

GATES SPECIAL IMPROVEMENT DISTRICT DEVELOPMENT AGREEMENT

This Development Agreement (this “Agreement”) is entered by and between the **City of San Antonio**, a Texas home-rule municipal corporation located within Bexar County, Texas (hereinafter, referred to as “City”); and **MEH Holding Company, Ltd.**, a Texas limited partnership, owner of the proposed District Property (as defined herein and hereafter referred to as “Owner”). City and Owner shall hereafter collectively be referred to as “Parties” or in the singular as “Party.”

RECITALS

WHEREAS, Owner filed a petition with, and an application was submitted to, Bexar County, Texas (the “County”), on May 15, 2019, to create a public improvement district to be named the Gates Special Improvement District (the “District”) pursuant to Chapter 382 of the Texas Local Government Code, as amended (the “Code”); and

WHEREAS, the District Property (as defined herein) specifically consists of the (approximately 258.375 acres of land, as more particularly described in **Exhibit “A”** and **Exhibit “B”**); and

WHEREAS, Owner intends to develop the “Project” (as further defined and described herein); and

WHEREAS, the Parties desire to enter into this Agreement pursuant to Subchapter G of Chapter 212 of the Texas Local Government Code, § 212.172, et. sec. to reflect that in consideration of Owner’s agreement to abide by and comply with the terms of this Agreement and the conditions stated herein, City will agree to consent to (1) the establishment of the District within the City’s extraterritorial jurisdiction (“ETJ”) and the inclusion of the District Property therein; and (2) to the County’s delegation to the District of (i) powers granted by Section 52, Article III of the Texas Constitution and the powers and duties of a road district in accordance with Section 382.101 of the Code, save and except the powers to exercise eminent domain, annexation and exclusion of property from the District; and (ii) the power to provide water, wastewater, or drainage facilities in accordance with Section 382.101.

NOW, THEREFORE, in consideration of the mutual covenants and agreements, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties now wish to enter into this Agreement and agree as follows:

I. DEFINITIONS

- 1.1 “Agreement” shall mean this document executed by the Parties, which may be amended from time to time, pursuant to the provisions contained herein.
- 1.2 “Annexation Area” shall mean the area that the City determines in its sole discretion to annex in accordance with this Agreement up to and including the entire District Property.
- 1.3 “Director” shall mean the Director of the Department of Planning.
- 1.4 “City” and “County” shall have the meanings specified above.
- 1.5 “Code” shall mean the Texas Local Government Code, as amended.
- 1.6 “District” shall mean the public improvement district proposed in Owner’s petition for the creation of the Gates Special Improvement District filed with the County on May 15, 2019 which includes the District Property.
- 1.7 District Property shall refer to approximately 258.375 acres of property. The District Property is more particularly described and illustrated in **Exhibits “A”** and **“B”** which are incorporated herein for all purposes.
- 1.8 “Effective Date” shall mean the effective date of the County’s order creating the District.
- 1.9 “Master Development Plan” (“MDP”) is the proposed plan of development for the Project, as depicted in Exhibit “C” attached hereto and incorporated herein for all purposes.
- 1.10 “Owner” shall have the meaning specified above and shall include any successors and assigns.
- 1.11 “Project” shall have the meaning specified in Section 3.1 of this Agreement, which may be amended from time to time in accordance with section 3.2.

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

II. REPRESENTATIONS AND ACKNOWLEDGMENTS

- 2.1 The recitals set forth hereinabove are included here as if set out in full and are part of the conditions of this Agreement and binding on Parties.
- 2.2 Owner represents to City that it is the owner of the proposed District Property and

has the legal capacity and authority to enter into this Agreement and to perform the requirements of this Agreement.

2.3 Owner acknowledges that any improvements or contributions made to the proposed District Property in anticipation of payment or reimbursement from the District shall not be, nor construed to be, financial obligations of the City and City is not involved in the creation of the District or is in any other way required or obligated to perform any actions, contribute any funds or resources or otherwise participate in the establishment of the District, except as provided in this Agreement.

2.4 Owner acknowledges that the City's consent described in Section 4.1 below is for the boundaries of the District, as described and depicted in **Exhibits "A" and "B"** that are attached hereto and for the Project.

