

ORDINANCE 2019-05-30-0447

AUTHORIZING AND APPROVING THE TERMS AND CONDITIONS OF A TAX ABATEMENT AGREEMENT WITH TOYOTA MOTOR MANUFACTURING, TEXAS, INC. TO EXEMPT ONE HUNDRED-PERCENT (100%) OF AD VALOREM TAXES FOR A PERIOD OF EIGHT (8) YEARS ON REAL AND PERSONAL PROPERTY IMPROVEMENTS WITHIN THE TOYOTA MOTOR MANUFACTURING, TEXAS, INC. REINVESTMENT ZONE.

* * * * *

WHEREAS, Toyota Motor Manufacturing, Texas, Inc. (TMMTX) established a plant located at 1 Lone Star Pass in San Antonio in 2003 by investing \$2.1 billion and is considering enhancing its production line with an additional capital investment of approximately \$391,800,000.00; and

WHEREAS, TMMTX will be required to (1) invest \$347.8 million in personal property and \$44 million in real property over three years, (2) exclusively use CPS Energy and SAWS for the term of the agreement; (3) continue ongoing workforce initiatives, (4) contribute \$1 million to educational and workforce development initiatives over 5 years (in excess of its current annual workforce spending), and (5) comply with all of the additional requirements included in the tax abatement guidelines, which include wage levels and health benefits; and

WHEREAS, the City Council finds that offering TMMTX a Tax Abatement Agreement for its real and personal property improvements is a reasonable incentive to help induce TMMTX to make significant improvements to its plant and retain its full-time jobs in San Antonio; and

WHEREAS, the City Council further finds that it is in the best interest of the City to approve a Tax Abatement Agreement with TMMTX to induce the desired and beneficial economic development in the Toyota Motor Manufacturing, Texas, Inc. Reinvestment Zone; **NOW THEREFORE:**

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


SECTION 1. The terms and conditions of a Tax Abatement Agreement with Toyota Motor Manufacturing, Texas, Inc. granting a one hundred-percent (100%), eight (8) year abatement of ad valorem real and personal property taxes within the Toyota Motor Manufacturing, Texas, Inc. Reinvestment Zone, are hereby approved.

SECTION 2. The City Manager or a designated representative is authorized to execute the Tax Abatement Agreement as approved in Section 1, a copy of which, in substantially final form, is attached as **Exhibit A**.

SECTION 3. This Ordinance shall be effective on and after the tenth day after passage hereof.

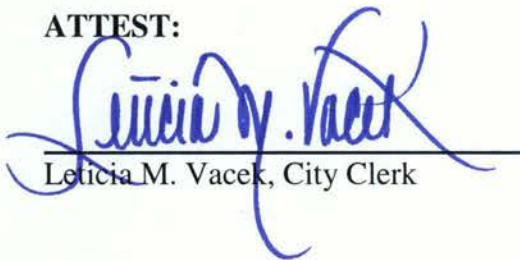
KRH
05/30/19
Item No. 27C

PASSED AND APPROVED this 30th day of May, 2019.



M A Y O R
Ron Nirenberg

ATTEST:



Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:



Andrew Segovia, City Attorney

KRH
05/30/19
Item No. 27C

Exhibit A

This Agreement is in draft form only and shall be negotiated, finalized and executed on the authority of the City Manager with the consent of the City Attorney's Office.

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 on this ___ day of _____ 2019, by and between TOYOTA MOTOR MANUFACTURING, TEXAS, INC. (hereinafter referred to as "Manufacturer"), holding a fee simple interest in the real property described herein and as owner of personal property 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. 2018-12-13-1020 on December 13, 2018, 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 SAN ANTONIO REINVESTMENT ZONE, TOYOTA MOTOR MANUFACTURING TEXAS, INC. 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. 2019-05__ - ___ dated May __, 2019, 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 1 LONE STAR PASS RD SAN ANTONIO, TX 78264 (the "Overall Property"), 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 and certain Related Organizations are mass producers of automobiles and other personal and commercial mobility products and Manufacturer currently manufactures, assembles, produces and distributes automobiles from the Property for retail sale (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, Paragraph H, for the Term of this Agreement.

