

STATE OF TEXAS

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**CITY OF SAN ANTONIO
TAX ABATEMENT AGREEMENT
FOR REAL AND PERSONAL PROPERTY**

COUNTY OF BEXAR

1. PARTIES

THIS AGREEMENT (the “Agreement”) is entered into as of the ____ day of _____, 2021, by and NAVISTAR, INC. (hereinafter referred to as “Navistar” or “Manufacturer”), holding a fee simple interest in the real property described herein and as owner of personal property to be located on said real property and the CITY of SAN ANTONIO, a municipal corporation, (hereinafter referred to as the “City”), acting by and through its City Manager under the authority of its City Council.

2. AUTHORIZATION AND FINDINGS

A. This Agreement is entered into pursuant to the following authorities:

1. The Texas Property Redevelopment and Tax Abatement Act of 1987, V.A.T.S. Tax Code, Chapter 312, as amended;
2. CITY COUNCIL RESOLUTION No. 89-07-12, dated the 15th day of February 1989, and most recently revised by Ordinance No. 20-6941 on December 17, 2020, together which established the City of San Antonio Guidelines and Criteria for tax abatements, (hereinafter referred to as the “Guidelines and Criteria”);
3. The State of Texas designation of the Navistar International Corporation Zone (the “Zone”) for the purposes of the Texas Property Redevelopment and Tax Abatement Act of 1987, V.A.T.S. Tax Code, Chapter 312; and
4. CITY COUNCIL ORDINANCE NO. _____ dated _____, 2021, which specifically approves this Agreement and authorizes execution hereof.

The City Council, by its approval of this Agreement, hereby finds that the terms of this Agreement are within the Guidelines and Criteria and the approval of this Agreement will not have any substantial long-term adverse effect on the provision of City services or the City’s tax base. The City Council also finds that the planned use of the Property (defined below) inside the Zone by Manufacturer does not constitute a hazard to public safety, health or morals.

3. PROPERTY

A. Manufacturer is fee simple owner of real property located at 4526 South Loop 1604, San Antonio, Texas 78112, a portion of which is identical to the legal description provided

for the Zone described in Exhibit A, attached hereto and incorporated herein (the "Property"). The Property is within the Zone for the purposes of the Texas Property Redevelopment and Tax Abatement Act of 1987, V.A.T.S. Tax Code, Chapter 312.

B. Manufacturer is a manufacturer of commercial trucks, school and commercial buses, chassis for motor homes and step vans, and is a private label designer and manufacturer of diesel engines for the truck market and is also a provider of truck and diesel engine parts and service. At the Property, Manufacturer shall house jobs primarily in engineering and a validation center, truck specialty center and support organizations to help expand Manufacturer's capacity to deliver goods to market and complement its manufacturing facilities in the San Antonio region (the "Business Activities"). Manufacturer will conduct, on the Property, its Business Activities or the normal business activities of a Related Organization, as defined in Article 5(H), for the Term of this Agreement. The Property, Real Property Improvements, the Personal Property Improvements and the Manufacturer's conducting the Business Activities cumulatively are the "Project." In addition to the Project, within the San Antonio region an affiliate of the Manufacturer also owns and operates a manufacturing facility located at 15770 S. U.S. Highway 281, San Antonio, Texas 78221 (the "Blackbriar Project").

C. Manufacturer is investing cumulative total of at least FOURTEEN MILLION DOLLARS (\$14,000,000.00) by December 31, 2023. Of the FOURTEEN MILLION DOLLARS (\$14,000,000.00), SIX MILLION AND 00/100 DOLLARS (\$6,000,000.00) will be expended on real property improvements (the "Real Property Improvements") and EIGHT MILLION AND 00/100 DOLLARS (\$8,000,000.00) will be expended on personal property improvements (the "Personal Property Improvements") to be located on the Property. The Personal Property Improvements shall not be placed on the Property sooner than the Effective Date of this Agreement.

D. Manufacturer shall establish a separate tax account for the Real Property Improvements and for the Personal Property Improvements related to this new investment under Manufacturer's name as contained herein, with the Bexar Appraisal District, and shall provide these tax account numbers to the City. Manufacturer is responsible for filing all necessary documents required by the Bexar Appraisal District or state statute to receive the abatement authorized under this Agreement.

4. **MANUFACTURER'S REPRESENTATIONS**

A. Manufacturer represents that it has no knowledge that any interest in the Property is presently owned, held or leased by a member of the San Antonio City Council, Zoning Commission, Planning Commission, the City's Economic Development Department, or any other City officer or employee. Manufacturer further represents that it shall not knowingly sell, lease or otherwise convey such an interest to a member of the San Antonio City Council, the Zoning Commission, the Planning Commission, the City's Economic Development Department or any other City officer or employee, as long as this Agreement remains in effect.

B. Manufacturer represents that it intends to fully comply with the Occupational Safety and Health Act (“OSHA”) throughout the term of this Agreement with respect to the Project and that upon notification that it is non-compliant, Manufacturer shall take all necessary steps to rectify any violations.

5. **OBLIGATIONS OF MANUFACTURER**

A. In addition to the obligations and duties imposed on Manufacturer by agreements it has entered into with the State of Texas, Bexar County and City of San Antonio, Manufacturer shall:

1. Own, hold an interest in or otherwise control the Project that is the subject of this Agreement.

2. Invest, or cause to be invested, at least SIX MILLION AND 00/100 DOLLARS (\$6,000,000.00) in Real Property Improvements on or prior to December 31, 2023.

3. Invest, or cause to be invested, at least EIGHT MILLION AND 00/100 DOLLARS (\$8,000,000.00) in Personal Property Improvements on or prior to December 31, 2023.

4. Create a cumulative SIXTY (60) Full-Time Jobs (as defined in Article 5(C)) at the Project as follows;

(i) Prior to December 31, 2021, Manufacturer shall create FORTY (40) Full-Time Jobs at the Project;

(ii) Prior to December 31, 2022, Manufacturer shall create an additional TWENTY (20) Full-Time Jobs at the Project in addition to maintaining the previous 40 Full-Time Jobs for a cumulative total of 60 Full-Time Jobs.

