93101 provides the Board the authority to carry out the functions and operations contemplated by this Agreement.
- 3.4 **DEVELOPER’S AUTHORITY AND ABILITY TO PERFORM.** Developer represents to the City and to the Board that Developer is a limited liability corporation, registered and in good standing under the laws of the State of Texas; that Developer has the authority to enter into this Agreement and perform the requirements of this Agreement; Developer’s performance shall not violate any applicable judgment, order, law or regulation nor result in the creation of any claim against the City for money or performance, any lien, charge, encumbrance or security interest upon any asset

- of the City or the Board, except that this Agreement shall constitute a claim against the TIF Fund only from Available Tax Increment Funds to the extent provided herein; and that Developer shall have sufficient capital to perform all of its obligations under this Agreement when it needs to have said capital.
- 3.5 **REASONABLE EFFORTS.** The Parties represent that they shall each cooperate and make reasonable efforts to expedite the subject matter hereof and acknowledge that successful performance of this Agreement requires their continued cooperation.
- 3.6 **ALL CONSENTS AND APPROVALS OBTAINED.** The Parties represent to each other that the execution, delivery, and performance of this Agreement does not require consent or approval of any person that has not been obtained.
- 3.7 **RIGHT TO ASSIGN PAYMENT.** The City and Developer may rely upon the payments to be made to them out of the TIF Fund as specified in this Agreement and the Developer may assign its rights to such payments, either in full or in trust, for the purposes of financing its obligations related to this Agreement, but the Developer's right to such payments is subject to the other limitations of this Agreement. Notwithstanding the forgoing, the City shall issue a check or other form of payments made payable to the developer.
- 3.8 **DUTY TO COMPLETE IMPROVEMENTS.** The Parties represent that they understand and agree that even after the TIRZ terminates, the Developer shall ensure the successful completion of all required improvements at no additional cost to the City and/or the TIRZ.
- 3.9 **NO INTERLOCAL AGREEMENTS.** The Parties represent to each other that they understand and agree that the City is the only participating taxing entity contributing one hundred percent (100%) of the tax increment to the TIF Fund, and therefore, no other agreements are necessary with any other public entity to make this Agreement effective.
- 3.10 **DEVELOPER BEARS RISK OF REIMBURSEMENT.** Developer understands and agrees that any expenditure made by Developer in anticipation of reimbursement from the Tax Increment shall not be, nor shall be construed to be, the financial obligations of the City, the Board and/or the TIRZ. Developer shall bear all risks associated with reimbursement, including, but not limited to: incorrect estimates of tax increment, changes in tax rates or tax collections, changes in law or interpretations thereof, changes in market or economic conditions impacting the Project, changes in interest rates or capital markets, changes in building and development code requirements, changes in City policy, and unanticipated effects covered under legal doctrine of force majeure.
- 3.11 **NOT AN OBLIGATION OF THE GENERAL FUND.** Any contribution made by Developer in anticipation of reimbursement from the TIF Fund shall never be an obligation of the City's General Fund, but are only obligations of the TIF Fund, and are subject to limitations herein.

ARTICLE IV. PROJECT

- 4.1 **PROJECT.** The Project shall consist of the development of public infrastructure and public improvements necessary to facilitate the construction of 12 contiguous single-family homes located at Martin Luther King Drive and Aurelia Street, San Antonio, Texas and within the TIRZ. Public Improvements shall constitute design, construction, assembly, installation and implementation of an urban residential development, including but not limited to street curbing, sidewalks, street lighting, landscaping and other necessary, street and utility improvements. Developer purchased from the City 10 lots located on Martin Luther King Drive and Aurelia Street. The Project shall be contingent on Developer acquiring two additional lots located adjacent at 2918 and 2922 Martin Luther King Drive. Construction on the Project is anticipated to commence on March 2017 and shall be completed no later than March 31, 2020.

- 4.2 **COMPETITIVE BIDDING.** Contracts for the construction of the Public Improvements financed through Available Tax Increment Funds shall be competitively bid in a process acceptable to the City, or in compliance with Chapter 252 of the Local Government Code, use prevailing wages, and be constructed by the Developer, in compliance with all applicable law *unless*: (1) Available Tax Increment Funds go toward financing 30 percent or less of the cost for a specific public improvement, in compliance with Chapter 212 of the Local Government Code; and (2) such Public Improvement is not a building of any sort. Should the Developer not competitively bid a Public Improvement, the Developer must obtain written approval by the City and the Board in order to be eligible for partial reimbursement of those Project Costs not competitively bid pursuant to the regulations of Chapters 252 and 212 of the Local Government Code. Partial reimbursements to the Developer in that event shall not exceed 30% of the Project Costs that would otherwise have been eligible for total reimbursements had they been competitively bid.
- 4.3 **PRIVATE FINANCING.** The cost of Public Improvements and all other improvement expenses associated with the Project shall be funded by Developer's own capital or through commercial or private construction loans/lines of credit secured solely by Developer. Developer may use all, any or part of the TIRZ Property as collateral for the construction loan or loans as required for the financing of the Project, however, no property with a lien still attached may be offered to the City for dedication. The City and the Board pledge to use Available Tax Increment Funds, up to the maximum amount provided herein to reimburse Developer, for eligible Project Costs it has expended. These Available Tax Increment Fund reimbursements made to the Developer are not intended to reimburse the Developer for all of its costs incurred with performing its obligations under this Agreement.
- 4.4 **REIMBURSEMENT.** Reimbursement of TIF Funds are subject to availability and are not intended to reimburse all costs incurred in connection with the Project or expenses incurred by Developer for performance of the obligations under this Agreement. Neither the City nor the Board can guarantee that Available Tax Increment Funds shall completely reimburse Developer. Available Tax Increment Funds shall constitute a source of reimbursement to Developer for construction of the Public Improvements. The total payment to Developer from the TIF Fund will not exceed \$300,000.00. Developer is eligible for reimbursement of eligible Project Costs as of the Effective date of this Agreement.

ARTICLE V. DUTIES AND OBLIGATIONS OF DEVELOPER

- 5.1 **COMPLIANCE.** Developer agrees to exercise supervision over the construction of the Public infrastructure and improvements of the Project; Developer shall comply and cause all its contractors and subcontractors to comply with all applicable provisions of the TIF Guidelines, the City Charter, the City Code (including the Unified Development Code such as Universal Design and Construction requirements), all federal, state, and local laws as amended. Developer shall cooperate with the City and the Board in providing all necessary information to the City, and to the Board in order to assist the City and the Board in determining Developer's compliance with this Agreement.
- 5.2 **DUTY TO COMPLETE.** Developer agrees to complete, or cause to be completed, the improvements described in Section 4.1 of this Agreement. Developer agrees to provide, or cause to be provided, all materials, labor and services for completing the Project. Developer also agrees to obtain or cause to be obtained, all necessary permits and approvals from the City and/or all other governmental agencies having jurisdiction over the construction of improvements.