C. Manufacturer is investing a minimum of THREE HUNDRED NINETY-ONE MILLION EIGHT HUNDRED THOUSAND AND NO/100 DOLLARS (\$391,800,000.00) over a three year period for the purpose, among other purposes, of expanding existing buildings and enhancing current production lines with new technology and related equipment, of which FORTY-FOUR MILLION AND NO/100 DOLLARS (\$44,000,000.00) will consist of real property improvements ("Real Property Improvements") and THREE HUNDRED FORTY-SEVEN MILLION EIGHT HUNDRED THOUSAND AND NO/100 DOLLARS (\$347,800,000.00) will consist of new personal property ("Personal Property Improvements") to be located on the Property and used for Manufacturer's Business Activities. 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, 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 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 previous incentive agreements it has entered into with the State of Texas, Bexar County and City of San Antonio, including the Project Starbright Agreement which was filed with the Texas Office of the Secretary of State on September 11, 2003 (as previously modified and amended, the "Project Starbright Agreement"), and the Tax Abatement Agreement for Personal Property executed by the Parties in 2010 (the "Tacoma Abatement Agreement"), Manufacturer shall:

1. own, hold an interest in or otherwise control the Property, the Real Property Improvements, and the Personal Property Improvements that are the subject of this Agreement; and
2. invest, or cause to be invested, at least FORTY-FOUR MILLION AND NO/100 DOLLARS (\$44,000,000.00) in Real Property Improvements and THREE HUNDRED FORTY-SEVEN MILLION EIGHT HUNDRED THOUSAND AND NO/100 DOLLARS (\$347,800,000.00) in Personal Property Improvements for the Property by December 31, 2023; and
3. maintain the number of employees employed in Full-Time Jobs (as defined in Article 5, Paragraph C) required under the Project Starbright Agreement and the Tacoma Abatement Agreement in accordance with the terms and conditions of such agreements; provided, however, that nothing contained herein shall be construed to modify the time period for which Manufacturer is required to retain all Full-Time Jobs pursuant to the Project Starbright Agreement or the Tacoma Abatement Agreement; and
4. occupy and use the Property for its Business Activities; and
5. comply with all other applicable terms of this Agreement, Project Starbright Agreement and Tacoma Abatement Agreement.

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 the City's effective prevailing "living" wage as determined by the City Council in its Tax Abatement Guidelines, which is twelve dollars and thirty-eight cents (\$12.38) per hour, and shall pay at least seventy percent (70%) of all new and existing employees the prevailing "all-industry" wage of at least sixteen dollars and

ninety-four cents (\$16.94) per hour. Manufacturer further covenants and agrees that any third-party employee contractor of Virtual Workforce Jobs (as defined below) will also meet the City's "living" and "all-industry" wage requirements.

For purposes of this Agreement, the term "Virtual Workforce Jobs" shall mean jobs filled by individuals employed by a third-party employee contractor to furnish labor at the Property for the primary benefit of Manufacturer or Related Organizations. The inclusion of the Virtual Workforce Jobs shall not be construed as altering any other job requirements (e.g., wage or health benefit requirements) set forth in the Project Starbright or Tacoma Tax Abatement Agreement, but shall count toward the satisfaction of the job requirements therein.

C. For purposes of this Agreement, the term "Full-Time Job" means a non-temporary, full-time employment position of (i) Manufacturer, or (ii) a Related Organization, to the extent that such employment position is for the primary benefit of Manufacturer's Business Activities, in each case involving the equivalent of two thousand eighty (2,080) straight-time paid hours in a fiscal year. City acknowledges that each Virtual Workforce Job shall be counted as a Full-Time Job for the purposes 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 Manufacturer at other Manufacturer locations. Manufacturer further covenants and agrees that any third-party employee contractor will also provide substantially similar employee benefits to Virtual Workforce employees as provided by the Manufacturer to its direct employees.

