

THE STATE OF TEXAS

§ MISSION DEL LAGO TIRZ

COUNTY OF BEXAR

§
§ UNIVERSITY HEALTH SYSTEM

AMENDED AND RESTATED INTERLOCAL AGREEMENT

THIS AMENDED AND RESTATED INTERLOCAL AGREEMENT (the “Agreement”) is made by and among the **CITY OF SAN ANTONIO, TEXAS** (hereafter referred to as the “City”), a Texas Municipal Corporation, acting by and through its City Manager pursuant to Ordinance No. 90383, passed and approved by the City Council on August 26, 1999; **BEXAR COUNTY HOSPITAL DISTRICT**, a political subdivision of the State of Texas established pursuant to Article IX, Section 4 of the Texas Constitution, acting through its President/CEO pursuant to authority granted by the Board of Managers on September 28, 1999 and October 23, 2001 (hereafter referred to as “UHS”); and **THE BOARD OF DIRECTORS FOR REINVESTMENT ZONE NUMBER SIX (6), CITY OF SAN ANTONIO, TEXAS**, a reinvestment zone created by the City pursuant to Chapter 311, Texas Tax Code, (hereafter defined and referred to as the “Board”). The City, UHS, and the Board may be referred to singularly as a “Party” or collectively as the “Parties.” This Agreement is made pursuant to Chapter 311, Texas Tax Code for the participation of the City, the Board, and UHS in the Mission del Lago Project (the “Project”).

RECITALS:

WHEREAS, in accordance with the Tax Increment Financing Act, Texas Tax Code, Chapter 311 (the “Act”), the City created Tax Increment Reinvestment Zone Number Six, City of San Antonio, Texas (the “TIRZ”), created a Board of Directors for the TIRZ, and authorized the Board to exercise all the rights, powers, and duties as provided to such boards under the Act; and

WHEREAS, the Board and UHS support the City in development activities for the Project and intend to actively participate in implementing the Project; and

WHEREAS, pursuant to said authority above, on September 6, 2006 the Board, the City and UHS each entered into that certain Interlocal Agreement with the others to develop and/or redevelop the TIRZ as specified in the Project Plan, Finance Plan, and the Development Agreement; and

WHEREAS, the Project Plan for the TIRZ (the “Project Plan”) was approved on August 26, 1999, amended on June 29, 2006, later amended on May 1, 2014, and most recently amended on _____ day of _____, 2019; and

WHEREAS, the Finance Plan for the TIRZ (the “Finance Plan”) was approved on August 26, 1999, amended on June 29, 2006, later amended on May 1, 2014, and most recently amended on _____ day of _____, 2019; and

WHEREAS, the City and the Project developer initially approved the “Mission Del Lago Development Agreement (the “Development Agreement”) on June 29, 2006; and, on July 2, 2013, Mission Del Lago Ltd entered into an “Agreement for Sale and Purchase” with Southstar Development Partners, Inc., a Florida corporation, for the purchase of Mission Del Lago Ltd.’s assets and the two parties entered into an Operating Agreement on May 13, 2014 designating Southstar Development Partners, Inc. as the “Operating Agent” for the Project on May 13, 2014; and, on January 18, 2018, the City approved that certain Assignment and Assumption Agreement between the parties, formally designating Southstar Mission Del Lago Holdings L.P., as the “Developer” for the Project; and

WHEREAS, pursuant to the authority described above and in pursuit of the public benefits described in the Project Plan, Finance Plan, and the Development Agreement, the Parties hereto agree to amend and restate this Agreement to extend the TIRZ period;

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

I. CONTENTS

A. Table

This Agreement consists of the following sections:

| <u>Section</u> | <u>Description</u> | <u>Page</u> |
|----------------|---|-------------|
| I. | Contents | 2 |
| II. | Definitions | 3 |
| III. | Background | 5 |
| IV. | Rights and Obligations of UHS | 6 |
| V. | Rights and Obligations of City and Board | 9 |
| VI. | Term and termination | 11 |
| VII. | Miscellaneous | 12 |
| Exhibit “A” | Development Targets / Construction Schedule | |

B. Parts Incorporated

The following documents are hereby incorporated into this Agreement by this reference for all purposes.

1. City of San Antonio Ordinance No. 90312, dated August 19, 1999, which designated the TIRZ and approved the initial Project Plan and Finance Plan;
2. City of San Antonio Ordinance No. 2006-06-29-0801, dated June 29, 2006, which amended the Project Plan and Finance Plan for the TIRZ;

3. City of San Antonio Ordinance No. 2014-05-01-0286, dated May 1, 2014, authorizing that certain Settlement and Release Agreement, amending the Project Plan and Finance Plan, and extending the TIRZ term from 2025 to 2027;
4. The Amended and Restated Development Agreement among the City, the Developer, and the Board, approved by Ordinance No. 2019-____ - ____ - _____, executed on the _____ day of _____, 2019; and
5. The Project Plan and the Finance Plan effective as of the date of this Agreement