- 5.3 **COMMENCEMENT OF CONSTRUCTION.** From the Effective Date of this Agreement forward, Developer shall not commence any construction on the Project until the plans and specifications have been approved in writing by the appropriate City department and the requirements of all federal, state, and local laws have been met. For purposes of this Section 5.3, letters of certification or acceptance issued by the City shall constitute written approval of the City.
- 5.4 **PAYMENT AND PERFORMANCE BONDS.** In accordance with Chapter 2253 of the Texas Government Code, Developer shall cause its general contractor or general contractors to obtain payment and performance bonds naming the City as beneficiary or obligee of the bonds for all Phases of construction of the Project. Developer and its contractors must wait for approval of the bonds by the City's Risk Management Department prior to construction, in order for the Public Improvements to be eligible for reimbursement. Failure to meet the City's minimum standards for these bonds prior to the commencement of construction for each Phase will be considered a breach of this Agreement. The payment and performance bonds for each Phase shall be in an amount sufficient to cover the entire contract cost of the Public Improvement for that Phase.
- 5.5 **SUPERVISION OF CONSTRUCTION.** Notwithstanding any other provision of this Agreement, the Developer agrees to retain and exercise supervision over the construction of all public and private improvements of the Project, and cause the construction of all Public Improvements to be performed, at a minimum, in accordance with federal, state, and local laws, and ordinances, including, but not limited to the TIF Guidelines, the Unified Development Code, Universal Design, Prevailing Wage, Chapter 2258 of the Texas Government Code, the City Code, and the plans and specifications approved by the appropriate department of the City. Developer also agrees to provide reports including inspections of such construction and of compliance with such laws, ordinances and contractual requirements to the City's TIF Unit quarterly, or as or as requested, using the form attached **Exhibit E**, as it may be amended.
- 5.6 **DISCRETIONARY PROGRAM.** Developer agrees that the TIF program is a discretionary program and that the City and has no obligation to extend the TIF to Developer. In exchange for receiving TIF, Developer agrees that it has no vested rights under any regulations, ordinances or laws, and waives any claim to be exempt from applicable provisions of the current and future City Charter, City Code, City Ordinances, and City Unified Development Code, state or federal laws and regulations.
- 5.7 **PAYMENT OF APPLICABLE FEES.** Developer shall be responsible for paying, or causing to be paid, to the City and all other governmental agencies the cost of all applicable permit fees and licenses which have not been waived and are required for construction of the Project.
- 5.8 **DELAYS.** Developer agrees to commence and complete the Project in accordance with the Construction Schedule. If completion of the Project is delayed by reason of war, civil commotion, acts of God, inclement weather, governmental restrictions, regulations, fire or other casualty, court injunction, necessary condemnation proceedings, interference by third parties, or any circumstances reasonably beyond the Developer's control, then at the City's TIF Economic Development Manager's reasonable discretion, the deadlines set forth in the Construction Schedule may be extended by the period of each such delay. In the event that Developer does not complete the Project substantially in accordance with the Construction Schedule, then the Parties, in accordance with Section 22.2 of this Agreement, may extend the deadlines set forth in the Construction Schedule, but not past the expiration of the TIRZ. If the parties cannot reach an agreement on the extension of the Construction Schedule, or if Developer continues to fail to complete the Project in compliance with the revised Construction Schedule, then either the City and/or TIRZ may exercise its authority including but not limited to, termination of this Agreement.

- 5.9 **LITIGATION AGAINST THE CITY.** City's policy on litigation is that, except to the extent prohibited by law, persons who are engaged in litigation related to TIF or TIRZ or adversarial proceedings related to TIF or TIRZ against the City are ineligible to obtain or continue the use of TIF as principals or participants for the duration of the litigation. A principal or participant includes the TIF applicants and the TIF applicant's developers, partners, affiliates, sponsors, payroll employees, or relatives of the first degree of consanguinity. Accordingly, the City shall not consider a project proposing the use of TIF, designate a TIRZ, enter into any TIF contracts or agreements with, or authorize or make any TIF payments to persons engaged in litigation related to TIF or TIRZ or adversarial proceedings related to TIF or TIRZ with the City. Ineligible persons shall be excluded from participating as either participants or principals in all TIF projects during the term of their litigation. "Person" includes an individual, corporation, organization, government or governmental subdivision or agency, business trust, estate, trust, partnership, association, and any other legal entity.
- 5.10 **UTILITY PAYMENTS.** Developer shall pay, or cause to be paid, monthly rates and charges for all utilities (such as water, electricity, and sewer services) used by the Developer in regard to the development of the TIRZ for all areas owned by Developer during construction of the Project, and for so long as Developer owns those areas. Projects within the Zone shall be subject to Section 35.501 et seq. of the San Antonio City Code (impact fees) and the Developer shall not be prohibited from applying for the benefits of any impact fee credits allowed by that Section.
- 5.11 **TREE ORDINANCE.** In accordance with section 5.1 and 5.5 above, Developer shall comply and shall cause its contractors and subcontractors to comply with the City Code provisions for tree preservation, located in Chapter 35, Article IV of the City's Unified Development Code.
- 5.12 **INFRASTRUCTURE MAINTENANCE.**
- a. Developer shall, at its own cost and expense, maintain or cause to be maintained all Public Improvements, not dedicated to the City upon completion. For all Public Improvements dedicated to the City upon completion, Developer shall at its own cost, and expense, maintain or cause to be maintained all Public Improvements until acceptance by the City as evidenced by written acceptance required by Section 2.7 and for one-year after Completion.
 - b. If applicable, and upon acceptance of a street or drainage improvement for maintenance by the City, Developer shall deliver to the City a one-year extended warranty bond, naming the City as the obligee, in conformity with Chapter 35 of the City's Unified Development Code. The cost of repair, replacement, reconstruction and maintenance for defects discovered during the first year after Completion shall be paid by the Developer or the bond company and shall not be paid out of the TIF Fund.
 - c. After the expiration of the one-year extended warranty bond, the cost of the repair, replacement, reconstruction and maintenance of the Public Improvements dedicated to the City shall be the responsibility of the City.
 - d. Developer, its agents, employees, and contractors will not interfere with reasonable use of all the Public Improvements by the general public, except for drainage retention improvements. In accordance with the Construction Schedule, Developer shall use its best efforts to dedicate (or grant a public easement) to the Public Improvements where applicable to the appropriate taxing entity (as determined by the City), at no additional cost or expense to the City.
 - e. Reimbursement of the Developer shall not be unreasonably denied provided that the improvement has reached Completion, and provided that the City has no active claim for reimbursement under this section.

- f. The requirements of this Agreement cannot be waived or modified in any way by an engineer, employee, or other City official or its subordinate agency with responsibility for inspecting or certifying public infrastructure. The actions of a city employee or agent do not work an estoppel against the City under this contract or the Unified Development Code.
- 5.13 **QUARTERLY STATUS AND COMPLIANCE REPORTS.** Developer shall submit to the City's TIF Unit written and signed Project Status Reports (See Sections 2.16 and 5.5 above) containing all the information requested, starting no later than 30 days following the beginning of construction of the Project, and quarterly, on the 15th day of January, April, July and October or, as requested by the City throughout the duration of the Project, on its construction progress and construction expenses, and its compliance with laws, ordinances, and contractual requirements.
- 5.14 **REQUESTS FOR REIMBURSEMENT.** Developer shall initiate reimbursement requests of eligible Project Costs by submitting to the City's TIF Unit applicable invoices and a Contract Progress Payment Request Form, as detailed in attached **Exhibit F**.