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

F. Manufacturer also covenants and agrees that it shall conduct its Business Activities (as defined in Article 3, Paragraph A) 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 (i) to conduct its Business Activities, or (ii) for other purposes that are designed primarily for the use and benefit of Manufacturer's employees (e.g., the healthcare center) or the general public (e.g., the visitor's center); provided, however,

City acknowledges the presence of, or occupancy of certain area of the Property by, suppliers and other vendors on the Property shall not affect Manufacturer's rights hereunder. 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, producer or distributor automobiles or other personal or commercial mobility products, or parts, similar, comparable, or complementary in nature to the Business Activities of Manufacturer on the Property. 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 needed to verify that Manufacturer is and has been conducting Business Activities, and to verify the number of Full-Time Jobs and that such Full-Time Jobs are compliant with the terms of this Agreement, to include living wage and industry wage requirements. Any 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, the City reserves the right to require Manufacturer to obtain an independent firm to verify the information. This certified statement by an independent firm shall be provided at the sole cost of Manufacturer. 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 on or before January 31 and July 31 of each year during the Term of this Agreement (including the Recapture Period), attesting to, as of the preceding December 31st and June 30th respectively: (i) the amount invested as of such date by Manufacturer and a Related Organization in Real Property Improvements and Personal Property Improvements; (ii) the number of Full-Time Jobs maintained as of such date by Manufacturer, a Related Organization, and any third-party employee contractor, 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. The information provided shall be on the forms set forth in, or substantially similar to the forms set forth in, Exhibit B (attached hereto and incorporated herein), as amended.

M. Manufacturer covenants and agrees to make commercially reasonable efforts to hire a minimum of twenty-five percent (25%) of its employees from local residents. "Local" is defined, for the purposes of this Paragraph, 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.

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 to the extent such transactions do not result in a Relocation. 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, Paragraph N may render Manufacturer subject to the termination and recapture provisions under Article 7 without benefit of the Cure Period (as defined in Article 7, Paragraph F).

O. Manufacturer covenants and agrees to notify City in writing at least 30 days prior to Relocating or Ceasing its Business Activities (as defined in Article 7, Paragraphs B and C). Failure to provide the required notification under this Article 5, Paragraph O may render Manufacturer subject to the termination and recapture provisions under Article 7 without benefit of the Cure Period (as defined in Article 7, Paragraph F).

P. If, Manufacturer fails to maintain, or fails to cause a Related Organization or any third-party employee contractor to maintain, in the aggregate, the minimum number of Full-Time Jobs and satisfy the wage and health benefits required pursuant to the Project Starbright Agreement, the Tacoma Abatement Agreement, or this Agreement for three (3) or more consecutive reporting periods, then the termination and recapture provisions of Article 7 of this Agreement shall apply against Manufacturer. Nothing contained in this Article 5, Paragraph P, however, shall be construed to require Manufacturer to comply with the terms and conditions of the Project Starbright Agreement or the Tacoma

Abatement Agreement beyond the time periods required in such agreements, respectively.

Q. Manufacturer covenants and agrees to obtain electricity exclusively from CPS Energy, 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.

R. Manufacturer covenants and agrees to (i) maintain its workforce and education expenditures of at least ONE MILLION AND NO/100 DOLLARS (\$1,000,000.00) for five (5) consecutive years upon the commencement of the Abatement Term, and (ii) contribute an additional TWO HUNDRED THOUSAND AND NO/100 DOLLARS (\$200,000.00) (“Additional Workforce/Education Funds”) for each of the first five (5) years of the Abatement Term towards a workforce or education initiative selected collaboratively by City and Manufacturer. Manufacturer and City shall then work on the funding instrument or instruments necessary for the City to direct the Additional Workforce/Education Funds to the workforce and education initiative selected by City and Manufacturer. Manufacturer may elect to accelerate payment of such funds in its sole discretion, in which case any excess payment amount above the required annual installment amount shall be credited towards the next annual installment. City acknowledges that the contributions described in the foregoing clause may be funded by a Related Organization that is a charitable organization and, as such, are subject to restrictions imposed by applicable law, including the Internal Revenue Code, as well as the governance documents of such Related Organization.

S. If, during this Agreement, Manufacturer allows its ad valorem taxes on the land, real and personal property or inventory and supplies to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest, then the termination and recapture provisions of Article 7 of this Agreement shall apply.

6. TAX ABATEMENT

A. The tax abatement period (the “Abatement Term”) for the Real Property Improvements and Personal Property Improvements shall be 8 years beginning on January 1, 2020. The base year for calculating 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 January 1, 2019. The “Base Year Value” of the real property and personal property not covered by this Agreement shall be its assessed value (determined by the Bexar Appraisal District) as of the Base Year. This Agreement only provides for the abatement of taxes on 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 shall be conducting its Business Activities on a daily basis.