II. DEFINITIONS

As used in this Agreement, the following shall have the meanings set out below:

1. “Administrative Costs” means reasonable costs directly incurred by a Participating Taxing Entity (as hereinafter defined) related to its agreement to participate in the development of the TIRZ, as described in this Agreement. These costs include, but are not limited to, reasonable costs and expenses for legal review and financial analysis related to the TIRZ incurred prior to entering into this Agreement, as well as any such costs and expenses incurred after this Agreement becomes effective. The startup administrative cost for all of the Participating Tax Entities is a maximum of one hundred forty thousand, three hundred eighty-three dollars and fifty two cents (\$140,383.52) in the aggregate. That \$140,383.52 shall be distributed among all five (5) Participating Tax Entities, based upon individual invoices submitted by the entities On May 14, 2015, the City approved Ordinance No. 2015-05-14-0419, amending the 2008 Tax Increment Financing Program Policy which included adjustments to the administrative fees collected by the City. For the remainder of the term, the City’s administrative fees shall be as follows: \$30,000 in Fiscal Year 2019, \$50,000 in Fiscal Year 2020, and \$75,000 in Fiscal Year 2021 and beyond. The administrative fees of the County shall be \$2,000 annually.
2. The “Board” means the Board of Directors of the TIRZ established to manage, and/or operate the TIRZ pursuant to Sections 311.0091 and 311.010 of the Act, as well as implement the Project, as described in City of San Antonio Ordinance No. 90312, dated August 19, 1999.
3. “Captured Taxable Value” means the captured taxable value of the TIRZ, as defined by Section 311.012(b) of the Act (as may be amended from time to time).
4. “Construction Schedule” means the schedule contained in the Project Plan which is incorporated into this document in its entirety by reference, for the construction of all components of the Project, which may be amended from time to time by the Developer, Board and City in accordance with the terms of the Development Agreement. The development targets and a generalized Construction Schedule are attached hereto as Exhibit “A”.

5. The “Developer” means Southstar Mission Del Lago Holdings, L.P.; a Florida limited partnership, its successors and assigns.
6. “Development Agreement” means the agreement entered into between the City, the developer, and the Board which was initially approved by the Board on June 20, 2006 and by the City Council on June 29, 2006, and First Amendments; Board date on April 15, 2014 and City Council date on May 1, 2014, and assigned to the Developer by City Council action on January 18, 2018. In 2019, the Development Agreement was amended and restated by the City, the Developer, and the Board through Board approval on February 1, 2019 and City Council action on _____ day of _____, 2019.
7. “Finance Plan” means the Finance Plan for the TIRZ as adopted by the Board on August 24, 1999, and as approved by the City Council on August 26, 1999 amended by the Board on June 20, 2006, and approved by the City Council of the City on June 29, 2006; and later amended again by the Board on April 15, 2014 and approved by the City Council on May 1, 2014. In 2019, the Finance Plan was further amended by the Board on February 1, 2019 and City Council on [date].
8. “Participating Taxing Entity” or “Participating Taxing Entities” means, singularly, a taxing unit participating in the TIRZ, and collectively, all taxing units participating in the TIRZ, and shall include the City, Bexar County, Southside Independent School District (“SISD”), and the University Hospital System (“UHS”). The Alamo Community College District (ACCD) was a Participating Taxing Entity until its agreement terminated in 2014.
9. “Project Costs” means the items set forth and described in Section 311.002(1), 311.010(b) and 311.011(c)(1) of the Act (which may be amended from time to time), which are included in the Project Plan. The Project Costs include public infrastructure improvements, and related capital costs including streets and approaches, sidewalks, drainage, water, sewer, utilities, street lights, on-site sewer outfall, Del Lago Parkway, gas, park improvements, land and ROW clearing, contingency, Project Management, offsite sewer and water, landscaping ROW, land, Developer formation, legal costs, platting fees, drainage fees, sewer impact fees, engineering/surveying fees, performance of the “Street Reconstruction Project” in accordance with that certain Developer Participation Contract. The Project Costs for public improvements are estimated at fifty nine million, three hundred sixty-nine thousand two hundred sixty-seven dollars (\$59,369,267.00) for the life of the TIRZ, plus a maximum of fifteen million, six hundred eighty-four thousand, forty-nine dollars and no cents (\$15,684,049.00) in interest on eligible Project Costs.
10. “Project Plan” means the Project Plan for the TIRZ as adopted by the Board on August 24, 1999 and approved by the City Council on August 26, 1999; amended by the Board on June 20, 2006 and approved by the City Council on June 29, 2006; and later amended again by the Board on April 15, 2014 and approved by the City Council on May 1, 2014. In 2019, the Board further amended the Project Plan on February 1, 2019 and the City Council approved the amended Project Plan on [date].