ARTICLE VI. DUTIES AND OBLIGATIONS OF CITY AND BOARD

- 6.1 **NO BONDS.** Neither the City nor the Board shall sell or issue any bonds to pay or reimburse the Developer or any third party for any improvements to the TIRZ property performed under the Project Plan, Financing Plan or this Agreement.
- 6.2 **PLEDGE OF FUNDS.** Funding shall be provided to Developer for eligible Project Costs subject to the terms and conditions herein, priority of payment schedule, and termination of the TIRZ. The Board hereby pledges Available TIF Funds, as reimbursement to Developer for approved Project Costs, up to the maximum total amount specified herein, excluding tax revenue collected after September 30, 2025.
- 6.3 **CERTIFICATE OF COMPLETION.** The City and the Board shall use reasonable efforts to issue, or cause to be issued a Certificate of Completion for items satisfactorily brought to Completion by the Developer in constructing this Project.
- 6.4 **COORDINATION OF BOARD MEETINGS.** The City and the Board hereby agree that all meetings of the Board shall be coordinated through and facilitated by the TIF Unit, responsible for managing the TIF Program, and that all notices for meetings of the Board shall be drafted and posted by City staff, in accordance with Chapter 2, Article IX, of the City Code.
- 6.5 **ELIGIBLE PROJECT COSTS.** The Board shall consider for approval the Developer's request(s) for reimbursement of eligible Project Costs. Costs shall be considered eligible only if approved by the Board, incurred directly and specifically in the performance of, and in compliance with this Agreement and with all City, State, Federal laws.

ARTICLE VII. COMPENSATION TO DEVELOPER

- 7.1 **CPPR APPROVAL.** Upon completion of the Public Improvements of the Project in accordance with **Exhibit F**, the Developer shall submit to the TIF Unit within ninety (90) days a completed Contract Progress Payment Request, as detailed in **Exhibit F**. The CPPR shall be presented to the Board for review and possible reimbursement authorization after the CITY review and approval, as evidenced by a written CPPR Approval issued by the CITY. Failure to timely submit CPPR's in accordance with this Section shall result in disallowance of any such Developer requests for reimbursement of expenses.

- 7.2 **CORRECTIONS TO CPPR.** Should there be discrepancies in the CPPR or if more information is required, Developer will have thirty (30) days upon notice by CITY to correct any discrepancies or submit additional information requested by CITY. Failure to timely submit the additional information requested by the CITY shall result in disallowance of the Developer's requested expense reimbursement.
- 7.3 **MAXIMUM REIMBURSEMENT OF DEVELOPER.** Following the Board's authorization, the Developer shall receive, in accordance with the Project Plan, total reimbursements for Public Improvements of a maximum of THREE HUNDRED THOUSAND DOLLARS (\$300,000.00) on eligible Project Costs.
- 7.4 **PROCESSING OF PAYMENT REQUESTS.** Board-authorized reimbursements of Available Tax Increment Funds shall be made to Developer by the City within 60 days after the deposit of the City's Tax Increment Payment to the Tax Increment Fund, so long as the Developer is in compliance with laws, statutes, ordinances and the requirements of this Agreement.
- 7.5 **AVAILABLE TAX INCREMENT FUNDS.** The sole source of the funds to reimburse the Developer for Project Costs shall be the Available Tax Increment Funds levied and collected on the TIRZ Property and contributed by the Participating Taxing Entities to the fund created and maintained by the City for the purpose of implementing the Public Improvements of the Project.
- 7.6 **ORDER OR PRIORITY OF PAYMENT.** The Parties agree that TIF Funds will be used to pay eligible expenditures in the following order or priority of payment to reimburse the City:
- (i) administrative and amendment fees pertaining to the City; and
 - (ii) to fund public improvements, on an annual basis, as TIRZ 11 revenues are available for such payments.
- 7.7 **PARTIAL PAYMENTS.** If Available Tax Increment Funds do not exist in an amount sufficient to make payments in full when the payments are due under this Agreement, partial payment shall be made in the order of priority above, and the remainder shall be paid as Available Tax Increment Funds become available. No fees, costs, expenses or penalties shall be paid to any party on any late or partial payment.
- 7.8 **REPAYMENT OF INVALID PAYMENTS.** If any payment to Developer is held invalid, ineligible, illegal or unenforceable under federal, state or local laws, including but not limited to the charter, codes, or ordinances of the City, then and in that event it is the intention of the Parties that such invalid, ineligible, illegal or unenforceable payment shall be repaid in full by Developer to the City for deposit into the TIF Fund and that the remainder of this Agreement shall be construed as if such invalid, illegal or unenforceable payment was never contained herein.

ARTICLE VIII. INSURANCE

- 8.1 **APPLICABILITY.** Developer shall require that the insurance requirements contained in this Article be included in all of its contracts or agreements for construction of Public Improvements where Developer seeks payment under this Agreement, unless specifically exempted in writing by the City and/or the Board.
- 8.2 **PROOF OF INSURANCE.** Developer shall furnish copies of all required endorsements and Certificate(s) of Insurance to the City's TIF Unit, which shall be clearly labeled "**INNER CITY TIRZ, MLK Garden Homes**" in the Description of Operations block of the Certificate. The Certificate(s) shall be completed by an agent authorized to bind coverage on its behalf. The City shall not accept Memorandum of Insurance or Binders as proof of insurance. The certificate(s) or

form must have the agent's original signature, including the signer's company affiliation, title and phone number, and be mailed with copies of all applicable endorsements, directly from the insurer's authorized representative to the City at the same addresses listed in Section 8.5 of this Agreement. The City shall have no duty to pay/performance under the Agreement until such certificate(s) and their endorsements has been received and approved by the City's TIF Unit. No officer or employee, other than the City's Risk Manager, shall have authority to waive this requirement for the City.