C. Provided that Manufacturer has invested in Real Property Improvements and Personal Property Improvements as described in Article 3, Paragraph A of this Agreement by December 31, 2023, Manufacturer uses the Property for its Business Activities, and Manufacturer is otherwise in compliance with the conditions of this Agreement, then ONE HUNDRED PERCENT (100%) 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.

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 shall not decrease, but taxes 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. Notwithstanding the foregoing, City acknowledges that amount of property taxes paid by Manufacturer with respect to personal property may be subject to reduction as a result of depreciation in accordance with schedules and methods approved Bexar Appraisal District in connection with annual property tax renditions under the Project Starbright Agreement and the Tacoma Abatement Agreement.

E. Manufacturer shall have the right to protest appraisals of the Property, real or personal, or any portion thereof, over and above the Base Year Value as applicable.

F. 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. 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 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. Notwithstanding the foregoing, a Relocation of a portion or component of Manufacturer's Business Activities 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, Paragraph A) during the Term, unless such Relocation is caused by a Force Majeure, as defined in Article 8, then City shall have the right to terminate this Agreement. 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, City's determination shall be final and conclusive.

Upon termination, any and all taxes otherwise abated for that calendar year and all previously abated taxes under this Agreement shall be recaptured by City and City shall be entitled to the payment of such recaptured taxes within sixty (60) calendar days from the date it notifies Manufacturer in writing of termination.

C. If, during the Term of this Agreement, Manufacturer occupies and uses the Property for its Business Activities and subsequently ceases (i) conducting all Business Activities at the Property for a continuous period of six (6) months for any reason other than Force Majeure as defined in Article 8, or (ii) conducting a substantial portion of such Business Activities resulting from an intentional diversion of production by Manufacturer to another location which both (x) is not accompanied by a contemporaneous redirection of production to the Property from another location; and (y) results in Manufacturer producing in such calendar year less than fifty percent (50%) of the average number of vehicles produced at the Property over the prior 2-year period of the Abatement Term (provided that if any decrease in production occurs during a recession, then Manufacturer shall not be deemed to have ceased conducting a substantial portion of Business Activities at the Property notwithstanding the number of vehicles produced by Manufacturer at the Property in any calendar year), then the City shall have the right to terminate this Agreement. Notwithstanding the foregoing, no such cessation or termination shall constitute a default under, or have any impact to, the Project Starbright Agreement or Tacoma Abatement Agreement unless such default is a separate default of those respective agreements. Said terminations shall be effective for the calendar year during which the Property 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. Notwithstanding the foregoing, but provided that Manufacturer continues to satisfy (or in the case of Virtual Workforce Jobs, cause to satisfy) the wage and benefit levels required under this Agreement, then Manufacturer shall be deemed not to have ceased its Business Activities.

Upon termination, any and all taxes otherwise abated for that calendar year and all previously abated taxes under this Agreement shall be recaptured by City and City shall be entitled to the payment of such recaptured taxes within sixty (60) calendar days from the date it notifies Manufacturer in writing of termination.

D. INTENTIONALLY DELETED.

E. 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, Paragraph A above, by December 31, 2023, then, then, at the option of City, this failure may be grounds for termination of this Agreement. Said termination shall be effective for the calendar year 2023.

Upon termination, any and all taxes otherwise abated for that calendar year and all previously abated taxes under this Agreement shall be recaptured by City and City shall

be entitled to the payment of such recaptured taxes within sixty (60) calendar days from the date it notifies Manufacturer in writing of termination.

F. 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. If said default is not cured within sixty (60) calendar days from the date of such notice (hereinafter the "Cure Period"), then City shall have the right to terminate this Agreement. City may, in its sole 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, 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.

G. 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.

H. 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 personal property taxes based on the following table:

TERM YEAR	TOTAL TAX PREVIOUSLY ABATED SHALL BE MULTIPLIED BY:
1-10	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 section, "Force Majeure" is defined as an act of God or natural disaster. It also includes explosion or other casualty or accident which is not the result of negligence, intentional act or misconduct on the part of Manufacturer. In addition to relief expressly granted in this Agreement, City may grant relief from performance 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):

Toyota Motor Manufacturing, Texas, Inc.
Attn: Kevin P. Voelkel, President
1 Lone Star Pass
San Antonio, Texas 78264

AND

Toyota Motor North America, Inc.
Attention: Greg Gunderson, Tax Director & Tax Counsel
6565 Headquarters Drive, W1-3C-66c
Plano, Texas 75024

AND

Toyota Motor North America, Inc.
Attention: Scott A. Young, Managing Counsel
6565 Headquarters Drive, W1-5B
Plano, Texas 75024

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 2019-05-__-____ dated May __, 2019.

