

CHAPTER 380 ECONOMIC DEVELOPMENT PROGRAM GRANT AGREEMENT BETWEEN THE CITY OF SAN ANTONIO AND DAVILA PHARMACY

This Economic Development Program Grant Agreement (hereinafter referred to as this "Agreement") is made and entered into by and among the City of San Antonio (the "GRANTOR"), a municipal corporation of the State of Texas, acting by and through its City Manager or his designee and R. Davila Enterprises, LLC, a Texas limited liability company (hereinafter referred to as "GRANTEE"). Together, the GRANTOR and GRANTEE may be referred to herein as the "Parties."

WHEREAS, pursuant to Chapter 380 of the Texas Local Government Code, GRANTOR is authorized to grant municipal funds in furtherance of public purposes for economic development projects; and

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

WHEREAS, GRANTEE is engaged in an economic development project located at 1423 Guadalupe, San Antonio, Texas (the "Property") which is comprised of the 1.003 acres of the Property, being Lot 47 and 48, Block "D", New City Block 2437, PLAZA Guadalupe Unit 3, an Addition to the City of San Antonio, Bexar County, Texas, according to the map or plat thereof recorded in Vol. 9511, Page 135, of the Deed and Plat Records of Bexar County, Texas (the "Project"); and

WHEREAS, GRANTEE has requested an economic development grant for the purpose of deferring costs associated with the Project and GRANTOR has identified funds available in the form of an economic development program grant for GRANTEE to use to carry out this purpose; and

WHEREAS, the City Council of GRANTOR authorized the City Manager or his designee to enter into this Agreement with GRANTEE as reflected in Ordinance No. 2020-01-__-_____, passed and approved on _____, 2020 and GRANTOR now wishes to engage GRANTEE to carry out the Project; **NOW THEREFORE**:

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

SECTION 1. AGREEMENT PURPOSE

GRANTEE shall undertake the Project which is anticipated to promote local economic development and to stimulate business and commercial activity in the City of San Antonio. GRANTOR is supporting the Project through this Economic Development Program Grant to provide funds to be used to defer costs associated with undertaking and completing the Project.

SECTION 2. PROJECT REQUIREMENTS

2.1 GRANTEE agrees to provide, or cause to be provided through one or more affiliates of Grantee, the services described in Exhibit A attached hereto in exchange for the compensation described in Section 3.

2.2 All work performed by GRANTEE hereunder shall be performed to the satisfaction of GRANTOR. The determination made by GRANTOR shall be final, binding and conclusive on all Parties hereto. GRANTOR shall be under no obligation to pay for any work performed by GRANTEE, which is not satisfactory to GRANTOR. GRANTOR shall have the right to terminate this Agreement, in accordance with Article 15 entitled "Termination," in whole or in part, should GRANTEE's work not be satisfactory to GRANTOR; however, GRANTOR shall have no obligation to terminate and may withhold payment for any unsatisfactory work, as stated herein, even should GRANTOR elect not to terminate.

SECTION 3. ECONOMIC DEVELOPMENT PROGRAM GRANT

3.1 Economic Development Program Grant. GRANTOR is providing GRANTEE with an Economic Development Program Grant in a cumulative amount of up to approximately THREE HUNDRED NINETY THREE THOUSAND DOLLARS AND 0 CENTS (\$393,000.00) (the "Grant Funds") over the Term of this Agreement.

3.2 Grant Disbursement. Following the execution of this Agreement by the Parties, and subject to the terms and conditions herein, GRANTOR will direct disbursement of grant funds.

SECTION 4. AGREEMENT PERIOD

4.1 This Agreement shall commence upon the Effective Date listed on the signature page of this Agreement and terminate upon the disbursement of all Grant Funds (the "Term") unless earlier terminated:

- (a) By GRANTOR under Section 15 effective on the dates set out therein; or
- (b) By GRANTOR at request of GRANTEE under Section 16 effective as of the date such request is approved.