11. “Tax Increment” means the total amount of ad valorem taxes levied and collected each year by a Participating Taxing Entity each year on the Captured Taxable Value of taxable real property in the TIRZ. Further, with respect to UHS, this term means the total amount of ad valorem taxes levied and collected only on behalf of UHS each year and shall not include Bexar County. The Parties also acknowledge and agree that this Agreement is entered into subject to the rights of the holders of any outstanding bonds of UHS, and UHS is not obligating any of those portions of UHS’s funds which are dedicated to any outstanding bond indebtedness.
12. “Tax Increment Base” means the total taxable value of all real property taxable by a Participating Taxing Entity and located in the TIRZ as of January 1, 1999, the year in which the TIRZ was designated.
13. “Tax Increment Fund” means the tax increment fund created by the City for the deposit of Tax Increments for the TIRZ, entitled “Reinvestment Zone Number Six (6), City of San Antonio, Texas Tax Increment Fund.
14. “Tax Increment Payment” means the amount of the Tax Increment that a Participating Taxing Entity agrees to deposit annually into the Tax Increment Fund in accordance with this Agreement and the Project Plan and Finance Plan.
15. The “TIRZ” means Reinvestment Zone Number Six (6), City of San Antonio, Texas, created by the City on August 19th, 1999, by Ordinance No. 90312.

III. BACKGROUND

A. City Action.

Resolution of Intent No. 99-22-23, passed and approved by the City Council of the City on May 27, 1999, expressed the City’s intent to create a tax increment reinvestment TIRZ in accordance with Chapter 311, Texas Tax Code, to support revitalization activities for the TIRZ, and the development of the Project. On August 19, 1999, the City Council of the City passed and approved Ordinance No. 90312, which created the TIRZ.

B. Project Location.

The Project is located in the southern section of the City of San Antonio, approximately 1.5 miles south of Loop 410 South on U.S. Highway 281 South adjacent to Mitchell Lake, near Mission del Lago Golf Course. The Project is in the Southside Independent School District and encompasses approximately 812.132 acres.

C. Project Value.

The Year-End Assessed Value as determined by the Bexar Appraisal District is one million, three hundred twenty-three thousand, four hundred ten dollars (\$1,323,410.00) and the projected Year End Assessed of all the taxable real property in the TIRZ in Tax Year 2027 is estimated to be four hundred thirty-two million, three hundred sixty-seven thousand, one hundred sixty-three

dollars (\$432,367,163.00). The Project does not include the issuance of TIF bonds or certificates of obligation.

D. Project Debt.

The Project does not include the issuance of TIF bonds or certificates of obligation. However, as part of the Settlement and Release Agreement by and between the City and the initial developer, Mission Del Lago Ltd., the City funded certain street repairs to Unit 8 of the subdivision (the “Street Reconstruction Project”) through the issuance of a tax note, which note shall be repaid by TIRZ Tax Increment.

E. Developer Reimbursement.

To date, the Developer has been reimbursed a total of \$16,326,063.81 in approved Project costs, which resulted in the development of 866 single family homes; 240 apartment units in two complexes; 101 single family lots; one public park (including tennis courts and a playground); one SISD elementary school.

F. Project Phasing and Duration.

The approximate 812 acre tract is being developed primarily for single family residential use. The first 16 phases of residential development have been constructed. There are an additional 150 lots scheduled for development in 2019, 125 in 2020, and 125 in 2021. The remaining 1,108 lots are projected to be developed by 2032. The single family homes in the Mission Del Lago development sell between \$180,000 and \$240,000. The TIRZ is projected to terminate in fiscal year 2032, unless earlier termination occurs under this Agreement (the “term of the TIRZ”).

G. Mutual Agreement.

The City and UHS agree to participate in the TIRZ, and to deposit their respective Tax Increment Payments to the Tax Increment Fund, in accordance with the terms, and in consideration of the agreements set forth herein. UHS hereby acknowledges receipt of notice of the initial creation of the TIRZ. The Parties hereto agree that, except as provided herein, no tax-supported public debt instrument will be issued by a Participating Taxing Entity, or the Board to finance any costs or improvements on the Project.

IV. RIGHTS AND OBLIGATIONS OF UHS

A. Tax Increment Participation by UHS

1. Subject to the limitations set out in this Agreement, UHS agrees to participate in the TIRZ by contributing to the Tax Increment Fund seventy-five percent (75%) of its respective Tax Increments each year during the term of this Agreement, beginning with the 1999 Tax Year, and ending on the 2024 Tax Year.

2. The Parties hereto agree that UHS's contribution to the Tax Increment Fund shall be used to fund public improvements to support the development and revitalization efforts in the TIRZ, including related Project Costs. It is agreed by the Parties that none of UHS's tax increment shall be used for payment of another Participating Taxing Entities Administrative Costs. UHS's contributions to the Tax Increment Fund shall end when it has contributed the maximum total contribution provided for herein, or when it has made contributions of all Tax Increment Payments, as specified in the Project Plan, whichever occurs first. Notwithstanding anything to the contrary, the total UHS Tax Increment Payments to the Tax Increment Fund over the term of the TIRZ shall not exceed six million seven hundred six thousand, seven hundred and seventy-one dollars (\$6,706,771.00).