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, Paragraph 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 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. TRIPLICATE ORIGINALS

This Agreement shall be executed in three triplicate originals, with an original going to each party and one to the City Clerk of the City of San Antonio.

18. PROJECT STARBRIGHT AGREEMENT

The City and Manufacturer hereby reaffirm their obligations under the Project Starbright Agreement, including, without limitation, Section 22 of the City Agreement set forth in Exhibit C thereof, which establishes certain land use parameters within three (3) miles of the perimeter of the Overall Property, and which Agreement shall continue in full force and effect unless terminated in accordance with its terms.

[*Signature pages follow*]

EXECUTED and AGREED to as of _____, 2019 (the "Effective Date"):

Accepted and executed in triplicate originals on behalf of the City of San Antonio pursuant to Ordinance Number 2019-05-_____ - _____, dated May ____, 2019, and TOYOTA MOTOR MANUFACTURING, TEXAS, INC. pursuant to the authority of its President.

CITY OF SAN ANTONIO,
a Texas Municipal Corporation

Erik Walsh
CITY MANAGER

ATTEST:

Leticia Vacek
CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

TOYOTA MOTOR MANUFACTURING,
TEXAS, INC., a Texas corporation

Kevin P. Voelkel
PRESIDENT

ATTEST:

Printed Name: _____

[Exhibits follow]

EXHIBIT A
PROPERTY DESCRIPTION

A tract of land being Lot 1, Block 2 of the TMMTX Subdivision recorded in Volume 9562 Pages 27-39 of the Deed and Plat Records of Bexar County, Texas, SAVE AND EXCEPT THE FOLLOWING TRACTS:

- (i) a 242.103 acre tract, more or less, as recorded in Volume 13276, Page 133 in the Official Public Record of Real Property of Bexar County on December 21, 2007;
- (ii) a 185.326 acre tract and a 219.609 acre tract, more or less, as recorded in Volume 13276, Page 156 in the Official Public Record of Real Property of Bexar County on December 21, 2007;
- (iii) a 3.214 acre tract, more or less, as recorded in Volume 13530, Page 2035 in the Official Public Record of Real Property of Bexar County on June 6, 2008;
- (iv) a 67.560 acre tract of land, more or less, and being more particularly described on Exhibit A-1 attached hereto; and
- (v) a 164.811 acre tract of land, more or less, and being more particularly described on Exhibit A-2 attached hereto.

EXHIBIT A-1

North On-site Supplier Park Area
(67.560 acres)



METES AND BOUNDS DESCRIPTION
FOR
NORTH OSS PARK AREA

A 67.560 acre, or 2,942,907 square feet more or less, North OSS Park Area located on Lot 1, Block 2, TMMTX Subdivision recorded in Volume 9562, Page 27 in the Deed and Plat Records of Bexar County, Texas, in County Block 4297 of the City of San Antonio, Bexar County, Texas. Said 67.560 acre area being more fully described as follows, with bearings based on the Texas Coordinate System established for the South Central Zone from the North American Datum of 1983 NAD 83 (NA2011) epoch 2010.00:

COMMENCING: At a point at the north end of the northeast cutback, at the intersection of Applewhite Road, a variable width public right-of-way, and Lone Star Pass, an improved, but not dedicated street, and an angle point of said Lot 1;

THENCE: N 86°24'02" E, over and across said Lot 1, a distance of 1261.58 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson", at the POINT OF BEGINNING of the herein described area;

THENCE: Continuing over and across said Lot 1, the following bearings and distances:
N 06°59'28" W, a distance of 550.05 feet to a set ½" iron rod with a cap marked "Pape Dawson";

Northwesterly, along a tangent curve to the left, said curve having a radius of 650.00 feet, a central angle of 12°37'38", a chord bearing and distance of N 13°18'17" W, 142.96 feet, for an arc length of 143.25 feet to a set ½" iron rod with a cap marked "Pape Dawson";

N 04°00'00" W, a distance of 363.81 feet to a set ½" iron rod with a cap marked "Pape Dawson";

N 86°00'00" E, a distance of 2813.06 feet to a set ½" iron rod with a cap marked "Pape Dawson";

S 04°00'00" E, a distance of 1054.19 feet to a set ½" iron rod with a cap marked "Pape Dawson";

S 86°00'00" W, a distance of 2761.25 feet to the POINT OF BEGINNING and containing 67.560 acres in the City of San Antonio, Bexar County, Texas. Said area being described in conjunction with a survey made on the ground and a survey map prepared under job number 9087-19 by Pape-Dawson Engineers, Inc.