SECTION 5. GRANTOR'S OBLIGATIONS

5.1 Payment. In consideration of full and satisfactory performance of activities required by Section 2 of this Agreement, as applicable, and subject to the annual appropriation of funds by GRANTOR's City Council, GRANTOR will pay GRANTEE in accordance with Section 3 above.

5.2 No Liability for Costs. GRANTOR will not be liable to GRANTEE or other entity for any costs incurred by GRANTEE in connection with this Agreement.

SECTION 6. RETENTION AND ACCESSIBILITY OF RECORDS

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

6.2 Access. GRANTEE shall, following reasonable advance, written notice from GRANTOR, give GRANTOR, its designee, or any of their duly authorized representatives, access to and the right to examine all material records related to the Project (the "Records"). GRANTOR's access to the

Records will be limited to information needed to verify that GRANTEE is and has been complying with the terms of this Agreement. Any information that is not required by law to be made public shall be kept confidential by GRANTOR. GRANTEE shall not be required to disclose to GRANTOR any information that by law GRANTEE is required to keep confidential. Should any good faith dispute or question arise as to the validity of the data provided, GRANTOR reserves the right to require GRANTEE to obtain an independent firm to verify the information. This certified statement by an independent firm shall be provided at the sole cost of GRANTEE. The rights to access the Records shall continue as long as the Records are retained by GRANTEE. Failure to provide reasonable access to the Records to authorized City representatives shall give GRANTOR the right to suspend or terminate this Agreement as provided for herein, or any portion thereof, for reason of default.

SECTION 7. MONITORING

GRANTOR reserves the right to confirm GRANTEE's compliance with the terms and conditions of this Agreement. GRANTOR will provide GRANTEE with a written report of the monitor's findings. If the monitoring report notes deficiencies in GRANTEE's performances under the terms of this Agreement, the monitoring report shall include a listing of requirements for the correction of such deficiencies by GRANTEE and a reasonable amount of time in which to attain compliance. Failure by GRANTEE to take action specified in the monitoring report within a reasonable amount of time may be cause for suspension or termination of this Agreement, in accordance with Sections 14 and 15 herein.

SECTION 8. CONFLICT OF INTEREST

If applicable, GRANTEE shall ensure that no employee, officer, or individual agent of GRANTOR shall participate in the selection, award or administration of a subcontract supported by funds provided hereunder if a conflict of interest, real or apparent, would be involved. Such conflict of interest would arise when: (1) the employee, officer, or individual agent; (2) any member of his or her immediate family; (3) his or her partner; or, (4) any organization which employs, or is about to employ any of the above, has a financial or other interest in the firm or person selected to perform the subcontract and the relationship calls for payments to be made to such subcontractor on terms which are greater than those which are customary in the industry for similar services conducted on similar terms. To the extent GRANTEE hires any former or current employee or official of GRANTOR who would be subject to the GRANTOR's ethics policy, as same exists from time to time, GRANTEE shall take reasonable efforts to ensure that such person complies with all applicable requirements of the GRANTOR's ethics ordinance in dealings between GRANTOR and GRANTEE.

SECTION 9. NONDISCRIMINATION AND SECTARIAN ACTIVITY

9.1 Nondiscrimination. GRANTEE shall ensure that no person shall, on the ground of race, color, national origin, religion, sex, age or handicap, be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be denied access to any program or activity funded in whole or in part with funds made available under this Agreement.

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

9.3 Inclusion. GRANTEE shall, to the best of its knowledge and belief, include the substance of this Section in all agreements entered into by GRANTEE associated with the funds made available through this Agreement.

SECTION 10. LEGAL AUTHORITY

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

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

10.3 Lack of Authority. GRANTOR shall have the right to suspend or terminate this Agreement in accordance with Sections 14 and 15 herein if there is a dispute as to the legal authority, of either GRANTEE or the person signing this Agreement, to enter into this Agreement, any amendments hereto or failure to render performances hereunder. GRANTEE is liable to GRANTOR for any money it has received from GRANTOR for performance of the provisions of this Agreement if GRANTOR suspends or terminates this Agreement for reasons enumerated in this Section.