Subject to Article 7(E), upon hiring and meeting each annual Full-Time Job creation requirement, Manufacturer shall maintain such jobs until the expiration of the Term of this Agreement; provided, that, none of the persons employed or contracted in connection with the Blackbriar Project may be counted towards satisfying the Full-Time Job creation requirement hereunder;

5. Occupy and continuously use the Project for its Business Activities for the Term of the Agreement.

6. Comply with all other applicable terms of this Agreement and all other State and local agreements applicable to the Project.

B. As part of the consideration for the tax abatement provided for in this Agreement, Manufacturer covenants and agrees that it shall pay one hundred percent (100%) of its new and existing employees (without respect to the number of jobs Manufacturer is required to

maintain and hire hereunder in connection with the Project) the City's effective prevailing "living" wage as determined by the City Council in its Tax Abatement Guidelines, which is TWELVE DOLLARS AND SIXTY CENTS (\$12.60) per hour, and shall pay at least seventy percent (70%) of all new and existing employees the prevailing "all-industry" wage of at least SEVENTEEN DOLLARS AND THIRTY-SEVEN CENTS (\$17.37) per hour. Additionally, the average annual salary for the sixty (60) Full-Time Jobs required to be created and maintained pursuant to Article 5(A)(4) above shall earn an average annual salary of FIFTY-SIX THOUSAND EIGHT HUNDRED SEVENTY-FIVE DOLLARS AND 00/100 CENTS (\$56,875.00).

C. For purposes of this Agreement, the term "Full-Time Job" means a non-temporary, full-time employee of Manufacturer that works on the Property and receives pay equal to two thousand eighty (2,080) straight-time paid hours in a fiscal year excluding overtime and shift differential work.

Upon initial commencement of its Business Activities the Manufacturer may in its reasonable discretion relocate its existing employees to the Project to assist with its ramp up of operations at the Project. Such relocated employees may count towards satisfying the Full-Time Job requirement for so long as such employees maintain their Full-Time Job at the Project; provided, that, in no event shall a relocation to or from the Blackbriar Project be counted twice for the Project and the Blackbriar Project, such relocated employee may only be associated with one of the projects. If such relocated existing employees leave their Full-Time Job at the Project, then Manufacturer shall seek to fill such vacant positions in accordance with Section 5(M) of this Agreement.

D. Manufacturer covenants and agrees that it shall offer all of its non-temporary, full-time employees employed on the Property and their eligible dependents the opportunity to participate in a healthcare benefits package that is substantially similar to the healthcare benefits package offered to similarly situated employees of the Bexar County market. A copy of Manufacturer's intended benefits package shall be attached to this Agreement as Exhibit C. The parties acknowledge and agree that the intended benefits package may change from time to time in accordance with the applicable benefits market and any applicable changes in law.

E. Manufacturer covenants and agrees that it shall comply with all applicable federal and state laws governing the employment relationship between employers and employees, with respect to the Project.

F. Manufacturer also covenants and agrees that it shall conduct its Business Activities (as defined in Article 3 (B)) on the Property in accordance with all applicable federal, state and local laws.

G. Manufacturer shall construct, or cause to be constructed, the Real Property Improvements on the Property in accordance with all applicable federal, state and local laws including, but not limited to, Texas Commission on Environmental Quality regulations, Bexar County and City of San Antonio laws, Building Codes and ordinances,

Historic Preservation and Urban Design ordinances, flood, subdivision, building, electrical, plumbing, fire and life safety codes and regulations, current and as amended.

H. Except as provided herein, Manufacturer covenants and agrees that it shall use the Property only to conduct its Business Activities. Without additional consent or approval by the City Council, a parent, subsidiary or affiliate organization of Manufacturer or new entity created as a result of a merger, acquisition, or other corporate restructure or reorganization of Manufacturer, or any component thereof (hereinafter, a “Related Organization”) may occupy and use the Property for such Related Organization’s normal business activities, so long as such business activities are those of a manufacturer of commercial trucks, school and commercial buses, chassis for motor homes and step vans, and is a private label designer and manufacturer of diesel engines for truck market, and is also a provider of truck and diesel engine parts and service. To be eligible for tax abatements as provided in this Agreement, such Related Organization must agree in writing to fully comply with all applicable terms of this Agreement. Except as authorized above, Manufacturer covenants and agrees not to change the principal use of the Property without prior approval by the City Council, as evidenced in a duly approved ordinance.

I. Manufacturer covenants and agrees that it shall maintain the Property and any constructed improvements in good repair and condition during the Term of this Agreement, normal wear and tear and damage by fire or other casualty not caused as a result of the negligence, intentional act or misconduct of Manufacturer excepted. Compliance with the maintenance obligations imposed herein shall be presumed if Manufacturer follows its normal and customary maintenance procedures and schedules.

J. Upon five business days prior notice to Manufacturer by City, Manufacturer covenants and agrees that it shall allow designated representatives of the City access to the Property during normal business hours for inspection to determine if the terms and conditions of this Agreement are being met. This inspection is independent of City’s police powers to inspect for purposes of assuring compliance with applicable City Codes and Ordinances. The City’s access to Manufacturer’s books and records will be limited to information Manufacturer deems necessary to confirm the information provided by Manufacturer in its most recently submitted Compliance Certificate. Any disclosed information that is not required by law to be made public shall be kept confidential by City. Should any good faith dispute or question arise as to the validity of the data provided on any Compliance Certificate, the City reserves the right to require Manufacturer to obtain at Manufacturer’s cost an independent firm to verify the information, provided, that, such firm shall be subject to a confidentiality agreement. City representatives may be accompanied by Manufacturer representatives and such inspections shall be conducted in such a manner as to (i) not unreasonably interfere with the operation of the Property or the Business Activities; and (ii) comply with Manufacturer’s reasonable safety and security requirements.