- 8.3 **REQUIRED TYPES AND AMOUNTS.** Developer's financial integrity is of the interest to the City, therefore, subject to the Developer's right to maintain reasonable deductibles in such amounts as approved by the City, Developer, or Developer's contractor, shall maintain in full force and effect during the construction of all Public Improvements required and any extension hereof, at the Developer's or the Developer's contractor's sole expense, insurance coverage written on an occurrence basis by companies authorized and admitted to do business in the State of Texas and with an A.M. Best's rating of no less than A- or better by the A.M. Best Company and/or otherwise acceptable to the City, in the following types and for an amount not less than the amount listed:

TYPE	AMOUNTS
1. Workers' Compensation	Statutory
2. Employee Liability	\$1,000,000 / \$1,000,000 / \$1,000,000
3. Commercial General Liability Insurance to include coverage for the following: a. Premises/Operations b. Independent Contractors c. Products/Completed Operations d. Personal/Advertising Injury e. Contractual Liability f. Explosion, Collapse, Underground g. Environmental Impairment/Impact sufficiently broad to cover disposable liability h. Damage to property rented	For Bodily Injury and Property Damage of \$1,000,000 per occurrence; \$2,000,000 General Aggregate, or its equivalent in Umbrella or Excess Liability Coverage
4. Business Automobile Liability a. Owned/lease vehicles b. Non-owned vehicles c. Hired vehicles	Combined Single Limit for Bodily Injury and Property Damage of \$1,000,000 per occurrence

- 8.4 **RIGHT TO REVIEW.** The City reserves the right to review the insurance requirements of this Article during the effective period of this Agreement and to modify insurance coverages and their limits when deemed necessary and prudent by the City's Risk Manager based upon changes in statutory law, court decisions, or circumstances surrounding this Agreement. In no instance shall the City allow modification whereupon the City may incur increased risk.

- 8.5 **REQUESTS FOR CHANGES.** The City shall be entitled, upon request and without expense to receive copies of the policies, declaration page and all endorsements as they apply to the limits required by the City, and may require the deletion, revision, or modification of particular policy term, condition, limitation, or exclusion (except where policy provisions are established by law or

regulation binding upon either of the Parties, or the underwrite of any such policies). Developer and/or Developer's contractor shall comply with any such request and shall submit a copy of the replacement certificate of insurance to City within 10 days of the requested change. Developer and/or Developer's contractor shall pay any costs incurred resulting from said changes. All notices under this Article shall be given to the City at the following addresses:

City Clerk	City of San Antonio
City of San Antonio	Attn: TIF Unit
Attn: Risk Management Dept.	1400 S. Flores
P.O. Box 839966	San Antonio, TX 78204
San Antonio, TX 78283-3966	

- 8.6 **REQUIRED PROVISIONS AND ENDORSEMENTS.** Developer agrees that with respect to the above required insurance, all insurance contract policies, and Certificate(s) of Insurance will contain the following provisions:
- Name the City and its officers, officials, employees, volunteers, and elected representative as additional insureds as respects operations and activities of, or on behalf of, the named insured subject to this Agreement, with the exception of the workers' compensation and professional liability policies;
 - Provide for an endorsement that the "other insurance" clause shall not apply to the City of San Antonio if the City is an additional insured shown on the policy;
 - Workers' compensation and employers' liability policies will provide a waiver of subrogation in favor of the City; and,
 - Provide 30 calendar days advance written notice directly to City at the same addresses listed in this Article of any suspension, cancellation, non-renewal or material change in coverage, and not less than 10 days advance written notice for non-payment of premium.
- 8.7 **CANCELLATIONS AND NON-RENEWAL.** Within 5 calendar days of a suspension, cancellation, non-renewal, or material change in coverage, Developer and or Developer's contractor shall provide a replacement Certificate of Insurance and applicable endorsements to City at the same address listed in Section 8.5 of this Article. City shall have the option to suspend Developer or Developer's contractor's performance should there be a lapse in coverage at any time during this Agreement. Failure to provide and to maintain the required insurance shall constitute a breach of this Agreement and the City may exercise any and all available legal remedies.
- 8.8 **CITY'S REMEDIES.** In addition to any other remedies the City may have upon Developer and/or Developer's contractor for the failure to provide and maintain insurance or policy endorsements to the extent and within the time required, the City shall have the right to order Developer to stop work, and/or withhold any payment(s), which become due until Developer and/or Developer's contractor demonstrates compliance with the requirements.
- 8.9 **RESPONSIBILITY FOR DAMAGES.** Nothing in the Agreement shall be construed as limiting in any way the extent to which Developer and/or Developer's contractor may be held responsible for payments of damages to persons or property resulting from Developer's or its subcontractors' performance of the work covered under this Agreement.
- 8.10 **PRIMARY INSURANCE.** Developer's insurance shall be deemed primary with respect to any insurance or self-insurance carried by the City for liability arising under this Agreement.

- 8.11 **DEVELOPER'S OBLIGATION.** Developer agrees to obtain all insurance coverage with minimum limits of not less than the limits delineated under Section 8.3 of this Article from each subcontractor to Developer and Certificate of Insurance and Endorsements that names the Developer and the City as an additional insured. It is understood and agreed that the insurance required is in addition to and separate from any other obligation in the Agreement. Developer and any subcontractors are responsible for all damages to their own equipment and/or property. Developer must provide City current proof of insurance for all projects and applicable contracts and agreements executed pursuant to Agreement.
- 8.12 **"ALL RISK"**. At all times during the performance of construction, Developer and Developer's contractors shall maintain in full force and effect builder's **"All Risk"** insurance policies covering such construction. The Builder's Risk Policies shall be written on an occurrence basis and on a replacement cost basis, insuring 100% of the insurable value of construction improvements.

ARTICLE IX. WORKERS COMPENSATION INSURANCE COVERAGE

- 9.1 **APPLICABILITY.** This Article is applicable only to construction of Public Improvements, the costs for which the Developer is seeking reimbursement from the City and the Board, and is not intended to apply to the private improvements made by the Developer.
- 9.2 **DEFINITIONS.**
- a. *Certificate of coverage ("certificate")* - A copy of a certificate of insurance, a certificate of authority to self-insure issued by the commission, or a coverage agreement (TWCC- 81, TWCC-82, TWCC-83, or TWCC-84), showing statutory workers' compensation insurance coverage for the person's or entity's employees providing services on a Phase of the Project for the duration of the project.
 - b. *Duration of the project* - includes the time from the beginning of the work on the Phase of the Project until the Developer's/person's work on the project has been completed and accepted by the City.
 - c. *Persons providing services on the Project ("subcontractor" in §406.096 of the Texas Labor Code)* - includes all persons or entities performing all or part of the services the Developer has undertaken to perform on the Project, regardless of whether that person contracted directly with the Developer and regardless of whether that person has employees. This includes, without limitation, independent contractors, subcontractors, leasing companies, motor carriers, owner-operators, employees of any such entity, or employees of any entity which furnishes persons to provide services on the Project. "Services" include, without limitation, providing, hauling, or delivering equipment or materials, or providing labor, transportation, or other service related to a Project. "Services" does not include activities unrelated to the Project, such as food/beverage vendors, office supply deliveries, and delivery of portable toilets.
- 9.3 Developer shall provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements that meets the statutory requirements of Texas Labor Code, Section 401.011(44) for all employees of the Developer providing services on the Project, for the duration of the Project.
- 9.4 Developer must provide a certificate of coverage to the City prior to being awarded the contract.