III. THE PROJECT & PUBLIC INFRASTRUCTURE

3.1 The Project consists of certain proposed public infrastructure on the District Property, as further described in the Proposed Infrastructure Improvements summary and the MDP, collectively attached hereto as **Exhibit "C"**.

3.2 The Project may be amended from time to time through any applicable master development plan ("MDP") process currently outlined in the City's Unified Development Code ("UDC") with review and approval of the City's Director of the Department of Planning and the Director of the Development Services Department each of whom reserves the right to exercise discretion with respect to any MDP review and approvals as afforded them under the UDC.

IV. CONSIDERATION

4.1 In exchange for Owner's agreement to be bound by the terms of this Agreement, City consents to (1) the establishment of the District within the City's extraterritorial jurisdiction ("ETJ") and the inclusion of the District Property therein; and (2) to the County's delegation to the District of (i) powers granted by Section 52, Article III of the Texas Constitution and the powers and duties of a road district in accordance with Section 382.101 of the Code, save and except the powers to exercise eminent domain, and to annex or exclude property from the District; and (ii) the power to provide water, wastewater, or drainage facilities in accordance with Section 382.101 of the Code.

4.2 Non-annexation. The Parties agree that in exchange for Owner's agreement to comply with the terms of this Agreement for the entire term of the Agreement, City will continue the ETJ status of the District Property and defer annexation of the District Property for the term of this Agreement.

4.3 Voluntary petition for annexation. The Parties agree that this Agreement constitutes a voluntary petition to the City for annexation of the District Property for full

purposes under the provisions of Subchapter C-3 of Chapter 43 of the Code which shall be deemed submitted to the City on the Effective Date of this Agreement. Subject to Section 4.2 above, the City may exercise its right to annex the District Property or any portion thereof (the "Annexation Area") in its sole discretion upon default of this Agreement by the Owner, subject to the provisions of Sections 6.3 and 6.4 of this Agreement, or at the end of the term of this Agreement. The Parties further agree that this Agreement does not obligate the City to annex the entire District Property for limited or full purposes at any time.

4.4 Owner agrees that this voluntary petition may not be revoked and is intended to be and shall be binding upon the Owner as well as his successors and assigns in ownership of any right, title or interest in and to the District Property or any part thereof.

4.5 Waiver. To the extent authorized by state and local laws, the Parties agree that the City is only obligated to perform those tasks set forth in Subchapter C-3 of Chapter 43 of the Texas Local Government Code that are required when annexing property under that subchapter. Owner agrees that the Owner shall not oppose any action taken by the City to annex the Annexation Area under this Agreement or under Subchapter C-3 of Chapter 43 of the Code.

4.6 All covenants, agreements and terms contained herein obligating Owner shall run with the land and shall hereafter bind his successors and assigns and all future owners of properties located within the District Property contained therein, including all parts of the Annexation Area.

4.7 The following language shall be included in each deed or lease of any real property located within the District Property, or by separate document that is recorded, which is executed after the Effective Date of this Agreement:

"This (conveyance or lease, as applicable) is made and accepted subject to that certain voluntary petition for annexation, provided in Section 4.3 of the Development Agreement, executed on _____, 2019, and recorded in the deed records of Bexar County under Bexar County Document No. [_____] which permits the City of San Antonio to annex the herein described property upon the terms and conditions set forth therein. Acceptance of this conveyance or lease, as applicable, shall evidence your consent and agreement to such annexation by the City and may be relied upon by the City as a beneficiary of your consent and agreement.

Further, this (conveyance or lease, as applicable) is made and accepted subject to the development rules, regulations and ordinances of the City of San Antonio applicable to properties in the City's extraterritorial jurisdiction as described in the development agreement. Acceptance of this conveyance or lease, as applicable, shall evidence consent and agreement to such developmental standards rules and regulations which may be relied upon by the City as a beneficiary of your consent and agreement."

4.8 Owner agrees that Owner will comply with all municipal rules, regulations, orders, ordinances and other local laws applicable to all properties within the City's ETJ, during all phases of development and construction of the Project and during the term of this Agreement.

4.9 As applicable, and subject to Section 4.10 below, Owner shall comply with the requirements of Section 382.109 of the Code regarding road projects on the District Property, as described by Section 382.109 of the Code to the extent such requirements apply to properties located in the City's ETJ.