PREPARED BY: Pape-Dawson Engineers, Inc.
DATE: May 9, 2019
JOB NO. 9087-19
DOC. ID. N:\Survey\19\19-9000\9087-19\Word\9087-19 FN 67.560 AC.docx



Page 1 of 1

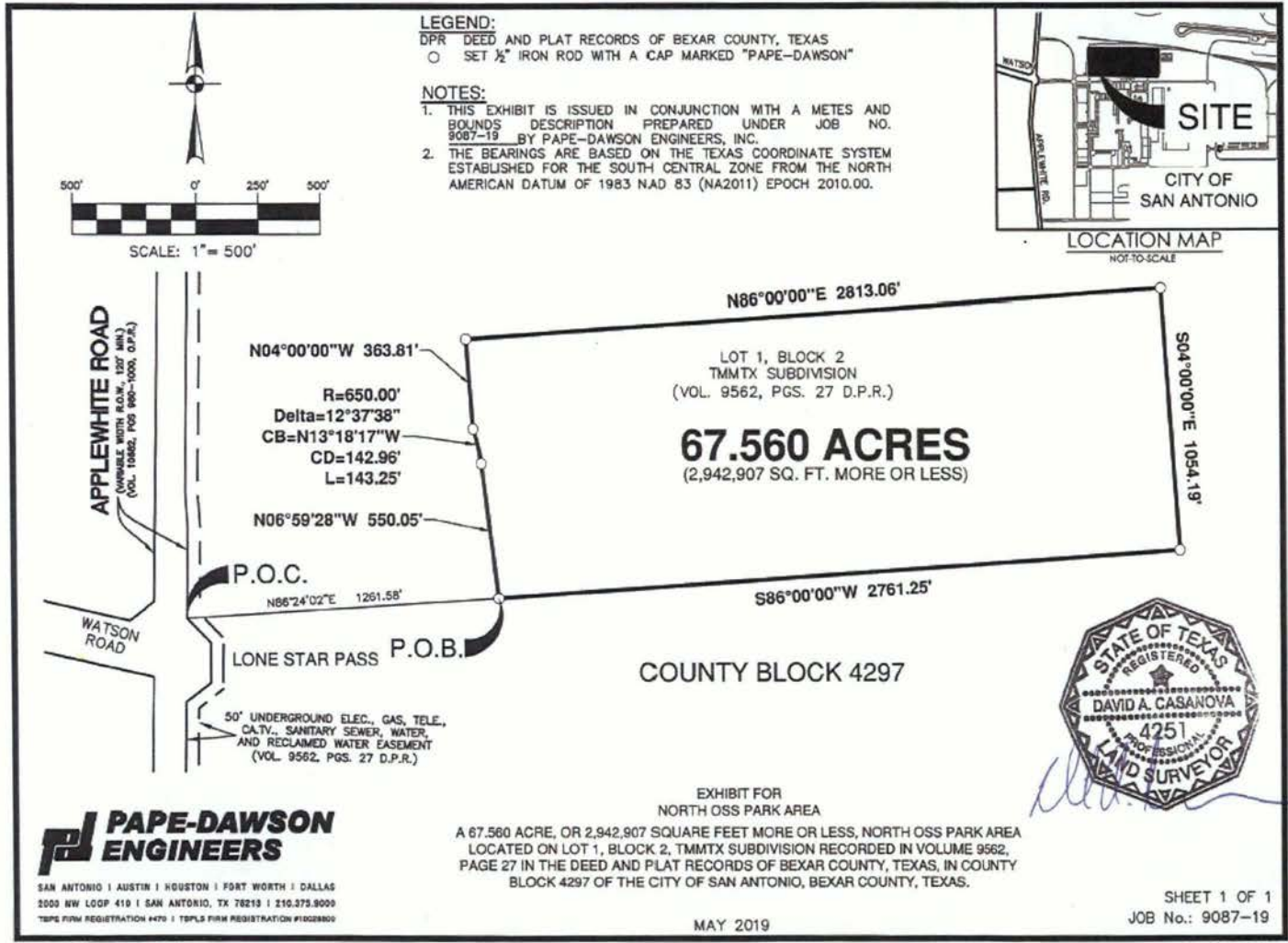
TBPE Firm Registration #470 | TBPLS Firm Registration #10028800