K. During the Term of this Agreement, Manufacturer covenants and agrees to furnish each year, as applicable, the Chief Appraiser of Bexar Appraisal District with information outlined in Chapter 22, V.A.T.S. Tax Code, as amended, as may be necessary for the tax abatement and for appraisal purposes.

L. Manufacturer covenants and agrees that it shall provide the City's Director of Economic Development Department with a semi-annual certification from an officer of Manufacturer (a "Compliance Certificate") on or before February 28th and August 31st of each year during the Term of this Agreement (including the Recapture Period), attesting to, as of the preceding February 28th and August 31st respectively (each a "Reporting Period"): (i) the amount invested as of such date by Manufacturer and/or a Related Organization in Real Property Improvements and Personal Property Improvements; (ii) the number of Full-Time Jobs created and maintained as of such date by Manufacturer or a Related Organization, and (iii) the compliance with the requirements of this Agreement with respect to the wages and healthcare benefits offered to all Full-Time Jobs and their respective eligible dependents. Manufacturer shall also submit this information to the City upon request, as deemed necessary at the sole discretion of the City, during the Term of this Agreement; provided, that, any such request shall not exceed four (4) requests per calendar year (inclusive of the required bi-annual Compliance Certificates). The Compliance Certificates provided shall be on the form set forth in, or substantially similar to the form set forth in, Exhibit B (attached hereto and incorporated herein), as amended.

M. Manufacturer covenants and agrees to make good-faith efforts, subject in all cases to the Manufacturer's then usual and customary hiring policies and applicable law, to hire a minimum of twenty-five percent (25%) of its employees from local residents. "Local" is defined, for the purposes of this Agreement, as an employee whose principal residence is located within the incorporated city limits of the City of San Antonio or within the county limits of Bexar County. Notwithstanding the foregoing, (1) for purposes of calculating the foregoing requirement: (i) the Manufacturer may deem as employed any local resident that declined an employment offer from the Manufacturer made during the applicable Reporting Period (but only for such Reporting Period), and (ii) any employee who at the time of their hiring was a local resident and subsequently moves outside of the county limits of Bexar County may, for reporting purposes, be deemed a local employee for the entire tenure of such employee's employment at the Project, and (2) during any Reporting Periods in which the Manufacturer fails to meet the local resident requirement, it shall not be a default hereunder, provided, that, the Manufacturer provides in the applicable Compliance Certificate a detailed explanation regarding its good-faith efforts to satisfy such requirement.

N. Manufacturer covenants and agrees to notify City in writing at least 30 days prior to any sale, transfer, lease or sub-lease of the Property during the Term; provided, however, that Manufacturer shall not be required to provide such notice with respect to leases, sub-leases, or similar licenses or occupancy agreements with any of its affiliates; provided, that, in each Compliance Certificate the Manufacturer shall disclose any affiliate leases together with a description of the leased premises (e.g. without limitation leased square footage). City shall not unreasonably withhold approval of any requests for assignment of this Agreement by Manufacturer under Article 11 and any new purchaser or transferee requesting assignment shall be bound by same. Failure to provide the required notification under this Article 5(N) shall be an event of default and may render Manufacturer subject to the termination and recapture provisions under Article 7 without benefit of the Cure Period (as defined in Article 7(H)).

O. Manufacturer covenants and agrees to notify City in writing at least 30 days prior to Relocating (as defined in Article 7(A)) or ceasing its Business Activities (as described in Articles 7(B) and 7(C)). Failure to provide the required notification under this Article 5(O) shall be an event of default and may render Manufacturer subject to the termination and recapture provisions under Article 7 without benefit of the Cure Period (as defined in Article 7(H)).

P. If, during the Term of this Agreement, Manufacturer fails to create and maintain, in the aggregate, the minimum number of Full-Time Jobs under Article 5(A), fails to pay at least the minimum wages required under Article 5(B), or provide the health benefits required pursuant to Article 5(D) for two (2) or more consecutive semi-annual Reporting Periods, calculated by the averaging the data from the two most current semi-annual Reporting periods, then the termination and recapture provisions of Article 7 of this Agreement may apply against Manufacturer in the reasonable discretion of the City. For the avoidance of doubt, a default for the failure of the Manufacturer to meet its Full-Time Jobs requirement (which shall remain subject to applicable Cure Periods) cannot be declared until after the second consecutive semi-annual Reporting Period (12 months) reveals Manufacturer has failed to meet its required benchmarks under this Agreement. In City's sole discretion, after Manufacturer fails to satisfy the required Full-Time Jobs requirement for two consecutive semi-annual Reporting Periods, City may provide Manufacturer with up to six (6) additional months, in one month increments, to satisfy such requirements prior to declaring a default for Manufacturer's failure to meet the minimum number of Full-Time Jobs required under this Agreement.

Q. Manufacturer covenants and agrees to obtain electricity exclusively from CPS Energy ("CPS"), or its successors or assigns, and water and wastewater service exclusively from San Antonio Water Systems ("SAWS"), or its successors or assigns, for the Term of the Agreement; provided, that, if CPS or SAWS ceased to be a municipally owned, controlled or operated utility company, then Manufacturer may seek services from alternate electricity and water providers; provided, further, that the foregoing shall not prohibit Manufacturer from implementing any sustainability efforts at the Project which would help produce savings with respect to any of its utility expense (including without limitation the installation of solar panels).

R. Manufacturer acknowledges City is subject to The Public Information Act, which applies to information of every "governmental body" as set forth in section 552.003(1)(A) of the Texas Government Code. Public Information means information that is written, produced, collected, assembled, or maintained under a law or ordinance or in connection with the transaction of official business. The Public Information Act requires a governmental body to promptly produce public information for inspection, duplication, or both upon receipt of a written request for information from the public. While the Public Information Act enumerates numerous exceptions to disclosure, Manufacturer acknowledges and agrees to the release of all information submitted by Manufacturer to City pursuant to a request for information. To that end, Manufacturer will endeavor to submit only such limited information as is required per the agreement with the City to allow

City to verify Manufacturer is meeting its requirements and obligations under this Agreement and the Tax Rebate Agreement.