B. Tax Increment Payment

1. UHS's obligation to contribute its Tax Increment Payment to the Tax Increment Fund, as provided in Section IV.A.1. of this Agreement, shall accrue as UHS collects its Tax Increment. The Parties hereto agree that all real property taxes collected each year by the UHS that are attributable to real property in the TIRZ, shall first constitute taxes on the Tax Increment Base and after the total amount of taxes on the Tax Increment Base have been collected, shall then, except as may be excepted herein, constitute the Tax Increment. UHS agrees to deposit its Tax Increment Payments to the Tax Increment Fund on or before April 15 and September 15 (or the first business day thereafter) of each year. The amount of each Tax Increment Payment shall be based on the Tax Increments that were received by UHS, and not previously deposited, during the semi-annual periods preceding each deposit date. (For example, the first deposit on April 15, 2007 shall be for Tax Increments received, and not previously deposited, through January 31, 2007. The next deposit on September 15, 2007 shall be for Tax Increments received, and not previously deposited, through June 30, 2007.) The Parties agree that UHS's obligation to deposit Tax Increment Payments after September 30, 2025 shall only be for taxes collected and received after such date that are attributable to the time period during which UHS agreed to participate. Under no circumstances shall UHS be required to participate in the TIRZ after September 30, 2025.
2. One month prior to a payment required under Section IV B. 1. of this Agreement, the City shall provide to UHS an updated fact sheet that includes detail as to what portion of the Project has been completed to date, a schedule of what portion of the Project is to be completed in the following year and a current roster of the Board members, including the term of each board member, the entity that appointed the board member and the date for the annual meeting. The update shall also include a summary of requests for reimbursements that have been submitted to the City by the Developer, and a report showing Board or City approved expenses. Also prior to UHS's payment, the City shall provide a statement of TIF Fund activity, including a tally of requests for reimbursement, City and Board approved payments, payments not approved by the City and the Board, outstanding balance due to the Developer, or if the maximum contribution has been reached, the pro rata balance due to each participating entity.

3. Pursuant to the Act, in the event there is a conflict between the Parties in regards to the amount of the Tax Increment owed by UBS, the Parties agree that UHS will make a reasonable determination as to the amount of any Tax Increment owed by UHS under this Agreement and UHS will be responsible for reasonably determining which tax collections will be apportioned for purposes of determining UHS's Tax Increment. The annual Year-End Assessed Value of all real property taxable by UHS located in the TIRZ shall be determined through an independent third party verification obtained from the Bexar County Appraisal District. The Bexar County Tax Office will verify taxes levied and collected in regards to the property contained within the TIRZ.
4. Any delinquent deposit of a Tax Increment Payment under this Agreement by UHS shall be administered as provided in Section 311.013(c) of the Texas Tax Code (or its successor provision). The Parties expressly agree that UHS shall not owe any penalty or interest on Tax Increments that have been levied, but not received by UHS. In addition, UHS shall not be obligated to contribute its Tax Increment Payments from any non-Tax Increment revenue sources. Furthermore, UHS shall not be obligated to contribute its Tax Increment Payment to the Tax Increment Fund in the event a Participating Taxing Entity, other than UHS, discontinues its required contribution (except as otherwise agreed to in this Agreement) or fails to fully contribute its entire contribution to the Tax Increment Fund during the term of this Agreement unless the discontinuance is in compliance with and authorized by a written amendment to this Agreement.
5. The City and the Board agree to comply with the Project Plan and the Development Agreement. The City and the Board agree to provide prior written notice to all Participating Taxing Entities of a proposed material change (by which is meant any change that would constitute a seven percent (7%) increase or decrease in either the Project Cost or the scope and scale of the Project) to the Project Plan or the Development Agreement. The City shall have the right to amend and modify the Project Plan and the Development Agreement without providing prior written notice to the Participating Taxing Entities so long as such amendment or modification does not constitute a material change. The Participating Taxing Entities shall have a period of thirty (30) business days from the date of receipt of such notice of a material change to provide comment(s) and objection(s) to the proposed change. The absence of written objections or comments by the Participating Taxing Entity to the City will constitute approval of the proposed material change by the Participating Taxing Entity. If a Participating Taxing Entity provides written notice to the City that it objects to the proposed material change to the Project Plan or the Development Agreement, and the objection, as set out in the notice, is not resolved within forty-five (45) business days from the date of such notice and the City approves such material change, then the Participating Taxing Entity providing the objection may thereafter discontinue its Tax Increment Payments and terminate its participation in the TIRZ.
6. If any Party to this Agreement materially breaches this Agreement, then a Participating Taxing Entity may provide written notice to the City and the Board (with a copy to any other Participating Taxing Entity still contributing Tax Increment Payments) stating its intent to terminate its participation in the TIRZ and detailing its objection(s) or concern(s). If the objection and/or concerns as set out in the notice is not resolved within

ninety (90) business days from the date of such notice, then the Participating Taxing Entity providing the notice may discontinue its Tax Increment Payments and terminate its participation in the TIRZ. Pursuant to Section IV. B. 4 in the event a Participating Tax Entity discontinues its Tax Increment Payment and terminates its participation in the TIRZ under this provision, then UHS will have no further obligation to contribute its Tax Increment Payment to the Tax Increment Fund.