SECTION 11. LITIGATION AND CLAIMS

11.1 Notice to City. GRANTEE shall give GRANTOR immediate notice in writing of any action, including any proceeding before an administrative agency, filed against GRANTEE arising out the performance of any activities at the Property. Except as otherwise directed by GRANTOR, GRANTEE shall furnish immediately to GRANTOR copies of all pertinent papers received by GRANTEE with respect to such action or claim. GRANTEE shall notify GRANTOR immediately of any legal action, known to GRANTEE, filed against the GRANTEE or any subcontractor thereto, or of any known proceeding filed under the federal bankruptcy code. GRANTEE shall submit a copy of such notice to GRANTOR within 30 calendar days after receipt by GRANTEE of the same. No funds provided under this Agreement may be used in the payment of any costs incurred from violations or settlements of, or failure to comply with, federal and state regulations. The above notwithstanding, GRANTEE is not required to notify GRANTOR of claim litigation which arise out of GRANTEE's operations on the Project, including without limitation, landlord tenant disputes, personal injury actions (slip and falls), and other operational activities or relationships.

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

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

SECTION 12. ATTORNEY'S FEES

In the event GRANTEE should default beyond applicable cure periods under any of the provisions of this Agreement and GRANTOR should employ attorneys or incur other expenses for the collection of the payments due under this Agreement or the enforcement of performance or observance of any obligation or agreement on the part of GRANTEE herein contained, GRANTEE agrees to pay to the reasonable fees of such attorneys and such other expenses so incurred by GRANTOR.

SECTION 13. CHANGES AND AMENDMENTS

13.1 Amendments in Writing. Except as provided below, any alterations, additions, or deletions to the terms of this Agreement shall be by amendment hereto in writing and executed by the Parties to this Agreement.

13.2 380 Program. It is understood and agreed by the Parties hereto that performances under this Agreement shall be rendered in accordance with the laws and rules governing the Economic Development Program as set forth in Texas Local Government Code Chapter 380, and the terms and conditions of this Agreement.

13.3 Change of Law. In the event that Chapter 380 of the Texas Local Government Code is rescinded and not otherwise replaced with other statutory authority for GRANTOR to make the grants contemplated to be made to GRANTEE under this Agreement and the terms of this Agreement are not "grandfathered" so that following such rescission it will be illegal for GRANTOR to make the economic development grants contemplated by this Agreement, the parties will use good faith reasonable efforts to identify other lawful means by which GRANTOR can provide GRANTEE with substantially similar benefits to those which GRANTEE is entitled to receive under this Agreement.

SECTION 14. SUSPENSION

14.1 Notice and Cure Period. Notwithstanding the provisions of Chapter 2251 of the Texas Government Code or anything else in this Agreement to the contrary, in the event GRANTEE fails to comply with the terms of this Agreement, GRANTOR shall provide GRANTEE with written notification as to the nature of the non-compliance and grant GRANTEE a sixty (60) day period following the date of the GRANTEE's receipt of GRANTOR's written notification to cure any issue of non-compliance. Should GRANTEE fail to cure any default within this period of time, the GRANTOR may, upon written Notice of Suspension to GRANTEE, suspend this Agreement in whole or in part and withhold further payments to GRANTEE and prohibit GRANTEE from incurring additional obligations of funds under this Agreement. Such Notice of Suspension shall include: (1) the reasons for such suspension; (2) the effective date of such suspension; and, (3) in the case of partial suspension, the portion of the Agreement to be suspended.

14.2 Extensions. In the case of default for causes beyond GRANTEE's reasonable control, which cannot with due diligence be cured within such sixty (60) day period, GRANTOR may extend the cure period to such reasonable time to allow GRANTEE to cure such default provided that GRANTEE: (1) immediately upon receipt of Notice of Suspension advises GRANTOR of GRANTEE's intention to institute all steps necessary to cure such default and the associated time

frame; and (2) institutes and thereafter pursues to completion with reasonable dispatch all steps necessary to cure same.

14.3 Lifting of Suspension. A suspension under this Section may be lifted only by GRANTOR upon a showing of full compliance with or written waiver by GRANTOR of the term(s) in question.