S. Manufacturer shall use good faith efforts to collaborate with City to market positions for Full Time Jobs to and engage in interviewing and hiring from the City's workforce development program. For workforce development program participants to be interviewed and hired such persons must meet the minimum qualifications for the relevant Full-Time Job(s) as determined by the Manufacturer in its sole discretion. Candidates hired from the workforce development program shall count towards Manufacturer's requirements under Section 5(M) of this Agreement.

6. TAX ABATEMENT

A. The tax abatement period (the "Abatement Term") for the Real Property Improvements and Personal Property Improvements shall be TEN (10) years beginning on January 1, 2022. The value of the Real Property Improvements and Personal Property Improvements existing and located upon the Property prior to the Effective Date of this Agreement shall be determined as of January 1, 2021 (the "Base Year"). The "Base Year Value" of the Property, real property and personal property not covered by this Agreement shall be its assessed value (determined by the Bexar Appraisal District) prior to the Manufacturer's acquisition of such and as of January 1, 2021 of the Base Year. This Agreement only provides for the abatement of taxes on the value above the Base Year Value on any real property constructed or installed after the Effective Date of this Agreement and tangible personal property brought onto the site after the execution of this Agreement.

B. At the commencement of the Term, Manufacturer shall own, have an interest in or otherwise control the Property and after having obtained a certificate of occupancy for the Real Property Improvements shall commence conducting its Business Activities on a daily basis during the work week (excluding any local or federal holidays).

C. Provided that Manufacturer has invested in Real Property Improvements and Personal Property Improvements as described in Article 5(A) of this Agreement, Manufacturer uses the Property for its Business Activities, and Manufacturer is otherwise in compliance with the conditions of this Agreement, then FIFTY PERCENT (50%) of the ad valorem taxes for the Real Property Improvements and Personal Property Improvements, above the Base Year Value, shall be abated for the Abatement Term of this Agreement. There shall be no abatement of taxes for the underlying land value, inventory or supplies.

D. Manufacturer acknowledges and agrees that the Base Year Value of the Property and the tax levy based on said Base Year Value of the Property in the Zone may increase and that the amount of property taxes paid by Manufacturer to the City attributable to the Property during the Term shall not be less than the amount of taxes attributable to the Property paid to the City for the base year tax year, if any, except in the event of casualty or condemnation of the Property in the Zone. The City acknowledges and agrees that with respect to the Project it will not exercise its powers of condemnation in bad faith with the

intent of gaining an unfair advantage in any negotiations with the Manufacturer in connection with the Project or otherwise.

E. Manufacturer shall have the right to protest the appraised values of the Property, Real Property Improvements and Personal Property Improvements, or any portion thereof, during the Term of this Agreement and thereafter. Manufacturer shall notify City of the protest within ninety (90) days after the protest is initiated and of any reductions to the appraised value of the Real Property Improvements or Personal Property Improvements; provided, that, failure to provide such notice shall not be the cause a default or breach under this Agreement. Manufacturer will be responsible for paying non-abated taxes on the Property during the Term of this Agreement. The amount of payment required will be the amount assessed by the Bexar County Appraisal District following any successful protests by Manufacturer.

F. The Term of this Agreement includes the recapture period which shall be the period between the end of the Abatement Term and the sixth (6th) calendar year after the expiration of the Abatement Term (the "Recapture Period"). The term of this Agreement (the "Term") shall commence on the Effective Date and shall continue in force and effect, unless terminated pursuant to the provisions of Article 7, until the end of the sixth (6th) calendar year after the expiration of the Abatement Term.

7. **DEFAULT/TERMINATION/RECAPTURE**

A. For purposes of this section, "Relocation" or "Relocate" shall mean Manufacturer or a Related Organization which has taken the place of Manufacturer, transferring Business Activities to a location outside the Zone for reasons other than the inability to conduct the Business Activities at the Project Site due to a Force Majeure Event or a recession (as defined in Section 7(C) below). Notwithstanding the foregoing, a Relocation of a portion or component of Manufacturer's Business Activities from inside the Zone to the Blackbriar Project shall not be deemed to have occurred provided that Manufacturer is otherwise performing its obligations under this Agreement.

B. Should Manufacturer occupy and use the Property for its Business Activities and subsequently Relocate (as defined in this Article 7(A)) during the Term, unless such Relocation is caused by a Force Majeure, as defined in Article 8, such Relocation shall be an event of default and the City shall then have the right to terminate this Agreement without benefit of the Cure Period. Said termination shall be effective for the calendar year during which the Relocation occurred. Unless Manufacturer presents credible evidence to clearly indicate a date of Relocation, the City reserves the right to require Manufacturer to obtain an independent firm to verify the date of Relocation. This certified statement by an independent firm shall be provided at the sole cost of Manufacturer.

C. If Manufacturer occupies and uses the Project Site for its Business Activities and subsequently ceases conducting Business Activities (or a substantial portion thereof) at the site for a continuous period of three (3) months during the Term of this Agreement for any reason, except if such cessation is caused by a Force Majeure as defined in Article 8, or a recession as described at the end of this paragraph, and doing so causes Manufacturer

to not be in compliance with the other conditions of this Agreement (i.e. maintaining Full Time Employees at the agreed upon wages and with the agreed upon benefits set forth in this Agreement), then the City shall have the right to terminate this Agreement after the expiration of all notice, grace and cure periods hereunder. Said termination shall be effective for the calendar year during which the Project Site was no longer used for the required purposes stated herein. Unless Manufacturer presents credible evidence to clearly indicate a date of cessation, City's determination of a date of cessation shall be final and conclusive. Said termination shall be effective for the calendar year during which the Manufacturer failed to cure its defaults and after all notice, grace and cure periods have expired. For purposes of this Agreement, "recession" shall mean a local, state, national or global economic downturn lasting longer than two (2) calendar quarters which adversely impacts either (i) the supply chain, labor force or other matters related to the Manufacturer's ability to conduct its Business Activities, or (ii) Manufacturer's sales and other profit activities in a manner that would affect its profitability and an ability to meet its obligations under this Agreement. Unless Manufacturer presents credible evidence to justify a cessation of or a substantial decrease in its Business Activities that resulted in noncompliance with the other terms of this Agreement, the City reserves the right to dispute such evidence in good faith and require Manufacturer to obtain an independent firm to verify such information. This certified statement by an independent firm shall be provided at the sole cost of Manufacturer. Any relief with respect to Force Majeure will be addressed as set forth in Article 8.