7. Except for contributing its respective Tax Increment Payments to the Tax Increment Fund as set out in this Agreement, UHS shall not have any obligation or responsibility for any costs or expenses associated with the development of the TIRZ or the implementation of the Project Plan, including, without limitation, any obligation to pay or repay any debt issued by another Participating Taxing Entity, the TIRZ, or Board relating to the TIRZ or any costs associated with the operation of the TIRZ, the Project, or any other projects relating thereto.

C. School District Provisions

UHS understands that the Project is located in the Southside Independent School District. UHS further understands that the Southside Independent School District is participating by contributing tax increment to the TIRZ.

D. Management of the TIRZ

1. The City is the only Participating Taxing Entity with any responsibility for managing or administering the Project. The Participating Taxing Entities, during the term of this Agreement, may inspect the Project site and review Project plans and drawings at times and intervals that will not interfere with ongoing operations.
2. The Board shall be composed of nine (9) members, as provided under Section 311.009(b) of the Act. While the statute does not provide UHS a position on the board, the parties agree that UHS shall have the option to obtain the appointment of an UHS representative to the Board by providing the City with the name of a qualified candidate to fill one of the City's available appointed positions.

E. Expansion of the TIRZ

The obligation of UHS to participate in the TIRZ is limited to the description of the TIRZ contained in the Project Plan and Finance Plan. UHS's participation shall not extend to the Tax Increment on any additional property added to the TIRZ by the City unless UHS approves in writing such participation.

V. RIGHTS AND OBLIGATIONS OF CITY AND BOARD

A. Tax Increment Participation by CITY

Subject to the terms of this Agreement, the City agreed to participate in the TIRZ by contributing to the Tax Increment Fund one hundred percent (100%) of its Tax Increment each year during the initial term of this Agreement, beginning with the 1999 Tax Year and running through the

2026 Tax Year. Beginning in the 2027 Tax Year, the City agrees to participate in the TIRZ by contributing to the Tax Increment Fund seventy-five percent (75%) of its Tax Increment each year through the 2031 Tax Year. The City's contributions to the Tax Increment Fund shall end when City has contributed the maximum total contribution provided for herein or on the TIRZ termination date of September 30, 2032, whichever occurs first. Notwithstanding anything herein to the contrary, the total City Tax Increment Payments over the term of the TIRZ shall not exceed twenty-one million, two hundred twelve thousand, and eight hundred thirteen dollars (\$21,212,813.00).

B. Tax Increment Payment

1. The City's obligation to contribute its Tax Increment Payment to the Tax Increment Fund as provided above in Section V of this Agreement shall accrue as the City collects its Tax Increment. The City agrees to deposit its Tax Increment Payment to the Tax Increment Fund on or before April 15 and September 15 (or the first business day thereafter) of each year. The amount of the first Tax Increment Payment shall be based on the Tax Increments that were received by City, and not previously deposited, prior to the first day of the month preceding each deposit date. (For example, the first deposit on April 15, 2007 shall be for the Tax Increments received, and not previously deposited, through January 31, 2007. The next deposit on September 15, 2007 shall be for Tax Increments received, and not previously deposited, through June 31, 2007) Any delinquent deposit of a Tax Increment Payment by the City under this Agreement shall be administered as provided in Section 311.013(c) of the Act (or its successor provision).
2. UHS and the Board expressly agree that the City shall not owe any penalty or interest on Tax Increments that have been levied, but not received by the City. In addition, the City shall not be obligated to contribute its Tax Increment Payment from any non-Tax Increment revenue sources. Furthermore, the City shall not be obligated to contribute its Tax Increment Payment to the Tax Increment Fund in the event a Participating Taxing Entity, other than the City, discontinues its contribution to the Tax Increment Fund (except as permitted under this Agreement) during the term of this Agreement, unless the discontinuance is in compliance with and authorized by a written amendment to this Agreement.
3. The Parties agree that payment for the performance of governmental functions or services under this Agreement shall only be made from current revenues available to the paying Party. In other words, a Party is not obligated to perform said services or functions if said Party lacks current revenues to pay for said services or functions.

C. Financing of Project Costs

Each Participating Taxing Entity shall participate in the payment of Project Costs only to the extent described herein. The City and the Board shall be entitled to enter into any other agreements to pay Project Costs and other reasonable expenses from the Tax Increments paid into the Tax Increment Fund by the City without the consent of any other Participating Taxing Entity, but will provide notice of such agreement(s) (and upon written request, will provide copies of such agreement(s) and all applicable exhibits) to each Participating Taxing Entity.