4.10 Notwithstanding any provision herein to the contrary, the Parties agree and acknowledge that, in accordance with Section 212.172(g), this Agreement constitutes a permit under Chapter 245 of the Code.

4.11 The Parties agree and acknowledge that Section 382.201 of the Code, as it exists on the Effective Date of this Agreement, shall apply to this Agreement.

V. WRITTEN AGREEMENT REGARDING SERVICES

5.1 In the event the City annexes the Annexation Area pursuant to this Agreement, the Parties agree that this Section V of this Agreement shall constitute a Written Agreement Regarding Services required under Chapter 43, section 43.0672 of the Code; shall run with the land; and shall govern all municipal services to be provided to the Annexation Area. The City shall be under no further obligation to negotiate services with any subsequent owners of any property located or developed within the Annexation Area other than the services set forth herein, provided that upon annexation of the Annexation Area, if the municipal services have changed or otherwise include additional services not referenced herein, the City will provide all municipal services to the Annexation Area that apply to other properties located within the city limits within no more than 3 years from the date of annexation. The Agreement Regarding Services shall survive termination of this Agreement only to the extent the City annexes the Annexation Area pursuant to this Agreement.

In general, this Agreement Regarding Services includes three service components: *(1) Annexation Service Requirements, (2) Additional Services and (3) a Capital Improvement Program.* Providing services includes having services provided by any method or means by which the City extends municipal services to any other area of the City. This may include causing or allowing private utilities, governmental entities and other public and private non-profit service organizations to provide such services by contract in whole or in part. It may also include separate agreements with associations or similar entities. Services are provided and fees are assessed in accordance with the City's Code of Ordinances, as may be amended.

1. Annexation Service Requirements – The following services will be provided in the Annexation Area commencing on the effective date of the annexation for full purposes, unless

otherwise noted.

- A. Police Protection** – The San Antonio Police Department (SAPD) will provide protection and law enforcement services in the Annexation Area within the time frame established in section 5.1.

These services include:

- Routine patrols and responses;
- Handling of complaints and incident reports;
- Special units, such as traffic enforcement, criminal investigations, covert operations, K-9 Unit, Family Assistance Crisis Teams, Bomb Squad, and Special Weapons and Tactics Team (SWAT); and
- Any other services or programs provided to the citizens of San Antonio at the time of annexation.

The Annexation Area will become part of an existing patrol district based upon factors such as the size of the area, population, and the expected number of calls for service. These factors will also determine the need for hiring additional patrol officers to ensure all patrol districts are adequately staffed 24 hours a day, seven days a week, and to maintain an average response time. SAPD San Antonio Fear Free Environment Unit (SAFFE) officers will be available to meet as requested to discuss police issues.

Police Substations are responsible for a Patrol "Service Area," under the command of a Captain. These Service Areas are divided into Patrol Sections. The Patrol Sections, with supervisory responsibilities assigned to Sergeants, are divided into "Patrol Districts." The "Patrol Districts" are geographically defined areas established for several reasons, including but not limited to:

- Serving as a manpower distribution tool based on call volume, population, area size, and geographic variables;
- Providing a means of establishing primary responsibility to individual officers, during their tour of duty, for various activities within a specific geographic area; and
- Providing an efficient and effective means of assigning, identifying, and locating officers, within a generalized area, using currently available technology.

The Annexation Area will be served by the substation assigned to that geographic area. There is no specific number of officers that can be assigned to a patrol district. Patrol districts are staffed with at least one officer, 24 hours a day, seven days a week. Many times, multiple officers are assigned to single districts.

Police services are initiated by on-sight officer activity, citizen requests, and any other means available. The most common means by which officers receive their assignments is through direct supervisory command and radio/computer transmissions by police dispatchers.

B. Fire Protection and Emergency Medical Service (EMS) – The San Antonio Fire Department (SAFD) will provide fire protection services and EMS service. Service will be provided through the use of fire engines, ladder trucks, full-time and peak period EMS ambulances, Medical Officers and Chief Officers. SAFD will be providing fire protection and EMS from the station assigned to that geographic area.

C. Solid Waste Collection Services – Solid Waste Collection services are provided and fees are assessed in accordance with Chapter 14 of the City' Code of Ordinances, as may be amended. Fees for services are assessed monthly on CPS Energy Utility bills. If private collection services are used, the City solid waste fees will not be assessed.