D. Reserved.

E. If Manufacturer, a Related Organization or City-approved assignee fails to hire and retain the minimum number of permanent Full-Time Jobs as required in Article 5(A) above, during the Abatement Term calculated by the averaging of the two most current semi-annual Incentive Reporting Form for such calendar year of noncompliance, then for each such calendar year of noncompliance, the tax abatement shall be reduced in the following tax year by the same percentage as the deficiency in the number of employees. For example, if Manufacturer hires and retains ninety percent (90%) of the minimum number of Full-Time Jobs in a given year, Manufacturer shall be entitled to ninety percent (90%) of the fifty percent (50%) ad valorem personal property tax abatement for the Project Site for that following year. However, should Manufacturer fail to hire and retain at least ninety percent (90%) of the minimum number of Full-Time Jobs for any two consecutive Reporting Periods, at the option of City, this failure may be grounds for termination of this Agreement. Said termination shall be effective for the calendar year during which the number of permanent Full-Time Jobs stated herein have not been hired or retained as required.

F. If Manufacturer fails to maintain one hundred percent (100%) of the minimum number Full-Time Jobs as required in Article 5(A) and Article 7(E) during the Recapture Period, then, at the option of City, this failure may be grounds for termination of this Agreement.

G. If Manufacturer, a Related Organization or City-approved assignee fails to invest at least ninety percent (90%) of the minimum in Real Property Improvements and/or

Personal Property Improvements at the Property as required in Article 5(A) above, by December 31, 2023, then at the option of City, this failure may be grounds for termination of this Agreement if the Manufacturer shall fail to cure such default within the required Cure Period.

H. Subject to Articles 7(E) and (G), during the Term, City may declare a default if Manufacturer fails to comply with any of the terms of this Agreement. Should City determine Manufacturer is in default under any of the terms of this Agreement, City will notify Manufacturer in writing at the address below in Article 9. Subject to Section 7(E) and (G), if said default is not cured within twelve (12) months from the date of such notice (hereinafter the “Cure Period”), then City shall have the right to terminate this Agreement. After the first six (6) months of any Cure Period, if the default still exists, the Manufacturer shall provide the City a progress report with respect to its ongoing cure efforts and any actions it will take in the subsequent six (6) months of such Cure Period to ensure that the underlying default will be remedied at the conclusion of the Cure Period or earlier. City may, in its reasonable discretion, extend the Cure Period if Manufacturer commences the cure within the Cure Period and Manufacturer is diligently pursuing such cure. If the Agreement is terminated as a result of default after the expiration of all notice, grace and cure periods, all taxes abated shall be due for the tax year during which the termination occurred and shall accrue without further abatements for all tax years thereafter; in addition, City shall have the right to recapture from Manufacturer all previously abated property taxes under this Agreement and said taxes shall be paid by Manufacturer within sixty (60) calendar days of receiving City’s written notification of recapture. Notwithstanding the foregoing, if despite all good faith efforts and ongoing diligence the Manufacturer was unable to cure a default hereunder on or prior to the expiration of any Cure Period (as may be extended), the City may adjust its right to recapture or apply such right in an equitable manner so as to reduce any punitive impact to the Manufacturer or its ongoing Business Activities. The City agrees that any exercise of its recapture right may take into consideration any Reporting Periods for which Manufacturer was in compliance.

I. Other Remedies Available. City shall have the right to seek any remedy at law to which it may be entitled, in addition to termination and/or recapture, if Manufacturer defaults under the terms of this Agreement. However, such termination and/or recapture shall be subject to any and all lawful offsets, settlements, deductions or credits to which Manufacturer may be entitled. The termination and/or recapture of taxes provided in this Article 7 are not applicable to situations involving minor changes to the description of the Property, or changes in ownership or in management thereof, so long as Manufacturer, its parent, subsidiary, affiliate or its City-approved successor or assignee continues conducting Business Activities or other authorized activities thereon as provided hereinabove.

J. Calculation of Taxes Subject to Recapture. If Manufacturer fails to comply with any of the terms of this Agreement including, but not limited to, those pertaining to this Article 7 then the City shall have the right to recapture from Manufacturer a percentage of the abated real and personal property taxes based on the following table:

TERM YEAR	TOTAL TAX PREVIOUSLY ABATED
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SHALL BE MULTIPLIED BY:

1-10 (Abatement Term)	100%
11	100%
12	80%
13	60%
14	40%
15	20%
16	10%

FORMULA: The recapture formula shall be:

Total Taxes Abated X Applicable percentage from above schedule = Amount to be recaptured

City shall recalculate the amount of recapture pertaining to each tax year utilizing the above formula. A bill for each year will then be sent to Manufacturer.

8. AUTHORIZED RELIEF FROM PERFORMANCE (Force Majeure)

For purposes of this Agreement, “Force Majeure” is defined as (i) an act of God or natural disaster, (ii) the outbreak of war, political unrest or a labor strikes (in jurisdictions and/or industries related to the supply chain or labor force required for Manufacturer to conduct its Business Activities), (iii) explosion or other casualty or accident which is not the result of negligence, intentional act or misconduct on the part of Manufacturer, or (iv) other non-natural events which are beyond the control of the Manufacturer and which have a direct adverse impact on its Business Activities. In addition to relief expressly granted in this Agreement, City shall grant a waiver from performance of the obligations of this Agreement if Manufacturer is prevented from compliance and performance by an event of Force Majeure. The burden of proof for the need for such relief shall rest upon Manufacturer. To obtain release based upon this Article 8, Manufacturer must file a written request with the City’s Economic Development Department for processing to City Council for a decision, authorized by a duly approved Ordinance.