- 9.5 If the coverage period shown on the Developer's current certificate of coverage ends during the duration of the Phase of the Project, Developer must, prior to the end of the coverage period, file a new certificate of coverage with the City showing that coverage has been extended.
- 9.6 Developer shall obtain from each person providing services on a project, and shall provide to the City:
- a. a certificate of coverage, prior to that person beginning work on the Phase of the Project, so the City will have on file certificates of coverage showing coverage for all persons providing services on the Project; and
 - b. no later than seven days after receipt by the Developer, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the Phase of the Project.
- 9.7 Developer shall retain all required certificates of coverage for the duration of the Project and for one year thereafter.
- 9.8 Developer shall notify the City in writing by certified mail or personal delivery, within 10 days after the Developer knew or should have known, of any change that materially affects the provision of coverage of any person providing services on the Project.
- 9.9 Developer shall post on the TIRZ Property a notice, in the text, form and manner prescribed by the Texas Workers' Compensation Commission, informing all persons providing services on the Project that they are required to be covered, and stating how a person may verify coverage and report lack of coverage.
- 9.10 Developer shall contractually require each person with whom it contracts to provide services on a Project, to:
- a. provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements that meets the statutory requirements of Texas Labor Code, Section 401.011(44) for all of its employees providing services on the Project, for the duration of the applicable Phase of the Project;
 - b. provide to the Developer, prior to that person beginning work on the Project, a certificate of coverage showing that coverage is being provided for all employees of the person providing services on the Project, for the duration of the applicable Phase of the Project;
 - c. provide the Developer, prior to the end of the coverage period, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the applicable Phase of the Project;
 - d. obtain from each other person with whom it contracts, and provide to the Developer:
 - (i) a certificate of coverage, prior to the other person beginning work on the Project; and
 - (ii) a new certificate of coverage showing extension of coverage, prior to the end of the coverage period, if the coverage period shown on the current certificate of coverage ends during the duration of the applicable Phase of the Project;
 - e. retain all required certificates of coverage on file for the duration of the applicable Phase of the Project and for one year thereafter;
 - f. notify the City in writing by certified mail or personal delivery, within 10 days after the person knew or should have known, of any change that materially affects the provision of coverage of any person providing services on the Project; and,

- g. perform as required by paragraphs a-g with the certificates of coverage to be provided to the person for whom they are providing services.
- 9.11 By signing this Agreement or providing or causing to be provided a certificate of coverage, Developer is representing to the City that all employees of the Developer who will provide services on the Project will be covered by workers' compensation coverage for the duration of the applicable Phase of the Project, that the coverage will be based on proper reporting of classification codes and payroll amounts, and that all coverage agreements will be filed with the appropriate insurance carrier or, in the case of a self-insured, with the commission's Division of Self- Insurance Regulation. Providing false or misleading information may subject Developer to administrative penalties, criminal penalties, civil penalties, or other civil actions.
- 9.12 Developer's failure to comply with any of these provisions is a breach of this Agreement by the Developer which entitles the City and/or Board to declare the Agreement void and exercise all legal remedies if the Developer does not remedy the breach within 10 days after receipt of notice of breach from the City without necessity of the 90 day cure period as set forth in Article X.

ARTICLE X. DEFAULT AND TERMINATION

- 10.1 **TERMINATION.** For purposes of this Agreement, termination shall mean the expiration of the term as provided by Article I. Section 1.1 Term, herein.
- 10.2 **TERMINATION FOR WITHOUT CAUSE** This Agreement may also be terminated by mutual consent and a written agreement of the Parties. In such case, the Parties shall agree upon the reason(s) of such termination, the termination conditions, the proposed pay-back plan of disbursed funds, and the proposed effective date of such termination.
- 10.3 **TERMINATION FOR CAUSE.** Each Party shall have the right to terminate this Agreement in whole or in part for cause if a Party fails to perform the terms and conditions herein or, if a Party fails to cure a default within 60 calendar days after receiving a written Notice of Default from the Board, requesting that the failure be cured. After sending notice of failure to cure, the City and Board shall not distribute TIF funds to the Developer until the Developer's default is cured. If the default is not cured, the City and the Board may retain all undistributed TIF funds, terminate this Agreement, and unencumber the unpaid balance under the terms of this Agreement without further Board or Council action.
- 10.4 **CURE.** Upon written Notice of Default resulting from a breach of this Agreement, such default may be cured within 60 days from the date of the Notice of Default.
- 10.5 **NOTICE OF TERMINATION.** In the event that either Party fails to comply with this Agreement, such non-compliance shall be deemed a default, and this Agreement may summarily be suspended upon the issuance of a written Notice of Termination, which shall include: (1) the reasons for such termination; and (2) the effective date of such Termination.
- 10.6 **RIGHT TO RECAPTURE TIF FUNDS.** If the Board terminates this Agreement for cause, then the TIRZ shall have the right to recapture all the disbursed TIF Funds made under this Agreement and Developer shall repay all TIF Funds disbursed to the City from the TIF Fund within 60 calendar days from the date of the Notice of Termination.
- 10.7 **OTHER REMEDIES AVAILABLE.** The Parties shall have the right to seek any remedy in law to which they may be entitled, in addition to termination and repayment of funds, if a Party defaults under the material terms of this Agreement.

ARTICLE XI. INDEMNIFICATION

11.1 **Developer covenants and agrees to FULLY INDEMNIFY and HOLD HARMLESS, the City (and the elected officials, employees, officers, directors, and representatives of the City), the Board (and the officials, employees, officers, directors, and representatives of the Board), and any Participating Taxing Entity (and the elected officials, employees, officers, directors, and representatives of any such entity), individually or collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature, including but not limited to, personal injury or death and property damage, made upon the City, the Board, and/or upon any of the other Participating Taxing Entity directly or indirectly arising out of, resulting from or related to Developer's negligence, willful misconduct or criminal conduct in its activities under this Agreement, including any such acts or omissions of Developer, any agent, officer, director, representative, employee, consultant or sub-consultants of Developer, and their respective officers, agents, employees, directors and representatives while in the exercise or performance of the rights or duties under this Agreement, all without, however, waiving any governmental immunity available to the City, the Board, and/or the other Participating Taxing Entity under Texas Law and without waiving any defenses of the parties under Texas Law. Developer shall also INDEMNIFY, DEFEND AND HOLD THE PARTICIPATING TAXING ENTITIES HARMLESS FROM ANY CLAIM, DAMAGES, AND LIABILITY OF EVERY KIND, INCLUDING ALL EXPENSES OF LITIGATION, ATTORNEY'S FEES, AND PENALTIES ARISING FROM POLLUTION OF THE PROPERTY BY DEVELOPER OR DEVELOPER'S PREDECESSORS IN TITLE, OR THE FAILURE OF DEVELOPER'S PREDECESSORS IN TITLE TO COMPLY WITH LOCAL STATE OR FEDERAL ENVIRONMENTAL LAWS OR REGULATIONS.**

THE INDEMNITY PROVIDED FOR IN THE FOREGOING SECTIONS SHALL NOT APPLY TO ANY LIABILITY RESULTING FROM THE SOLE NEGLIGENCE OF THE CITY, ITS OFFICERS OR EMPLOYEES, IN INSTANCES WHERE SUCH NEGLIGENCE CAUSES PERSONAL INJURY, DEATH, OR PROPERTY DAMAGE, EXCEPT TO THE EXTENT PROVIDED BELOW.