San Antonio | Austin | Houston | Fort Worth | Dallas

Transportation | Water Resources | Land Development | Surveying | Environmental

2000 NW Loop 410, San Antonio, TX 78213 T: 210.375.9000 www.Pape-Dawson.com

EXHIBIT A-1
(continued)



Date: May 13, 2019, 11:14am DWP D: 16225
File: H:\Survey\19-9000\9087-19\9087-19 NORTH OSS PARK_67.560 AC.dwg

Exhibit A-1

Tax Abatement Agreement
TMMTX/City

EXHIBIT A-2

South On-site Supplier Park Area
(164.811 acres)



METES AND BOUNDS DESCRIPTION
FOR
SOUTH OSS PARK AREA

A 164.811 acre, or 7,179,183 square feet more or less, South OSS Park Area located on Lot 1, Block 2, TMMTX Subdivision recorded in Volume 9562, Page 27 in the Deed and Plat Records of Bexar County, Texas, in County Block 4297 of the City of San Antonio, Bexar County, Texas. Said 164.811 acre area being more fully described as follows, with bearings based on the Texas Coordinate System established for the South Central Zone from the North American Datum of 1983 NAD 83 (NA2011) epoch 2010.00:

COMMENCING: At a point at the north end of the northeast cutback, at the intersection of Applewhite Road, a variable width public right-of-way, and Lone Star Pass, an improved, but not dedicated street, and an angle point of said Lot 1;

THENCE: S 65°36'29" E, over and across said Lot 1, a distance of 6295.14 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson", at the POINT OF BEGINNING of the herein described area;

THENCE: Continuing over and across said Lot 1, the following bearings and distances:
S 04°00'00" E, a distance of 1664.26 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";
S 86°00'00" W, a distance of 4316.20 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";
N 04°00'00" W, a distance of 1109.10 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";
N 02°28'21" W, a distance of 555.36 feet
N 86°00'00" E, a distance of 4301.40 feet to the POINT OF BEGINNING and containing 164.811 acres in the City of San Antonio, Bexar County, Texas. Said area being described in conjunction with a survey made on the ground and a survey map prepared under job number 9087-19 by Pape-Dawson Engineers, Inc.

PREPARED BY: Pape-Dawson Engineers, Inc.
DATE: May 9, 2019
JOB NO. 9087-19
DOC. ID. N:\Survey\19\19-9000\9087-19\Word\9087-19 FN 164.811 AC.docx