Commercial Solid Waste Services – The City's Commercial collection for garbage are available on a case by case basis for qualifying businesses in a manner similar to residential services. Bulky item, brush and bagged leaf collections are not provided to businesses. If the City-provided commercial service is not desired, businesses may utilize private service providers.

D. Operation and Maintenance of Water and Wastewater Facilities – San Antonio Water System (SAWS) will maintain and operate the public water and wastewater facilities that are within its certified service area. Routine standard maintenance of the facilities is performed on a scheduled basis. Emergency maintenance and repairs receive immediate attention, and are available 24 hours a day, 7 days a week. The facilities will be maintained and operated in accordance with standard SAWS policies and procedures, and under the provisions of the SAWS Utility Service Regulations for the extension of facilities.

SAWS Monthly Rates – The SAWS rate structure is designed to provide balance between residential and business rates and to encourage conservation with rates that increase at higher levels of consumption. SAWS customers, after annexation, will pay the lower Inside City Limit rate as opposed to the Outside City Limit rate.

SAWS Water Conservation Programs and Rebates – SAWS water conservation education programs and rebates are available to SAWS customers. Currently commercial customers account for 6.0% of the customer base and 35.1% of SAWS' annual water sales, there is great potential for water savings through commercial conservation programs. Commercial customers also have access to water conservation education and incentives. There are programs to make irrigation systems more efficient and customer rebates for big projects that address operational efficiencies. Detailed information on these and other programs can be found on the SAWS website at www.saws.org.

Water service and wastewater service will be provided to the Annexation Area. Notwithstanding any provision herein to the contrary, this Agreement will not terminate, reduce, or otherwise affect any approved Equivalent Dwelling Units ("EDUs") allocated to the Annexation Area or any Utility Service Agreement ("USA") applicable to the Annexation Area.

E. Operation and Maintenance of Roads and Streets, including Street Lighting –

The Transportation and Capital Improvements Department (TCI) is responsible for the maintenance and repair of streets, bridges, alleys and related infrastructure within the City's jurisdiction. Curbs, sidewalks, driveway approaches, curb ramps, and other street infrastructures are constructed in accordance with the City and the Americans with Disability Act (ADA) standards. Service requests or community concerns for TCI's response, such as pothole and base and pavement repairs are initiated through the City's 311 call center or online services. These services include:

- Emergency Pavement Repair
- Street Base and Pavement Repair
- Preventative Street Maintenance
- Guard Post and Guard Rail Maintenance
- De-icing and Snow Removal Services
- Neighborhood Access and Mobility Program (NAMP)
- Emergency Street Closure Services
- Street Re-striping and Marking Services

Infrastructure Management Program (IMP) is a five-year rolling program which focuses on the maintenance of the City infrastructure. Service needs are identified city-wide and are scheduled for street maintenance, alley maintenance, drainage maintenance, sidewalks, traffic signals, pavement marking and Advance Transportation District (ATD) projects. The IMP provides the City a structured program schedule, potential for additional multiple year contract awards and improved utility coordination. During the budget process for each fiscal year of the City, the IMP is presented to City Council for approval. Amendments may occur throughout the year due to coordination with utilities or unforeseen conditions, such as inclement weather. The goal of the IMP is to provide the best possible maintenance for the City.

Transportation Systems Management & Operations – If necessary, TCI will provide regulatory signage services. Traffic signal stop and all other regulatory studies are conducted in conjunction with growth of traffic volumes. Traffic signs, signals, and markings are installed in conformance with the Texas Manual on Uniform Traffic Control Devices. Faded, vandalized, or missing signs are replaced as needed. "Call back" service is provided 24 hours a day, 365 days a year for emergency repair of critical regulatory signs. Requests for signage should be called into the City's 311 Call Center.

Storm Water Utility – The Storm Water Utility is housed within the TCI Department. The Storm Water Utility is responsible for drainage services as well as the installation, operation, and maintenance of drainage infrastructure throughout San Antonio.

The Storm Water Utility Fee is intended to cover capital and maintenance expenses associated with drainage projects and fund operational services related to the Municipal Separate Storm Sewer System (MS4) Permit as required by Federal regulations. More information about the storm water rate plan is available at <http://www.sanantonio.gov/TCI/Projects/Storm-Water-Fee>.