IN THE EVENT DEVELOPER AND THE CITY ARE FOUND JOINTLY LIABLE BY A COURT OF COMPETENT JURISDICTION, LIABILITY SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO THE CITY UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS, FEDERAL, OR INTERNATIONAL LAW.

Developer shall advise the City, the Board, and any Participating Taxing Entity in writing within 24 hours of any claim or demand against the City, the Board or any Participating Taxing Entity Related to or arising out of the Developer's activities, under this Agreement and shall see that the investigation, and defense of such claim, or demand at the Developer's cost to the extent required under the INDEMNITY in this Section. THE PROVISIONS OF THIS INDEMNITY ARE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY. The City, the Board and/or any Participating Taxing Entity shall have the right, at their option and at their own expense, to participate in such defense without relieving the Developer of any of its obligations.

- 11.2 **Developer shall and does hereby agree to DEFEND, INDEMNIFY, and HOLD HARMLESS the City, and the Board, and their respective agents and employees from and against all encumbrances, claims, suits, debts, dues, sums of money, accounts, reckonings, bond, bills, covenants, controversies, agreements, agents, demands, damages, losses, liens, causes of action, suits, judgments, and attorney fees of any kind or nature whatsoever which are asserted by any person or entity for penalties or sums due any worker or agency for services, labor or materials, furnished for the Project, Developer's INDEMNITY, obligations to the City under this INDEMNIFICATION shall be limited to all encumbrances, claims, suits, debts, dues, sums of money, accounts, reckonings, bond, bills, covenants, controversies, agreements, agents, demands, damages, losses, liens, causes of action, suits, judgments, and attorney fees of any kind or nature whatsoever by any person or entity or violations of Chapter 2258 of the Texas Government Code or for any sums or penalties due any worker or agency for labor furnished for the Project. To the extent that this INDEMNIFICATION conflicts with the INDEMNIFICATION provisions in Section 11.1 above, the provisions in Section 11.1 control over those set forth in this Section. Prior to expending any money that Developer would be obligated to INDEMNIFY, the City or the Board shall send written notice to Developer describing in reasonable detail the claim and allowing Developer to cure such claim within 15 calendar days of receiving the notice.**

ARTICLE XII. SITE INSPECTION AND RIGHT OF ENTRY

- 12.1 **PROJECT SITE INSPECTION.** Developer shall allow the City and the Board reasonable access to the Property Site for inspections during and upon completion of construction of the Project, and access to documents and records considered necessary to assess the Project and Developer's compliance with this Agreement. The Board and TIF Unit Staff shall be provided a right of entry onto the Project Site to conduct random walk-through inspections of the Project's Development.

ARTICLE XIII. RESPONSIBILITIES OF THE PARTIES

- 13.1 **DEVELOPER.** As between the City, the Developer, the Board, and any Participating Taxing Entity, Developer shall be solely responsible for compensation payable to any employee, contractor, or subcontractor of the Developer, and none of the Developer's employees, contractors, or subcontractors will be deemed to be employees, contractors, or subcontractors of the City, the Board, or any Participating Taxing Entity as a result of the Agreement.
- 13.2 **CITY AND BOARD.** To the extent permitted by Texas law, no director, officer, employee or agent of the City, the Board, or any other Participating Taxing Entity shall be personally responsible for any liability arising under or growing out of this Agreement.

ARTICLE XIV. RECORDS

- 14.1 **RIGHT TO REVIEW.** Following notice to the Board and Developer, the City reserves the right to conduct, at its own expense, examinations, during regular business hours and of the books and records related to this Agreement (including such items as contracts, paper, correspondence, copy, books, accounts, billings and other information related to the performance of the Board and/or Developer's services hereunder) no matter where the books and records are located. The City also reserves the right to perform any additional audits relating to the Board's and/or Developer's services, provided that such audits are related to those services performed by the Board and/or Developer for the City under this Agreement. These examinations shall be conducted at the offices maintained by the Board and/or Developer.

- 14.2 **PRESERVATION OF RECORDS.** All applicable records and accounts of the Board and/or Developer relating to this Agreement, together with all supporting documentation, shall be preserved and made available in Bexar County, Texas by the Board and/or Developer throughout the term of this Agreement and for 12 months after the termination of this Agreement, and then transferred, upon City request, at no cost to the City, to the City for retention. During this time, the City, at its own expense, may require that any or all of such records and accounts be submitted for audit to the City or to a Certified Public Accountant selected by the City within 10 days following written request.
- 14.3 **DISCREPANCIES.** Should the City discover errors be discovered in the internal controls or in the record keeping associated with the Project, the Board and/or Developer shall correct such discrepancies upon discovery or within a reasonable period of time, not to exceed 60 days after discovery. The Board shall be informed of the action taken to correct such discrepancies.
- 14.4 **OVERCHARGES.** If it is determined as a result of such audit that the Board and/or Developer has overcharged for the cost of the Public Improvements, then such overcharges shall be immediately returned to the TIF Fund and become due and payable with interest at the maximum legal rate under applicable law from the date the City paid such overcharges. In addition, if the audit determined that there were overcharges of more than two percent (2%) of the greater of the budget or payments to Developer for the year in which the discrepancy occurred, and the TIF Fund is entitled to a refund as a result of such overcharges, then Developer shall pay the cost of such audit.

ARTICLE XV. NON-WAIVER

- 15.1 **ACTIONS OR INACTIONS.** No course of dealing on the part of the City, the Board, or the Developer nor any failure or delay by the City, the Board, or the Developer in exercising any right, power, or privilege under this Agreement shall operate as a waiver of any right, power or privilege owing under this Agreement.
- 15.2 **RECEIPT OF SERVICES.** The receipt by the City of services from an assignee of the Developer shall not be deemed a waiver of the covenant(s) in this Agreement against assignment or an acceptance of the assignee or a release of the Developer from further observance or performance by the Developer of the covenant(s) contained in this Agreement. No provision of this Agreement shall be deemed waived by the City unless such waiver is in writing, and approved by the City through an ordinance passed and approved by its City Council.

ARTICLE XVI. ASSIGNMENT

- 16.1 **ASSIGNMENT BY CITY.** The City and/or Board may assign their rights and obligations under this Agreement to any governmental entity the City creates without prior consent of Developer. If the City and/or Board assign their rights and obligations under this Agreement then the City and/or Board shall provide Developer written notice of assignment within 30 days of such assignment.
- 16.2 **ASSIGNMENT BY DEVELOPER.** Developer may sell or transfer it rights and obligations under this Agreement only upon approval and written consent by the Board, as evidenced by Board Resolution, when a qualified purchaser or assignee specifically agrees to assume all of the obligations of the Developer under this Agreement.
- 16.3 **WORK OR SERVICES SUBJECT TO AGREEMENT.** Any work or services contracted herein shall be contracted only by written contract or agreement and, unless the City grants specific waiver in writing, shall be subject by its terms, insofar as any obligation of the City is concerned, to each and every provision of this Agreement. Compliance by the Developer's contractor and/or their subcontractors with this Agreement shall be the responsibility of Developer.