However, except as provided herein, neither Board nor the City shall ever use any Tax Increment Payments contributed by a Participating Taxing Entity, other than that contributed by the City to make payments on bonds, interests of obligations, or other similar debt interests without the prior written authorization by and consent of the Participating Taxing Entity.

D. Disbursement of Funds in the Tax Increment Fund

1. Each Participating Taxing Entity agrees that the City shall administer the Tax Increment Fund on behalf of the Board, pursuant to Ordinance No. 94468, passed and approved by the City Council on August 30, 2001. No funds shall be disbursed from the Tax Increment Fund without the prior written approval of the Board and the City.
2. UHS recognizes that the Participating Taxing Entities and Board may, to the extent funds are available in the Tax Increment Fund and to the extent allowed by law, use such funds to reimburse each Participating Taxing Entity for its startup Administrative Costs, if a Participating Taxing Entity provides an invoice for its Administrative Costs with its request to the Board for reimbursement. If it is determined during the term of this Agreement that reimbursement of Administrative Costs is not allowed under law, the Parties agree that the Board shall set the amount each Participating Taxing Entity may withhold as Administrative Costs from their respective Tax Increment Payment based on the best evidence available to the Board to make such projections, including but not limited to invoices reflecting Administrative Costs incurred by the Participating Taxing Entity. The Parties agree and understand that under no circumstances shall Administrative Costs, in the aggregate, exceed the amount set out and described in Section II.1 of this agreement.
3. UHS further recognizes that, in addition to Project Costs and any other allowable costs, the City and the Board have represented that they may use funds in the Tax Increment Fund to pay expenditures in the following order or priority of payment: (i) to reimburse eligible startup Administrative Costs incurred by each Participating Taxing Entity, (ii) to reimburse the City for its financial and legal advisor fees until the full amount has been paid in full; (iii) to pay all other ongoing Administrative Costs to the City for administering the Tax Increment Fund and/or the TIRZ, including coordinating all meetings of the Board; and (iv) to reimburse the Developer for public improvements, including financing costs, as provided in the Development Agreement and in the Project Plan to the extent that funds in the Tax Increment Fund are available for this purpose. The foregoing notwithstanding, no funds will be paid from the Tax Increment Fund to a Participating Taxing Entity for its financial or legal services in any dispute arising under this Agreement with another Participating Taxing Entity or Participating Taxing Entities.

VI. TERM AND TERMINATION

A. Agreement Term and Termination

This Agreement shall become effective as of the last date of execution by the Parties hereto, and shall remain in effect until September 30, 2032, unless earlier terminated as provided herein (the "Agreement Term"). Subject to the terms of this Agreement, UHS agrees to participate under

this Agreement, beginning with the 1999 Tax Year and ending in accordance with the terms provided herein. The Parties agree and understand that UHS's Tax Increment Payments will not be made after September 30, 2025, as set out in Section IV.A.2. of this Agreement.

B. Early Termination

The City may terminate the TIRZ for any of the reasons listed in the Development Agreement. The termination of the Development Agreement also terminates this Interlocal Agreement. The City and the Board shall not be required to pay tax increment into the tax increment fund of the TIRZ if the conditions of Section 311.013(d) of the Act are met. Either party may terminate this Agreement for a material breach of contract.

C. Disposition of Tax Increments

Upon expiration or termination of the TIRZ, any money remaining in the Tax Increment Fund shall be paid to the Participating Taxing Entities on a pro rata basis in accordance with Section 311.014(d) of the Act.

VII. MISCELLANEOUS

A. Understanding

Any and all costs incurred by the Developer are not, and shall never become general obligations or debt of any Participating Taxing Entity. The eligible public improvement infrastructure costs incurred by Developer shall be payable solely from the Tax Increment Fund in the manner and priority provided in this Agreement and only to the extent that tax increment funds become available. The Parties agree and understand that under no circumstance shall the eligible costs exceed the maximum specified in the Project Plan. No Participating Taxing Entity shall be obligated above and beyond what is actually collected as tax increment funds. The City and the Board each represent that the Developer understands and agrees that the Project Plan does not forecast sufficient tax revenues in the Tax Increment Fund to reimburse the Developer for all its estimated contributions or costs.

B. Severability

1. In the event any term, covenant, or condition herein contained shall be held to be invalid by any court of competent jurisdiction, such invalidity shall not affect any other term, covenant, or condition herein contained, provided that such invalidity does not materially prejudice any Party hereto in its respective rights and obligations contained in the valid terms, covenants, or conditions hereof.
2. In the event any term, covenant, or condition shall be held invalid and said invalidity substantially impairs a material right of a Participating Taxing Entity or Board, then this Agreement shall be void as to that Participating Taxing Entity and that Participating Taxing Entity shall have no further obligation to contribute any future Tax Increment Payments to the Tax Increment Fund. In such a situation, the Parties hereto agree that the Tax Increment Fund shall not refund any prior Tax Increment Payments under this provision of this Agreement.