14.4 No Liability. GRANTOR shall not be liable to GRANTEE or to GRANTEE's creditors for costs incurred during any term of suspension of this Agreement.

SECTION 15. TERMINATION AND RECAPTURE

15.1 Ceasing. If GRANTEE 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 Section 16, then GRANTOR shall have the right to terminate this Agreement. Said termination shall be effective for the calendar year during which the Property was no longer used for the required purposes stated herein. Unless GRANTEE presents credible evidence to clearly indicate a date of cessation, GRANTOR's determination of a date of cessation shall be final and conclusive. Upon termination, any and all funds disbursed to GRANTEE and for the benefit of the GRANTEE under this Agreement shall be recaptured by GRANTOR according to the schedule in Exhibit B and GRANTOR shall be entitled to the payment of such disbursed funds within sixty (60) calendar days from the date it notifies GRANTEE in writing of termination.

15.2 Notice of Default. During the Term, GRANTOR may declare a default if GRANTEE fails to comply with any of the terms of this Agreement. Should GRANTOR determine GRANTEE is in default under any of the terms of this Agreement, GRANTOR will notify GRANTEE in writing at the address below in Section 23. If said default is not cured within sixty (60) calendar days from the date of such notice (hereinafter the "Cure Period"), then GRANTOR shall have the right to terminate this Agreement. GRANTOR may extend the Cure Period if GRANTEE commences the cure within the Cure Period and GRANTEE is diligently pursuing such cure. If the Agreement is terminated as a result of default, all grant funds disbursed shall be due for the calendar year during which the termination occurred; in addition, GRANTOR shall have the right to recapture from GRANTEE previously disbursed grant funds under this Agreement according to the schedule in Section 15, Paragraph G below and said grant funds shall be paid by GRANTEE to GRANTOR within sixty (60) calendar days of receiving GRANTOR's written notification of recapture.

SECTION 16. AUTHORIZED RELIEF FROM PERFORMANCE

In addition to relief expressly granted in this Agreement, GRANTOR may grant relief from performance of this Agreement if GRANTEE is prevented from compliance and performance by an event of 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 solely of gross negligence, intentional act or misconduct on the part of GRANTEE. The burden of proof for the need for such relief shall rest upon GRANTEE. To obtain release based upon this Section 16, GRANTEE must file a written request with the GRANTOR's Economic Development Department for review and approval, which request shall not be unreasonably denied.

SECTION 17. SPECIAL CONDITIONS AND TERMS

GRANTEE, in accordance with Chapter 2264 of the Texas Government Code, agrees not to knowingly employ any worker during the Term of this Agreement who is not lawfully admitted for permanent residence to the United States or who is not authorized under law to be employed in the United States (“Undocumented Workers”). If GRANTEE is convicted of a violation under 8 U.S.C. Section 1324a (f), then GRANTEE shall repay GRANTOR the amounts granted by this Agreement for the tax year(s) covered under this Agreement during which such violation occurred. Such payment shall be made within 120 business days after the date GRANTEE is notified by GRANTOR of such violation. GRANTOR, in its sole discretion, may extend the period for repayment herein. Additionally, GRANTEE shall pay interest on the amounts due to GRANTOR at the rate periodically announced by the Wall Street Journal as the prime or base commercial lending rate, or if the Wall Street Journal shall ever cease to exist or cease to announce a prime or base lending rate, then at the annual rate of interest from time to time announced by Citibank, N.A. (or by any other New York money center bank selected by the City) as its prime or base commercial lending rate, from the date of such violation notice until paid. GRANTEE shall not be liable for a violation of Chapter 2264 by a subsidiary, affiliate or franchisee or by a person with whom GRANTEE contracts.

SECTION 18. RESERVED

SECTION 19. DEBARMENT

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

SECTION 20. NO WAIVER

It is expressly understood and agreed by the Parties hereto that, except as otherwise expressly provided herein, any right or remedy provided for in this Agreement shall not preclude the exercise of any other right or remedy under any other agreements between GRANTEE and GRANTOR under any provision of law, nor shall any action taken in the failure by either party to exercise any right or remedy hereunder shall not constitute a waiver of the right to exercise that or any other right or remedy at any time in the future.