9. NOTICE

Any notice required or permitted to be given hereunder by one party to the other shall be in writing and the same shall be given and shall be deemed to have been served and given if: (a) delivered in person to the address set forth herein below for the party to whom the notice is given; (b) placed in the United States mail with postage prepaid, return receipt requested, properly addressed to such party at the address hereinafter specified; or (c) deposited, with fees prepaid, into the custody of a nationally recognized overnight delivery service such as FedEx, addressed to such party at the address hereinafter specified. Any notice mailed in the above manner shall be effective upon its deposit into the custody of the United States Postal Service or such nationally recognized delivery service as applicable; all other notices shall be effective upon receipt. From time to time, either party may designate another address for all purposes under this Agreement by giving the other party no less than ten (10) calendar days advance written notice of such change of address in accordance with the provisions hereof.

TO MANUFACTURER:

- (Whether personally delivered or mailed):

Navistar Inc.
Attn: Jacqueline Gelb
2701 Navistar Dr.
Lisle, IL 60532-4234

With a copy to:

Jones Day
77 W. Wacker Drive
Chicago, IL 60601
Attention: Brian Sedlak

TO CITY:

- If mailed:

Economic Development Department
Attn: Director
P.O. Box 839966
San Antonio, Texas 78283-3966

- If by personal or overnight delivery:

Economic Development Department
Attn: Director
19th Floor
100 Houston St.
San Antonio, Texas 78205

10. CONDITION

This Agreement is conditioned entirely upon the approval of the San Antonio City Council, as evidenced by duly approved Ordinance Number 2021-__ - __ - ____ dated _____, 2021.

11. ASSIGNMENT

Except as otherwise expressly provided herein, this Agreement may be assigned or otherwise transferred only with City Council's prior approval (which approval shall not be unreasonably withheld), as reflected in a duly adopted ordinance. Manufacturer must submit a written request to City for approval of the proposed assignment or other transfer at least thirty (30) days prior to the Effective Date of the assignment or transfer of any part of the Property; however, no City Council consent is required for an assignment or transfer to a parent of Manufacturer, a subsidiary of Manufacturer, an affiliate entity of Manufacturer, or to any new entity created as a result of a

merger, acquisition or other corporate restructure or reorganization of Manufacturer. However, Manufacturer shall give City prior written notice of all assignments or other transfers that do not require City Council consent, as required under Article 5(O). All future assignees shall be bound by all terms and/or provisions and representations of this Agreement.

12. GENERAL PROVISIONS

A. None of the property improvements described in this Agreement are financed by tax increment bonds.

B. This Agreement is entered into subject to the rights of the holders of outstanding bonds of the City related to this project. No bonds for which the City is liable have been used to finance this project.

C. No amendment, modification, or alteration of the terms hereof shall be binding unless in writing dated subsequent to the date of this Agreement and duly authorized by the parties. Manufacturer acknowledges that City Council approval is required for any and all of these actions.

13. SEVERABILITY

In the event any article, paragraph, section, subsection, paragraph, subparagraph, sentence, phrase or work herein is held invalid, illegal or unenforceable, the balance of this Agreement shall stand, shall be enforceable and shall be read as if the parties intended at all times to delete said invalid section, subsection, paragraph, subparagraph, sentence, phrase or word. In such event there shall be substituted for such deleted provisions a provision as similar as possible in terms and in effect to such deleted provision that is valid, legal and enforceable. This Agreement constitutes the entire Agreement between the parties hereto relating to the subject matter contained herein and supersedes all prior, oral or written agreements, commitments or understandings with respect to the matters provided for herein.

14. ESTOPPEL CERTIFICATE

Any party hereto may request an estoppel certificate related to this project (hereafter referred to as "Certificate") from another party hereto so long as the Certificate is requested in connection with a bona fide business purpose. The Certificate, which if requested, will be addressed to a subsequent purchaser or assignee of Manufacturer or other party designated by Manufacturer which shall include, but not necessarily be limited to, statements that this Agreement is in full force and effect without default, if such is the case, the remaining Term of this Agreement, the levels of tax abatement in effect, and such other matters reasonably requested by the party(ies) to receive the Certificate.

15. OWNER STANDING

Manufacturer, as a party to this Agreement, shall be deemed a proper and necessary party in any litigation questioning or challenging the validity of this Agreement or any of the underlying ordinances, resolutions, or City Council actions authorizing same, and Manufacturer shall be entitled to intervene in said litigation.

16. **APPLICABLE LAW**

This Agreement shall be construed under the laws of the State of Texas and is performable in Bexar County, Texas, the location of the Zone.

17. **DUPLICATE ORIGINALS**

This Agreement shall be executed in two duplicate originals, with an original going to each party and the Economic Development Department.

[Signature pages follow]

EXECUTED and AGREED to as of _____, **2021** (the "Effective Date"):

Accepted and executed in triplicate originals on behalf of the City of San Antonio pursuant to Ordinance Number 2021-__-__-__, dated _____, 2021 NAVISTAR, INC. pursuant to the authority of its Vice President of Tax.