The storm water utility fee is billed by SAWS on behalf of the City. Services are currently provided by the SAWS, in accordance with the SAWS's approved business plan and as limited by applicable codes, laws, ordinances and special agreements. Storm Water fees will be assessed for the subject property.

Street lighting – The planning of public streetlights is coordinated by the City's Development Services Department (DSD). CPS Energy will maintain public street lighting in accordance with City's policies. The City assumes the cost of electricity for public streetlights.

F. Operation and Maintenance of Parks, Playgrounds and Swimming Pools – Maintenance responsibilities for municipally owned parks, playgrounds, and swimming pools are the responsibility of the City. Any proposed or existing privately-owned parks, playgrounds, swimming pools, recreational facilities and common spaces in the Annexation Area are the responsibility of the property owner(s).

G. Operation and Maintenance of Any Other Publicly Owned Facility, Building, or Service – Should the City acquire any other facilities, buildings, or services necessary for municipal services for the Annexation Area, an appropriate City department will provide maintenance services for them.

2. Additional Services – Certain services, in addition to the above services, will be provided within the Annexation Area commencing on the effective date of the annexation for full purposes, unless otherwise noted. They are as follows:

A. Code Compliance – The Code Compliance Division of DSD enforces the City codes and regulations to protect the health, safety and general welfare of the community. Current enforcement is provided to the following and is not limited to:

- Vacant dangerous premises and structures,
- Junked vehicles,
- Weeded vacant lots,
- Zoning (Unified Development Code (“UDC”)),
- Property maintenance,
- Minimum housing, including unsanitary premises,
- Front yard parking,
- Alley and right-of-way violations,
- Monthly inspections of salvage/junk yards,
- Monitoring and enforcing materials received at salvage/junk yards, and
- Enforcement of garage sale permits
- The Code and ordinances enforced by DSD are subject to changes by the City Council.

B. Building and Other Permits – Incomplete construction must obtain building permits from DSD in accordance with the City codes. Incomplete construction implies that final inspections have not been conducted and approved. For new commercial

construction, incomplete construction indicates approved final inspections for building, mechanical, plumbing, electric, fire, traffic, drainage, sidewalks, irrigation inspections have not been obtained. Other field inspections may be applicable for new commercial construction depending on the specific use and/or location of the project. Any required permits, including, but not limited to, building, trade, and sign permits may be applied for at the Cliff Morton Development and Business Services Center located at 1901 South Alamo Street, San Antonio, TX. In addition, as part of the permitting process, applicant will be required to adhere to the City's Tree and Landscape requirements. A one-stop development service counter has been created to assist the public with any development questions that relate to building, planning and TCI issues.

C. Certificate of Occupancy – New and existing businesses must obtain a Certificate of Occupancy and related inspections required by the City code from DSD and San Antonio Metropolitan Health District. In accordance with the adopted Building Code, no person may occupy a building or a space without first obtaining a Certificate of Occupancy. Certificates of Occupancy may be applied for at the Cliff Morton Development and Business Services Center located at 1901 South Alamo Street, San Antonio, TX.

D. Library Services – The nearest library services to the Annexation Area can be identified through the web address www.mysapl.org/digital.

The San Antonio Public Library locations provide the following services:

- Library materials for adults, young adults and children including books, periodicals, compact disks, DVD, videos, audio books, and electronic books;
- Programming for adults, young adults and children such as regularly scheduled story time;
- Book discussion groups and other topics of interest to the community; and
- Access to the website, databases and other computer programs, is available seven days a week through the web address www.mysapl.org/digital.

Professional staff is available to assist library customers with reference and reader's advisory questions and public meeting room space are available. More information is available at the San Antonio Public Library Website: www.mysapl.org.

E. Health Department Services – The San Antonio Metropolitan Health District (SAMHD) currently provides certain public health services, including dental screening and treatment, communicable disease control, emergency preparedness and response, and health education to persons residing in the Annexation Area through an inter-local agreement with Bexar County-University Health Systems. Upon full purpose annexation the following additional services will become available:

- Investigation of public health related complaints including food borne illness, recreational water quality, and public swimming pools and spas, and investigation of toxic exposures;
- Permitting and routine sanitation inspections of food establishments, schools, day cares, swimming pools and mobile living parks;

- Enforcement of the City's smoking ordinance in public places;
- Investigation of reported elevated Blood Lead Levels (BLL) in children;
- Access to community health clinics; and
- Medical Assistance Program benefits.