- 16.4 **NO THIRD PARTY OBLIGATION.** The City and/or the Board shall in no event be obligated to any third party, including any contractor, subcontractor, or consultant of the Developer, for performance of work or services under this Agreement.
- 16.5 **LENDING INSTITUTIONS.** Any restrictions in this Agreement on the transfer or assignment of the Developer's interest in this Agreement shall not apply to and shall not prevent the assignment of this Agreement to a lending institution or other provider of capital in order to obtain financing for the Project. Developer shall notify the City of all such assignments to a lending or other provider of capital. In no event, shall the City and/or the Board be obligated in any way to the aforementioned financial institution or other provider of capital. The City shall only issue a check or other form of payment to Developer.
- 16.6 **WRITTEN INSTRUMENT.** Each transfer or assignment to which there has been consent, pursuant to paragraph 16.2 above, shall be by instrument in writing, in form reasonably satisfactory to the Board, and shall be executed by the transferee or assignee who shall agree in writing for the benefit of the City, and the Board to be bound by and to perform the terms, covenants and conditions of this Agreement. Four executed copies of such written instrument shall be delivered to the TIF Unit. Failure to obtain, the Board's consent in writing, or failure to comply with the provisions herein first, shall prevent any such transfer or assignment from becoming effective. In the event the Board approves the assignment or transfer of this Agreement, Developer shall be released from such duties and obligations.
- 16.7 **NO WAIVER.** Except as set forth in paragraph 16.3, the receipt by the City of services from an assignee of the Developer shall not be deemed a waiver of the covenants in this Agreement against assignment or an acceptance of the assignee or a release of the Developer from further observance or performance by Developer of the covenants contained in this Agreement. No provision of this Agreement shall be deemed waived by the City unless such waiver is in writing, and approved by City Council in the form of a duly passed ordinance.

ARTICLE XVII. NOTICE

- 17.1 **ADDRESSES.** Any notice sent under this Agreement shall be written and mailed with sufficient postage, sent by certified mail, return receipt requested, documented facsimile or delivered personally to an officer of the receiving Party at the following addresses:

THE CITY

City of San Antonio
c/o City Clerk
Attn: Risk Management Dept.
P.O. Box 839966
San Antonio, TX 78283-3966

THE BOARD

Inner City TIRZ #11
Attn: TIF Unit
1400 S Flores
San Antonio, TX 78204

DEVELOPER

MLK Garden Homes
Attn: Roberta Lowe
40 North East Loop 410
Suite #526
San Antonio, TX 78216

- 17.2 **CHANGE OF ADDRESS.** Notice of change of address by any Party must be made in writing and mailed to the other Parties within 15 business days of such change. All notices, requests or consents under this Agreement shall be (a) in writing, (b) delivered to a principal officer or managing entity of the recipient in person, by courier or mail or by facsimile, telegram, telex, cablegram or similar transmission, and (c) effective only upon actual receipt by such person's business office during normal business hours. If received after normal business hours, the notice shall be considered received on the next business day after such delivery. Whenever any notice is required to be given by applicable law or this Agreement, a written waiver thereof, signed by the Person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XVIII. CONFLICT OF INTEREST

- 18.1 **CHARTER AND ETHICS CODE PROHIBITIONS.** The Board and Developer each acknowledges that it is informed that the Charter of the City and its Ethics Code prohibit a City officer or employee, as those terms are defined in Section 2- 52 of the Ethics Code, from having a financial interest in any contract with the City or any City agency such as City owned utilities. An officer or employee has a “prohibited financial interest” in a contract with the City or in the sale to the City of land, materials, supplies or service, if any of the following individual(s) or entities is a party to the contract or sale: a City officer or employee; his parent, child or spouse; a business entity in which the officer or employee, or his parent, child or spouse owns ten (10) percent or more of the voting stock or shares of the business entity, or ten (10) percent or more of the fair market value of the business entity; a business entity in which any individual or entity above listed is a subcontractor on a City contract, a partner or a parent or subsidiary business entity.
- 18.2 **WARRANTS AND CERTIFICATIONS.** In accordance with Section 311.009(h)(l) of the Act, and Section 18.1 above, Developer warrants and certifies, and this contract is made in reliance thereon, that it, its officers, employees and agents are neither officers nor employees of the City or the County. Developer further warrants and certifies that Developer has tendered to the City a Discretionary Contracts Disclosure Statement in compliance with the City's Ethics Code.

ARTICLE XIX. INDEPENDENT CONTRACTORS

- 19.1 **NO AGENCY.** All parties expressly agree that in performing their services, the Board and Developer at no time shall be acting as agents of the City and that all consultants or contractors engaged by the Board and/or Developer respectively shall be independent contractors of the Board and/or the Developer. The parties hereto understand and agree that neither the City nor the County shall not be liable for any claims that may be asserted by any third party occurring in connection with services performed by the Board and/or Developer respectively, under this Agreement unless any such claims are due to the fault of the City.
- 19.2 **NO AUTHORITY.** The parties further understand and agree that no party has authority to bind the others or to hold out to third parties that it has the authority to bind the others.

ARTICLE XX. TAXES

- 20.1 **DUTY TO PAY.** Developer shall pay, on or before the respective due dates, to the appropriate collecting authority all Federal, State, and local taxes and fees which are now or may be levied upon the TIRZ Property, the Developer or upon the business conducted on the TIRZ Property or upon any of the Developer's property used in connection therewith, including employment taxes. Developer shall maintain in current status all Federal, State, and local licenses and permits required for the operation of the business conducted by the Developer.

ARTICLE XXI. PREVAILING WAGES

- 21.1 The TIF Program is a discretionary program, and it is the policy of the City that the requirements of Chapter 2258 of the Texas Government Code, entitled “Prevailing Wage Rates,” shall apply to TIF Development Agreements. Developer agrees that the Developer will comply with City Ordinance No. 71312 and its successors such as Ordinance No. 2008-11-20-1045 and will require subcontractors to comply with City Ordinance 71312 and its successors such as Ordinance No. 2008-11-20-1045 and shall not accept affidavits.
- 21.2 In accordance with Chapter 2258, Texas Government Code, and Ordinance No. 2008-11-20-1045, a schedule of the general prevailing rate of per diem wages in this locality for each craft or

type of workman needed to perform this Agreement is included as **Exhibit G**, and made a part of this Agreement. Developer is required, and shall require its subcontractors to comply with each updated schedule of the general prevailing rates in effect at the time the Developer calls for bids for construction of a given phase.