CITY OF SAN ANTONIO,
a Texas Municipal Corporation

Erik Walsh
CITY MANAGER

ATTEST:

Tina J. Flores
CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

NAVISTAR INC.,

Timothy J. Tamer

Name: Timothy J. Tamer
Title: Vice President, Tax

ATTEST:

Melanie Lynn Ferrell

Printed Name: Melanie Lynn Ferrell

MELONIE LYNN FERRELL
Notary Public, State of Michigan
County of Allegan
My Commission Expires Sept. 20, 2021
Acting in the County of _____

[Exhibits follow]

EXHIBIT A PROPERTY DESCRIPTION

BEING 150.260 acres of land, more or less, being approximately 42.300 acres out of the Francisco Farias Survey No.15, Abstract 2, County Block 4010; approximately 6.607 acres out of the Edward Froeboese Survey No. 34 ½, Abstract 1044, County Block 4135; and approximately 101.353 acres out of the Dolores Casanova Survey No. 34, Abstract 129, County Block 4136, Bexar County, Texas, and being comprised of a tract of land described as 86.342 acres in Volume 11791, Page 676 of the Real Property Records of Bexar County, Texas and a tract of land described as 63.22 acres in Volume 13328, Page 1808 of the Real Property Records of Bexar County, Texas and being more particularly described as follows:

BEGINNING at an iron rod found in the existing north R.O.W. line of S. loop 1604 East for the southwest corner of this tract and the southwest corner of the above referenced 86.342 acre tract, said point also being the southeast corner of the Southmost No. 2 Subdivision as recorded in Volume 9531, Page 22 of the Deed and Plat Records of Bexar County, Texas;

THENCE, N 31° 48' 19" E, 162.42 feet along the common line with said subdivision to an iron rod found for an angle point of this tract and an angle point of said subdivision;

THENCE, N 19° 06' 24" E, 349.39 feet along the common line with said subdivision to an iron rod found for an angle point of this tract and the northeast corner of said subdivision;

THENCE, N 18° 56' 56" E, 1673.24 feet along the common line with the James H. Wells Subdivision as recorded in Volume 9522, Page 72 of the Deed and Plat Records of Bexar County, Texas; the common line with a 2.006 acre tract described in Volume 9275, Page 2116 of the Real Property Records of Bexar County, Texas; the common line with an 8.055 acre tract described in Volume 9108, Page 1740 Real Property Records of Bexar County, Texas; and the common line with a 12.7778 acre tract described in Volume 8053, Page 2038 of the Real Property Records of Bexar County, Texas to an iron rod found for an angle point of this tract and an angle point of said 12.7778 acre tract;

THENCE, N 00° 02' 35" W, 681.16 feet along the common line with said 12.7778 acre tract to an iron rod found for the northwest corner of this tract and the northeast corner of said 12.7778 acre tract;

THENCE, N 70° 00' 19" E, 1473.56 feet generally along an existing fence line with the common line of a 32.38 acre tract described in Volume 4524, Page 1298 of the Real Property Records of Bexar County, Texas to an iron rod found for the most northerly corner of this tract and a corner of said 32.38 acre tract;

THENCE, generally along an existing fence and the common line with said 32.38 acre tract as follows:

S 28° 41' 45" E, 222.36 feet to an iron rod found for an angle point,
S 71° 29' 46" E, 263.17 feet to an iron rod found for an angle point, and
N 72° 22' 10" E, passing an iron rod found at 216.52 feet on the high bank of the San Antonio River and continuing a total distance of 347.81 feet to a point in the centerline of same for the most northeasterly corner of this tract;

THENCE, S 12° 19' 50" E, 481.87 feet and S 24° 46' 01" E, 458.32 feet along the meanders of the San Antonio River to a point in same for the most easterly corner of this tract;

THENCE, S 32° 57' 29" W, passing an iron rod found at 128.74 feet on the high bank of said river and continuing generally along an existing fence with the common line of a 28.32 acre tract described in Volume 5549, Page 41 of the Real Property Records of Bexar County, Texas a total distance of 1380.58 feet to an iron rod found for an angle point of this tract;

THENCE, S 16° 54' 43" E, 884.92 feet generally along an existing fence line with the common line of said 28.32 acre tract to an iron rod found in the existing north R.O.W. line of S. Loop 1604 East for the southeast corner of this tract and the southeast corner of said 63.22 acre tract;

THENCE, along said north R.O.W. line as follows:

S 83° 19' 40" W. (Ref. Brg.) 1660.80 feet to a R.O.W. disk found for an angle point,
S 86° 41' 35" W, 11.16 feet to a R.O.W. disk found for an angle point and the common corner of said 63.22 acre tract and 86.342 acre tract;
S 87° 36' 33" W, 240.15 feet to a R.O.W. disk found for an angle point,
S 87° 52' 50" W, 320.34 feet to a R.O.W. disk found for an angle point, and
N 83° 31' 38" W, 398.40 feet to the POINT OF BEGINNING and containing 150.260 acres of land, more or less.

EXHIBIT B

CITY OF SAN ANTONIO ECONOMIC DEVELOPMENT DEPARTMENT INCENTIVE REPORTING FORM

Company Name: _____

Reporting Period: _____

Contact Information: _____

Real Property: expenditures associated with real property improvements during reporting period (Verification may include AIA forms, receipts, invoices, request for payment from contractor, etc.)	
1. Real Property improvements reported last reporting period	\$
2. Real Property improvements made since last reporting period	\$
3. Total cumulative Real Property improvements made <i>(Attach supporting documents.)</i>	\$
Personal Property: expenditures associated with personal property improvements during reporting period (Verification may include receipts, invoices, requests for payment, etc.)	
4. Personal Property improvements reported last reporting period	\$
5. Personal Property improvements made since last reporting period	\$
6. Total cumulative Personal Property improvements made <i>(Attach supporting documents.)</i>	\$
Inventory/Supplies: (Verification may include receipts, invoices, requests for payment, etc.)	
7. Inventory and Supplies improvements reported last reporting period	\$
8. Inventory and Supplies improvements made since last reporting period	\$
9. Total cumulative investment on Inventory and Supplies made <i>(Attach supporting documents.)</i>	\$
Jobs: full-time (2,080 straight-time paid hours) jobs created during reporting period (Verification: payroll registers with total number of employees, dates of hire, hourly wages, etc.)	
10. Total number of jobs reported at the facility last reporting period.	
11. Jobs created during reporting period <i>(For supporting documents, see above.)</i>	
12. Jobs retained during reporting period.	
13. Total number of jobs reported at the facility this reporting period <i>(For supporting documents, see above.)</i>	
14. What is the minimum hourly wage paid at the facility? <i>(For supporting documents, see above.)</i>	
15. What percentage of the total company workforce at the facility earns at least the All-Industry Wage? <i>(Minimum of 70%)</i>	
Additional Contractual Obligations (As applicable per your Agreement) & Affiliate Leases	
16. Percent of workforce that is local.	%
17. Percent of workforce that is economically disadvantaged (attach information regarding company's good-faith efforts).	%
18. Are employee benefits offered to all full-time employees and eligible dependents? <i>(Please attach separate sheet demonstrating compliance with your agreement.)</i>	
19. The Manufacturer has leased certain space to its affiliates as set forth in Schedule 1 Attached hereto.	
Certification:	
<i>I certify, under penalty of perjury, that the information provided in this report and the attached documents is correct, and that the company has complied with all terms and conditions of its agreement with the City of San Antonio.</i>	