SAMHD will provide additional services for oversight of day care centers, semi-public swimming pools, air quality permits and livestock issues.

F. Animal Care Services – The Annexation Area will receive the same level of service as within the City Limits of the City. These services include, but may not be limited to, animal enforcement and control, educational and public outreach, low cost animal related resources such as microchips and spay/neuter services, and community cat program services.

G. Other Services – The City Departments with jurisdiction in the Annexation Area will provide services according to City policy and procedures.

3. Capital Improvements Program – The City will initiate the construction of capital improvements as may be necessary for providing municipal services. The timing for the construction of capital projects that may be necessary for the delivery of municipal services will be done in accordance with the requirements of Subchapter C of Chapter 43, Local Government Code.

Each component of the Capital Improvement Program is subject to the City providing the related service directly. In the event that the related service is provided through a contract service provider, the capital improvement may not be constructed or acquired by the City but may be provided by the contract provider. The City may also lease buildings in lieu of construction of any necessary buildings.

A. Police Protection – No capital improvements are necessary at this time to provide police services.

B. Fire Protection – No capital improvements are necessary at this time to provide fire services.

C. Emergency Medical Service – No capital improvements are necessary at this time to provide EMS services.

D. Solid Waste Collection – No capital improvements are necessary at this time to provide solid waste collection services.

E. Roads and Streets – No newly constructed road or street related capital improvements are necessary at this time to provide services. The City will assume maintenance responsibilities for all public streets.

F. Parks, Playgrounds and Swimming Pools – No capital improvements are necessary at this time to provide parks and recreation services.

G. Library Services – No capital improvements are necessary at this time.

H. Capital Improvements Planning – The Annexation Area will be included with other territory within the municipality in connection with planning for new or expanded facilities and/or services. All other capital improvements will be considered through the 6-Year Capital Budget that represents the City's long-range physical infrastructure development and improve plan. Major funding sources are General Obligation Bonds, Certificates of Obligation, Storm Water Revenue Bonds, and Community Development Block Grants as applicable. Capital projects are placed in inventory by the City Council representative through input from community and neighborhood associations, other public processes, and comprehensive planning processes.

- I. This Article in no way prohibits the City from amending any or modifying any of the above programs or services in accordance with the police, legislative and regulatory power of the City. Any such changes in services that apply to all properties for which the above services are provided shall apply to all property annexed pursuant to this Agreement.

VI. DEFAULT

6.1 Subject to Sections 6.3 and 6.4 below, Owner shall be declared in “Default” of this Agreement if Owner violates or causes a violation of any rules, regulations, orders, ordinances or other laws that are applicable to the District Property, as described herein, during the term of this Agreement.

6.2 Subject to Sections 6.3 and 6.4 below, a Party shall be declared in “Default” if a material breach occurs of any covenant, obligation, or provisions of this Agreement.

6.3 Notwithstanding any provision to the contrary, no Party shall be declared in Default, under this Agreement and subject to the remedies available to the non-defaulting party, as set forth herein, until written notice of Default has been given to the defaulting Party (which notice shall set forth in reasonable detail the nature of the Default) and until such Party has been given, from and after the receipt of such written notice, ninety (90) calendar days to cure the Default (the “Cure Period”). The Cure Period may be extended by written agreement of the Parties and shall be subject to approval of the City Council.

6.4 The duties of a Party to observe or perform any of the provisions of this Agreement, on its part to be performed or observed, shall be excused for a period equal to the period of prevention, delay, or stoppage due to causes beyond the control of the applicable Party, including reason of strikes, civil riots, war, invasion, fire or other casualty, or Acts of God.

VII. REMEDIES

7.1 Upon the occurrence of Default by Owner, the defaulting party shall be subject to the enforcement provisions set forth in Chapter 35, Article IV – Procedures, Division 11. – Enforcement, Sec. 35-491, as amended, of the City’s Code of Ordinances (Unified Development Code).