- 21.3 Developer is further required to cause the latest prevailing wage determination decision to be included in bids and contracts with the Developer's general contractor and all subcontractors for construction of each Phase. The Developer shall forfeit as a penalty to the City \$60.00 for each laborer, workman, or mechanic employed, for each calendar day, or portion thereof, that such laborer, workman or mechanic is paid less than the said stipulated rates for any work done under said contract, by Developer or any subcontractor under the Developer. The establishment of prevailing wage rates in accordance with Chapter 2258, Texas Government Code shall not be construed to relieve the Developer from his obligation under any Federal or State Law regarding the wages to be paid to or hours worked by laborers, workmen or mechanics insofar as applicable to the work to be performed under this Agreement.

ARTICLE XXII. CHANGES AND AMENDMENTS

- 22.1 **ORDINANCE AND ORDER REQUIRED.** Except when the terms of this Agreement expressly provide otherwise, any alterations, additions, or deletions to the terms hereof shall be by amendment in writing executed by the City, the Board and the Developer and evidenced by passage of a subsequent City ordinance.
- 22.2 **CONSTRUCTION SCHEDULE.** Notwithstanding the above, the Construction Schedule, as detailed in **Exhibit C** may be amended, as evidenced by approval of the TIF Economic Development Manager. In the event an amendment to the Construction Schedule will result in a material change to this Agreement, then such amendment shall comply with the requirements of Section 22.1, above. No change under this section may result in an increase in the maximum contribution of the City or any other Participating Taxing Entity. Developer may rely on the determination of the TIF Economic Development Manager, whether a change in the Construction Schedule would result in a material change to the overall Project requirements.
- 22.3 **AUTOMATIC INCORPORATION OF LAWS.** Changes in local, state and federal rules, regulations or laws applicable to the Board's and the Developer's services under this Agreement may occur during the term of this Agreement and any such changes shall be automatically incorporated into this Agreement without written amendment to this Agreement, and shall become a part as of the effective date of the rule, regulation or law.

ARTICLE XXIII. SEVERABILITY

- 23.1 If any clause or provision of this Agreement is held invalid, illegal or unenforceable under present or future federal, state or local laws, then said clause or provision shall not affect any other clause or provision, and the remainder of this Agreement shall be construed as if such clause or provision was never contained herein. It is also the intent of the Parties that in lieu of each invalid, illegal, or unenforceable provision, there be added as a part of this Agreement a clause or provision as similar in terms to such invalid, illegal or unenforceable clause or provision as may be possible, legal, valid and enforceable.

ARTICLE XXIV. LITIGATION EXPENSES

- 24.1 Under no circumstances will the Available Tax Increment Funds received under this Agreement be used, either directly or indirectly, to pay costs or attorney fees incurred in any adversarial proceeding regarding this Agreement against the City, the Board or any other public entity.

- 24.2 During the term of this Agreement, if Developer files and/or pursues an adversarial proceeding regarding this Agreement against the City and /or the Board , without first engaging in good faith mediation of the dispute, then at the City's and/or Board's option, all access to the funding provided for hereunder may be withheld.
- 24.3 Developer, at the City's and/or Board's option, could be ineligible for consideration to receive any future funding while any adversarial proceedings regarding this Agreement against the City and/or Board remains unresolved if it was initiated without first engaging in good faith mediation of the dispute.
- 24.4 For purposes of this Article, "adversarial proceedings" include any cause of action regarding this Agreement filed by Developer against the City in any state or federal court, as well as any state or federal administrative hearing, but does not include Alternate Dispute Resolution proceedings, including arbitration. Nothing contained in this Article shall effect or otherwise affect the indemnity provisions contained in Article XI. above.

ARTICLE XXV. LEGAL AUTHORITY

- 25.1 **ALL CONSENTS AND APPROVALS OBTAINED.** Each person executing this Agreement on behalf of each Party, represents, warrants, assures, and guarantees that s/he has full legal authority to execute this Agreement on behalf of the City, the Board, and/or Developer, respectively and to bind the City, the Board, and/or Developer, to all the terms, conditions, provisions, and obligations of this Agreement.

ARTICLE XXVI. VENUE AND GOVERNING LAW

- 26.1 THIS AGREEMENT SHALL BE CONSTRUED UNDER AND IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS. Venue and jurisdiction arising under or in connection with this Agreement shall lie exclusively in Bexar, County, Texas. Any legal action or proceeding brought or maintained, directly or indirectly, as a result of this Agreement shall be heard and determined in Bexar County, Texas.

ARTICLE XXVII. PARTIES' REPRESENTATIONS

- 27.1 This Agreement has been jointly negotiated by the City, the Board and Developer and shall not be construed against a Party because that Party may have primarily assumed responsibility for the drafting of this Agreement.

ARTICLE XXVIII. CAPTIONS

- 28.1 All captions used in this Agreement are only for the convenience of reference and shall not be construed to have any effect or meaning as to the agreement between the Parties to this Agreement.

ARTICLE XIX. LICENSES/CERTIFICATIONS

- 29.1 Developer warrants and certifies that to its knowledge, any person providing services hereunder has the requisite training, license, and/or certification to provide said services and meets the competence standards promulgated by all other authoritative bodies, as applicable to the services provided herein.

ARTICLE XXX. NONDISCRIMINATION AND SECTARIAN ACTIVITY

30.1 Developer understands and agrees to comply with the Non-Discrimination Policy of the City of San Antonio contained in Chapter 2, Article X of the City Code, and further shall use reasonable efforts to ensure that no person shall, on the ground of race, color, national origin, religion, sex, age, gender (to include transgender), sexual orientation, veteran status or disability, be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be denied access to any program or activity funded in whole or in part under Agreement.

ARTICLE XXXI. ENTIRE AGREEMENT

31.1 **NO CONTRADICTIONS.** This written Agreement embodies the final and entire agreement between the Parties hereto and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the Parties.

31.2 **INCORPORATION OF EXHIBITS.** Exhibits attached to this Agreement are incorporated herein and shall be considered a part of this Agreement, except that if there is a conflict between an Exhibit and a provision of this Agreement, the provision of this Agreement shall prevail over the Exhibit.

IN WITNESS THEREOF, the Parties have caused this instrument to be signed on the date of each signature below. This agreement shall be effective on the date of the last signature below.

CITY OF SAN ANTONIO,
a Texas Municipal Corporation

BOARD OF DIRECTORS
Inner City TIRZ #11

Sheryl Sculley
CITY MANAGER

City Councilman Alan E. Warrick II
PRESIDING OFFICER

Date: _____

Date: _____

DEVELOPER
MLK Garden Homes, LLC

ATTEST:

Roberta Lowe
MANAGING PARTNER

Nancy Sheppard
TIF ECONOMIC DEV. MANAGER

Date: _____

Date: _____

APPROVED AS TO FORM:

ATTEST/SEAL:

CITY ATTORNEY

Leticia Vacek, CITY CLERK

Date: _____

LIST OF EXHIBITS

EXHIBIT A:	Resolution T11 2016-12-09-16-02R
EXHIBIT B	Resolution T11 2017-02-10-17-01R
EXHIBIT C:	Construction Schedule
EXHIBIT D:	Project Site (Map)
EXHIBIT E:	Project Status Report
EXHIBIT F:	Contract Progress Payment Request Form
EXHIBIT G:	Prevailing Wages