C. Entire Agreement

This Agreement merges the prior negotiations and understandings of the Parties hereto and embodies the entire agreement of the Parties. There are no other agreements, assurances, conditions, covenants (express or implied), or other terms with respect to the covenants, whether written or verbal, antecedent or contemporaneous, with the execution hereof.

D. Written Amendment

This Agreement may be changed or amended only by a written instrument duly executed on behalf of each Party. All Parties to this Agreement understand and recognize that only the City Council of the City and only the Board of Directors of UHS have authority to approve a change or amendment to this Agreement on behalf of the City or UHS, respectively.

E. Notices

1. The initial addresses of the Parties are listed below. Each Party may designate a different address by giving the other Parties ten (10) days' prior written notice.

CITY

Erik Walsh
City Manager
City of San Antonio
100 Military Plaza
San Antonio, Texas 78205
Re: Mission del Lago TIRZ

UHS

Mr. George B. Hernandez, Jr.
President/CEO
University Health System
4502 Medical Drive
San Antonio, Texas 78229-4493
Re: Mission del Lago TIRZ

With copies to:

Verónica R. Soto, AICP
Director
Neighborhood Services Department
1400 South Flores St.
San Antonio, Texas 78204-1452
Re: Mission del Lago TIRZ

Serina Rivela, Vice President
Chief Legal Officer
University Health System
4502 Medical Drive
San Antonio, Texas 78229-4493
Re: Mission del Lago TIRZ

And

BOARD

Virginia Rogers
Chairman
Reinvestment Zone Number Six
P.O. Box 13223
Austin, Texas 78711
Re: Mission Del Lago TIRZ

2. All notices required or permitted hereunder shall be in writing and shall be deemed delivered the earlier of (i) when actually received by personal delivery or facsimile if

received during normal business hours and on the next business day if received after normal business hours; or (ii) on the third business day following deposit in a United States Postal Service post office or receptacle with proper postage affixed (certified mail, return receipt requested) addressed to the respective other Party at the address prescribed in Section I of this Agreement, or at such other address as the receiving Party may have theretofore prescribed by notice to the sending Party.

F. Non-Waiver

Failure of any Party hereto to insist on the strict performance of any of the agreements herein or to exercise any rights or remedies accruing hereunder upon default or failure of performance shall not be considered a waiver of the right to insist on, and to enforce by any appropriate remedy, strict compliance with any other obligation hereunder or to exercise any right or remedy occurring as a result of any future default or failure of performance.

G. Assignment

Except for the City's right to assign and delegate this Agreement and the performance of obligations to the Board, no Party shall assign this Agreement at law or otherwise without the prior written consent of the other Parties and no Party shall delegate any portion of its performance under this Agreement without the written consent of the other Parties. All Parties to this Agreement understand and recognize that only the City Council of the City and only the Board of Directors of UHS have authority to approve a delegation or assignment (of any kind) of this Agreement on behalf of the City or UHS, respectively.

H. Successors

This Agreement shall bind and benefit the Parties and their legal successors. This Agreement does not by itself create any personal liability on the part of any trustee, officer, employee, elected official, or agent of a Party to this Agreement.

I. Project Plan

UHS acknowledges that it was permitted to review and comment upon the Project Plan before it was submitted to the Board and the City Council for approval. The Parties agree an amendment to the Project Plan shall not apply to UHS unless UHS approves the amendment as provided herein if such amendment to the Project Plan (i) has the effect of directly or indirectly increasing the percentage or amount of Tax Increment to be contributed by UHS to the Tax Increment Fund; or (ii) increases or reduces the geographical area of the TIRZ set forth in the Project Plan.

J. No Waiver of Immunity

No Party hereto waives or relinquishes any immunity or defense on behalf of itself, its trustees, officers, employees, and agents as a result of its execution of this Agreement and performance or non-performance of the covenants contained herein.

K. Access to Financial Information

The Board agrees to conduct or to cause to be conducted, at a minimum, an annual audit, a copy of which will be provided to UHS. Furthermore, each Party to this Agreement shall have reasonable access to financial information and audit reports regarding the operation of the TIRZ, contribution of Tax Increment Payments to the Tax Increment Fund, and expenditures from the Tax Increment Fund for Project Costs. In addition, the City agrees, during the term of this Agreement, to prepare and deliver an annual report to UHS in accordance with Section 311.016 of the Act.