7.2 Upon the occurrence of Default by a Party, the non-defaulting Party may seek all remedies available to it at law or in equity, including, without limitation, termination, injunctive relief, mandamus, and specific performance. Additionally, upon the occurrence of Default by Owner (subject however to all notice and cure provisions provided herein), the City may proceed with voluntary annexation of the District Property as provided in this Agreement.

7.3 No remedy herein conferred upon or reserved to the Parties is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute.

7.4 The Parties hereto expressly agree that, in the event of litigation, each Party hereby waives its right to payment of attorneys’ fees.

VIII. NON-WAIVER

No course of dealing on the part of the Parties nor any failure or delay by the Parties in exercising any right, power, or privilege under this Agreement shall operate as a waiver of any right, power or privilege owing under this Agreement.

IX. ASSIGNMENT

9.1 All covenants and agreements contained herein by the City shall bind its successors and assigns and shall inure to the benefit of Owner and his successors and assigns.

9.2 This Agreement (including the duties, rights and obligations set forth herein) may not be assigned by Owner except for assignments to home builders, individual single lot owners, and as described in section 9.3 below, without the prior written consent of City, and subject to approval by the City Council, as evidenced by passage of an ordinance. Any subsequent assignment by an Owner, except for assignments to home builders, individual single lot owners, and as described in section 9.3 below, shall only be done with the written consent of the City as evidenced by action of the City Council by ordinance.

9.3 Notwithstanding Section 9.2, after the Project has been completed and the District Property has been developed, without prior written consent of the City and approval by City Council, (i) all rights relating under this Agreement, including (without implied limitation) the right of non-annexation, shall run with the land and any subsequent owner, mortgagee, lessee or other party with an interest therein shall enjoy such rights; (ii) if Owner possesses or acquires

any rights or entitlements with respect to the development of the District Property and the construction of improvements thereon which run with all or a part the land, any subsequent owner, mortgagee, lessee or other party with an interest therein shall automatically be a beneficiary of such rights and entitlements to the extent of such interest in such District Property or portion thereof; and (iii) Owner may collaterally assign its rights and obligations hereunder to any lender to which such party has granted a lien encumbering all or part of such District Property.

X. ENTIRE AGREEMENT

10.1 This written Agreement embodies the final and entire agreement between Parties hereto and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of Parties.

10.2 The exhibits attached to this Agreement are incorporated herein and shall be considered a part of this Agreement for the purposes stated herein. Notwithstanding, the exhibits shall not constitute any binding commitment regarding, but not limited to, the final location of boundaries and improvements and infrastructure, such being of approximate location that may be amended from time to time by the Parties.

XI. AMENDMENTS

11.1 Except where the terms of this Agreement expressly provide otherwise, any alterations, additions, or deletions to the terms hereof, shall be affected only by amendment, in writing, executed by the Parties, and subject to approval by the City Council, as evidenced by passage of an ordinance.

XII. SEVERABILITY

If any clause or provision of this Agreement is held invalid, illegal or unenforceable under present or future federal, state or local laws, including but not limited to the charter, code, or ordinances of the City, then and in that event it is the intent of Parties hereto that such invalidity, illegality or unenforceability shall not affect any other clause or provision hereof and that the remainder of this Agreement shall be construed as if such invalid, illegal or unenforceable clause or provision was never contained herein. It is also the intent of Parties hereto that in lieu of each clause or provision of this Agreement that is invalid, illegal, or unenforceable, there be added as a part of this Agreement a clause or provision as similar in terms to such invalid, illegal or unenforceable clause or provision as may be possible, legal, valid and enforceable.

XIII. INDEPENDENT CONTRACTORS

Owner covenants and agrees that it is an independent contractor and is not an officer, agent servant or employee of the City; that Owner shall have exclusive control of and exclusive rights to control the details of the work performed hereunder and all persons performing same,

and shall be responsible for the acts and omissions of each party's officers, agents, employees, contractors, subcontractors and consultants, except as where the City may enforce the provisions of the City's Code of Ordinances; that the doctrine of "respondeat superior" shall not apply as between the City and Owner, all officers, agents, employees, contractors, subcontractors and consultants of Owner, and nothing herein shall be construed as creating the relationship of employer-employee, principal-agent, partners or joint ventures between the City and Owner. The Parties hereto understand and agree that the City shall not be liable for any claims which may be asserted by any third party occurring in connection with the performance by Owner under this Agreement and that the Owner has no authority to bind the City.