Signature: _____

Date: _____

Printed Name: _____

Title: _____

Exhibit C

[ATTACHED]

General Information	BlueAdvantage 'Lower Premium Plan'		BlueAdvantage 'Standard Plan'	
Telephone Number	1-800-370-5852		1-800-370-5852	
Website Address	www.blueadvantagearkansas.com		www.blueadvantagearkansas.com	
Monthly Employee Contribution	Effective 1/1/2019		Effective 1/1/2019	
Employee	TBD		TBD	
Employee Plus One	TBD		TBD	
Family	TBD		TBD	
KEY FEATURES	In-Network	Out-of-Network	In-Network	Out-of-Network
Annual Deductible	\$1,000 individual \$2,000 family	\$2,000 individual \$4,000 family	\$500 individual \$1,000 family	\$1,000 individual \$2,000 family
Coinsurance	30%	50%	20%	50%
*Annual Out-of-Pocket Maximum	\$3,000 individual \$6,000 family	\$5,000 individual \$10,000 family	\$2,500 individual \$5,000 family	\$4,000 individual \$8,000 family
**Prescription Drug Annual Out-of-Pocket Maximum	\$4,350 individual \$8,700 family		\$4,850 individual \$9,700 family	
Lifetime Maximum	Unlimited	Unlimited	Unlimited	Unlimited
Physician's Care- includes medical and mental health/substance abuse Specialist's Care	\$45 copay \$55 copay	50% after deductible 50% after deductible	\$35 copay \$45 copay	50% after deductible 50% after deductible
Doctor On Demand Telemedicine	\$49 off Doctor On Demand fee (Medical and Emotional Health)		\$49 off Doctor On Demand fee (Medical and Emotional Health)	
CVS Minute Clinic Program	Reduced copay of \$25 (\$20 off Physician's Care copay)		Reduced copay of \$15 (\$20 off Physician's Care copay)	
Outpatient Surgery - Hospital	70% after deductible	50% after deductible	80% after deductible	50% after deductible
Outpatient X-Ray and Lab	70% after deductible	50% after deductible	80% after deductible	50% after deductible
Emergency Care (waived if confined)	\$150 copay	\$150 copay	\$100 copay	\$100 copay
Inpatient Hospital – includes medical and mental health/substance abuse	70% after deductible and in-patient confinement deductible	50% after deductible and in-patient confinement deductible	80% after deductible and in-patient confinement deductible	50% after deductible and in-patient confinement deductible
Inpatient per Confinement Deductible – includes medical and mental health/substance abuse	\$250	\$250	\$250	\$250
Well Baby Care	100%	No coverage	100%	No coverage
Preventive Care Service	100%	No coverage	100%	No coverage
Chiropractic	\$55 specialist office visit copay: 20 visits max	50% after deductible up to 20 visits/calendar year	\$45 specialist office visit copay: 20 visits max	50% after deductible up to 20 visits/calendar year
Ambulance	70% after deductible	70% after deductible	80% after deductible	80% after deductible
Prescription Drug – CVS Caremark				
Retail - Up to a 30 day supply				
Generic	\$10	25% of R&C plus copay ***	\$15	25% of R&C plus copay ***
Brand/Formulary	25% (\$30 min/\$60 max)	25% of R&C plus copay ***	25% (\$30 min/\$50 max)	25% of R&C plus copay***
Brand/Non-Formulary	50% coinsurance	25% of R&C plus copay ***	50% coinsurance	25% of R&C plus copay ***
Specialty	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Mail Order - 90 day supply				
Generic	\$20	Not Applicable	\$30	Not Applicable
Brand/Formulary	25% (\$60 min/\$120 max)	Not Applicable	25% (\$60 min/\$100 max)	Not Applicable
Brand/Non-Formulary	50% coinsurance	Not Applicable	50% coinsurance	Not Applicable
Specialty (30-day supply)****	25% (\$100 maximum)	Not Applicable	25% (\$100 maximum)	Not Applicable
Specialty (90-day supply)****	25% (\$200 maximum)	Not Applicable	25% (\$200 maximum)	Not Applicable
Hearing	Covers hearing exams, evaluation and hearing aids at 100%, no deductible, up to \$500/ear every 36 months.		Covers hearing exams, evaluation and hearing aids at 100%, no deductible, up to \$500/ear every 36 months.	

*** R&C – Reasonable and Customary

*Annual Out-of-Pocket Maximum is the sum total of all your medical, mental health and substance abuse out-of-pocket expenses, including deductibles, coinsurance, and copayments combined.

**A separate Prescription Drug Out-of-Pocket Maximum accumulates pharmacy co-pays. Once the maximum is met during the calendar year, all in-network pharmacy costs will be covered by the plan at 100% for the remainder of the year.

****Certain chronic and/or genetic conditions require special pharmacy products, often in the form of injected or infused medications. CVS Caremark Specialty Pharmacy is a comprehensive pharmacy program that provides these products directly to covered individuals along with the supplies, equipment and care coordination needed. Under your plan, you are required to obtain these products from the CVS Caremark Specialty Pharmacy. Select drugs may have a higher maximum copayment and may qualify for a copay assistance program. If the products are not obtained from the CVS Caremark Specialty Pharmacy, they will not be a covered expense. For more information, please visit www.caremark.com/specialty or call CaremarkConnect toll-free at 1-800-237-2767 from 6:30 am to 8:00 pm (Central Time) Monday through Friday.