L. Development Agreement

1. The City and the Board have entered into a written Development Agreement with the Developer related to the Project and the development of the TIRZ. The City hereby represents that it will enforce the provisions of this Agreement, as required, including, to the extent contained in the Development Agreement, the Developer's compliance (i) with all applicable building codes and ordinances, including but not limited to flood, subdivision, building, electrical, plumbing, fire, and life safety codes and ordinances, as amended; all applicable federal, state, and local laws, rules, regulations, statutes, ordinances, orders, and codes, as amended; and rules and codes that govern development over the Edwards Aquifer Recharge Zone (if applicable); (ii) the TIF Guidelines and Criteria in effect on the date the TIRZ was designated by City and the Construction Schedule (attached hereto as Exhibit "A" and as may be amended in accordance with the terms of the Development Agreement); and, (iii) with the same competitive bidding processes, payment of prevailing wages, non-discrimination, and payment and performance bonding procedures. The City and the Board agree to promptly provide UHS with a copy of any notice of default that is delivered or sent to any party under the Development Agreement.
2. For those City-controlled construction contracts for new development or public improvements in the TIRZ advertised for bid after the effective date of this Agreement, the City agrees that, to the extent allowed by Law, it will include in the bid specifications for said construction contracts a statement encouraging both general contractors and subcontractors to provide access to some form of affordable basic health insurance for permanent fulltime employees and their dependents.
3. The City agrees to notify any future developers or other contractors desiring to implement a Tax Increment Reinvestment Zone subsequent to the adoption of the resolution by the County on August 22, 2000, related to UHS's participation in such zones, that, to the best of City's knowledge, the County's and UHS' current policy is for UHS not to participate in such zones.

M. TIRZ Designation

The City represents that its designation of the TIRZ meets the criteria of Section 311.005(a) of the Act, and that said designation also complies with Texas Attorney General Opinion No. JC-0152 (December 8, 1999).

*(Remainder of page intentionally blank;
party signatures on following page)*

IN WITNESS HEREOF, the CITY OF SAN ANTONIO, UNIVERSITY HEALTH SYSTEM;
AND REINVESTMENT ZONE NUMBER SIX (6), CITY OF SAN ANTONIO, TEXAS have
made and executed this Agreement in triplicate originals on this____ day of _____ 2019.

CITY OF SAN ANTONIO

**BEXAR COUNTY HOSPITAL
DISTRICT, d/b/a UNIVERSITY
HEALTH SYSTEM**

Erik Walsh
City Manager
City of San Antonio

George B. Hernandez, Jr.
President/Chief Executive Officer
University Health System

ATTEST/SEAL:

ATTEST/SEAL:

Leticia M. Vacek
City Clerk

Mr./Mrs. _____
UHS Clerk/Attestee

APPROVED AS TO FORM:

APPROVED AS TO FORM:

Andy Segovia
City Attorney

Serina Rivela
Chief Legal Officer, UHS
Legal Affairs

**BOARD OF DIRECTORS
REINVESTMENT ZONE NUMBER SIX (6)
CITY OF SAN ANTONIO, TEXAS
(MISSION DEL LAGO TIRZ)**

ATTEST/SEAL:



Name: Virginia Rogers
Chairman/Presiding Officer, Board of Directors

Name: _____
Secretary, Board of Directors

Exhibit A

**Mission Del Lago Project
Development Targets / Construction Schedule**

DRAFT

MISSION DEL LAGO DEVELOPMENT TARGETS / CONSTRUCTION SCHEDULE

| Phase | Year | Number of Units Single Family | Number of Units Multi Family | Square Footage Commercial |
|-------|-------|----------------------------------|---------------------------------|------------------------------|
| 1 | 2003 | 0 | 0 | 0 |
| 2 | 2004 | 64 | 280 | 0 |
| 3 | 2005 | 50 | 0 | 0 |
| 4 | 2006 | 52 | 0 | 0 |
| 5 | 2007 | 69 | 0 | 0 |
| 6 | 2008 | 41 | 0 | 0 |
| 7 | 2009 | 4 | 0 | 0 |
| 8 | 2010 | 32 | 0 | 0 |
| 9 | 2011 | 70 | 0 | 0 |
| 10 | 2012 | 51 | 0 | 0 |
| 11 | 2013 | 78 | 0 | 0 |
| 12 | 2014 | 67 | 0 | 0 |
| 13 | 2015 | 98 | 0 | 0 |
| 14 | 2016 | 100 | 240 | 4,500 |
| 15 | 2017 | 90 | 0 | 0 |
| 16 | 2018 | 136 | 0 | 0 |
| 17 | 2019 | 150 | 0 | 0 |
| 18 | 2020 | 125 | 0 | 0 |
| 19 | 2021 | 125 | 0 | 48,000 |
| 20 | 2022 | 114 | 0 | 53,000 |
| 21 | 2023 | 100 | 0 | 10,600 |
| 22 | 2024 | 100 | 0 | 75,000 |
| 23 | 2025 | 100 | 0 | 7,500 |
| 24 | 2026 | 100 | 0 | 40,000 |
| 25 | 2027 | 100 | 0 | 30,000 |
| 26 | 2028 | 100 | 0 | 20,000 |
| 27 | 2029 | 100 | 0 | 0 |
| 28 | 2030 | 100 | 0 | 0 |
| 29 | 2031 | 100 | 0 | 0 |
| 30 | 2032 | 94 | 0 | 0 |
| | TOTAL | 2510 | 520 | 288,600 |