Page 1 of 1

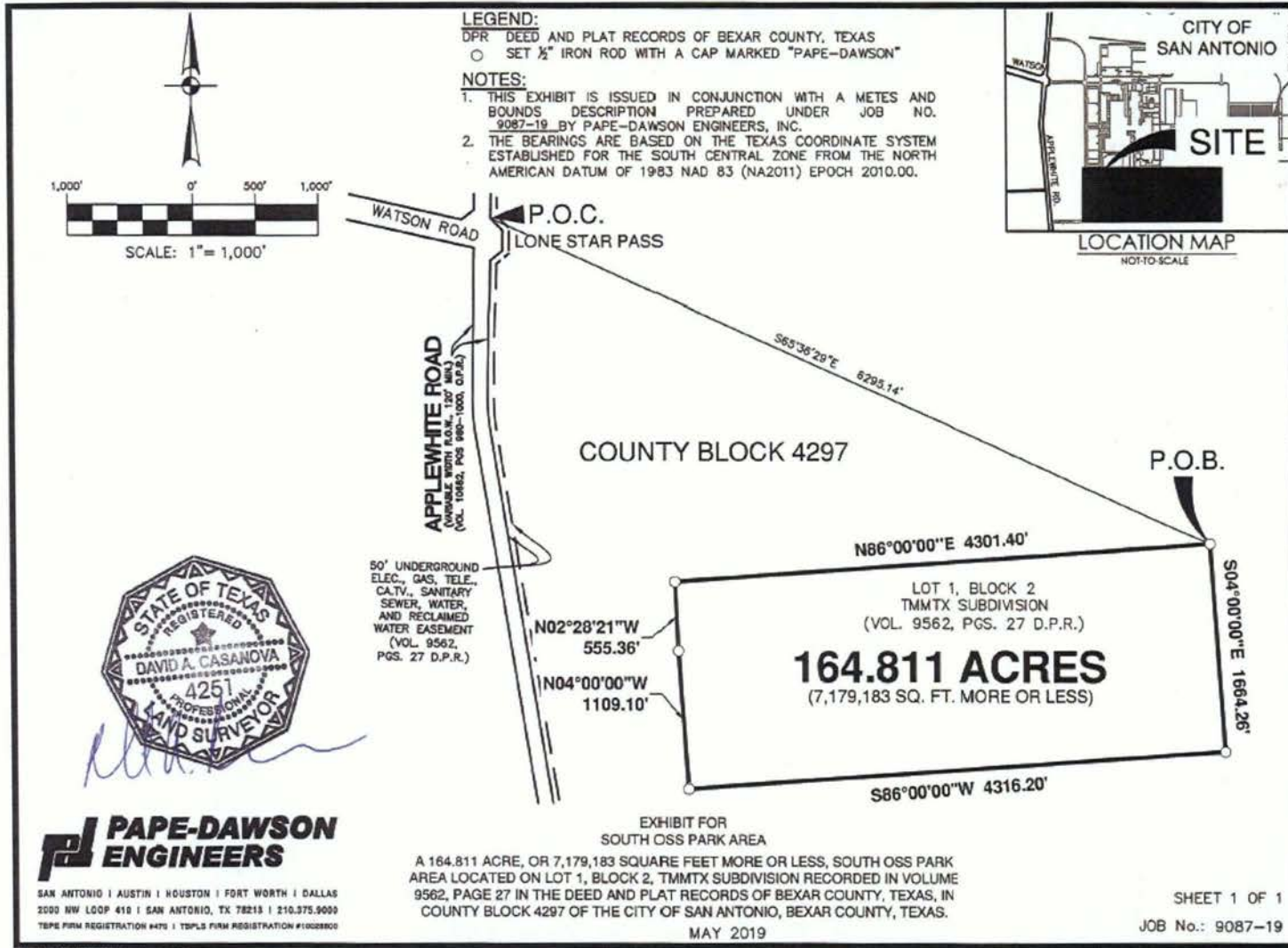
TBPE Firm Registration #470 | TBPLS Firm Registration #10028800

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2000 NW Loop 410, San Antonio, TX 78213 T: 210.375.9000 www.Pape-Dawson.com

EXHIBIT A-2
(continued)



Date: May 13, 2019, 10:13am User: D1: 610229
 File: H:\Survey\19-9000\2019-19\9087-19 SOUTH OSS PARK_164.811 AC.dwg

Exhibit A-2
 Tax Abatement Agreement
 TMMTX/City

EXHIBIT B
FORM OF SEMI-ANNUAL COMPLIANCE CERTIFICATION

[*to be inserted*]

Agenda Item:	27C (in consent vote: 5, 6, 7, 8, 9, 10, 11, 12, 14, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27A, 27B, 27C)
Date:	05/30/2019
Time:	09:35:28 AM
Vote Type:	Motion to Approve
Description:	Ordinance approving the terms and conditions of a Tax Abatement Agreement with Toyota Motor Manufacturing, Texas, Inc. to exempt one hundred-percent (100%) of ad valorem taxes for a period of eight years on real and personal property improvements within the Toyota Motor Manufacturing, Texas, Inc. Reinvestment Zone.
Result:	Passed

Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Ron Nirenberg	Mayor		x				
Roberto C. Treviño	District 1		x				
Art A. Hall	District 2		x				x
Rebecca Viagran	District 3		x			x	
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5	x					
Greg Brockhouse	District 6		x				
Ana E. Sandoval	District 7		x				
Manny Pelaez	District 8		x				
John Courage	District 9		x				
Clayton H. Perry	District 10		x				