SECTION 21. NON-ASSIGNMENT

This Agreement is not assignable by any Party without the written consent of the non-assigning Parties. Notwithstanding the foregoing, GRANTEE may assign this Agreement to a parent, subsidiary, affiliate entity or newly created entity resulting from a merger, acquisition (regardless of whether in a stock or asset transaction) or other corporate restructure or reorganization of GRANTEE, or to any entity owned or controlled, or under common control, directly or indirectly by GRANTEE, without the written consent of the non-assigning Parties. The GRANTEE may also have the right to assign this Agreement to any other party that acquires the Project, subject to GRANTOR’s prior written consent which shall be evidenced by a duly authorized ordinance, which consent will not be unreasonably withheld, conditioned or delayed. In either of such cases, GRANTEE shall give GRANTOR no less than SIXTY (60) days prior written notice of the assignment or other transfer. Any and all future assignees must be bound by all terms and/or provisions and representations of this Agreement as a condition of assignment. Any attempt to

assign the Agreement without the notification and subsequent consent of GRANTOR; if required, shall release GRANTOR from performing any of the terms, covenants and conditions herein and may subject GRANTEE to the Termination and Recapture of grant funds in accordance with Section 15 of this Agreement. Any assignment of this Agreement in violation of this Section shall enable GRANTOR to terminate this Agreement and exercise its rights under this Agreement.

SECTION 22. ORAL AND WRITTEN AGREEMENTS

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

SECTION 22. RESERVED

SECTION 23. 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 two (2) business days following its deposit into the custody of the United States Postal Service or upon actual receipt if by 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 GRANTOR:

(Whether personally delivered or mailed):

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

- If by personal or overnight delivery:

Center City Development Office
Attn: Director
19th Floor
100 Houston St.
San Antonio, Texas 78205

TO GRANTEE:

- If mailed:

Rodolfo Davila, III
Davila Pharmacy, Inc.
1423 Guadalupe, Ste. 108
San Antonio, Texas 78207

COPIES TO:

J. Russell Davis
Davis, Cedillo & Mendoza, Inc.
755 E. Mulberry, Ste 500
San Antonio, Texas 78212

Signatures appear on next page.

WITNESS OUR HANDS, EFFECTIVE as of _____, 2020 (the
“EFFECTIVE DATE”):

Accepted and executed in triplicate originals on behalf of the City of San Antonio pursuant to the
attached Ordinance Number 2020-__-__-_____ and GRANTEE pursuant to its authority.

GRANTOR:
CITY OF SAN ANTONIO,
a Texas Municipal Corporation

GRANTEE:
R. Davila Enterprises, LLC
a Texas limited liability company

Lori Houston
ASSISTANT CITY MANAGER


Name: Rodolfo Davila III
Title: Manager

ATTEST:

Leticia Vacek
CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

EXHIBIT A: SCOPE OF SERVICES

R. Davila Enterprises, LLC, directly or through its affiliate (including through Davila Pharmacy, Inc.) shall complete the following within 60 months of the commencement date of the agreement:

1. A minimum investment of \$90,000 for technology hardware, software, fixtures, inventory, building expansion, available parking, and/or renovations to the property with the goal of expanding clinical services, retail or wholesale pharmaceutical services.
2. Create the equivalent of a minimum of three (3) new full-time equivalent (FTE) positions at average of \$13 per hour with a minimum of \$10 per hour, within 60 months of the commencement date of the agreement. The positions shall be maintained for at least a period of 36 months each.

EXHIBIT B: RECAPTURE OF FUNDS

Upon Grantor exercising its right to terminate in accordance with Section 15 of this Agreement, Grantee shall be obligated to repay Grantor any and all disbursed funds according to the following Table 1:

TABLE 1

Sixty (60) days from exercising its right to terminate - 50% of disbursed funds shall be repaid from Grantee to Grantor

One hundred twenty (120) days from exercising its right to terminate - remaining 50% of disbursed funds shall be repaid from Grantee to Grantor