XIV. LEGAL AUTHORITY

The person(s) executing this Agreement on behalf of the respective Parties, represent, warrant, assure, and guarantee that they have full legal authority to (i) execute this Agreement on behalf of the respective Party, and (ii) to bind the respective Party to all of the terms, conditions, provisions, and obligations herein contained.

XV. VENUE AND GOVERNING LAW

15.1 THIS AGREEMENT SHALL BE CONSTRUED UNDER AND IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

15.2 Any legal action or proceeding brought or maintained, directly or indirectly, as a result of this Agreement shall be heard and determined in Bexar County, Texas.

XVI. PARTIES' REPRESENTATIONS

This Agreement has been jointly negotiated between the Parties and shall not be construed against a Party because that Party may have primarily assumed responsibility for the drafting of this Agreement.

XVII. NOTICE

17.1 All notices, demands or other communications given in connection with or required under this Agreement must be in writing and delivered to the person to whom it is directed and may be given by (a) overnight delivery using a nationally recognized overnight courier, in which case notice shall be deemed delivered one business day after deposit with such courier, (b) sent by email with a PDF attachment with an original copy thereof transmitted to the recipient by one of the means described in clauses (a), (c) or (d), in which case notice shall be deemed delivered on the date of transmittal of the email with PDF attachment, (c) personal delivery, in which case notice shall be deemed delivered upon receipt or refusal of delivery, or (d) United States certified mail, return receipt requested, postage prepaid, addressed to the addressee, in which case notice shall be deemed delivered three business after deposit of such notice, postage prepaid, in a mailbox under the care, custody or control of the United States

Postal Service. All notices, demands and other communications shall be given to the Parties at the addresses set forth below, or at any other addresses that they have theretofore specified by written notice delivered in accordance herewith:

City: City of San Antonio
Attn: Bridgett White or
Director of the
Department of Planning
P.O. Box 839966
San Antonio, Texas 78283-3966

Owner: MEH Holding Company, Ltd.
1202 W. Bitters, Bldg. 1, Suite 1200
San Antonio, Texas 78216
Attn: Gordon V. Hartman

With copies to: Brown & Ortiz, P.C.
Attention: Daniel Ortiz
112 E. Pecan Street, Suite 1360
San Antonio, Texas 78205

17.2 Each Party may change its address by written notice in accordance with this Article.

XVIII. CAPTIONS

All captions used herein are only for the convenience of reference and shall not be construed to have any effect or meaning as to the Agreement between Parties hereto.

XIX. UNINTENDED OMISSION

If any punctuation, word, clause, sentence, or provisions necessary to give meaning, validity, or effect to any other word, clause, sentence, or provision of this Agreement is omitted, then it is hereby declared that such omission was unintentional and that the omitted punctuation, word, clause, sentence or provision shall be supplied by inference.

XX. COUNTERPARTS

This Agreement may be executed in counterparts. Each of the counterparts shall be

deemed an original instrument, but all of the counterparts shall constitute one and the same instrument. This Agreement may be executed in any number of counterparts and by different Parties in separate counterparts, each of which when so executed and delivered, shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or electronic mail shall be as effective as delivery of a manually executed counterpart of this Agreement, except that any Party delivering an executed counterpart of this Agreement by facsimile or electronic mail also must deliver a manually executed counterpart of this Agreement. Notwithstanding the foregoing, failure to deliver a manually executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

XXI. RECORDATION

This Agreement shall be recorded in the Real Property Records of Bexar County, Texas.

XXII. TERM

The term of this Agreement shall commence on the Effective Date and terminate thirty (30) years from the Effective Date. The term may be extended upon mutual consent and written agreement between the Parties and subject to approval by the City Council, as evidenced by passage of an ordinance. Notwithstanding any provision herein to the contrary, in the event the District is dissolved within 1 year from the Effective Date, this Agreement automatically terminates upon the effective date of the District's dissolution, without any further action from the Parties and the Parties are relieved of any further rights and obligations under this Agreement.

Signatures on the Following Pages

IN WITNESS THEREOF, Parties hereto have executed this Agreement to be effective as of the Effective Date.

CITY:

CITY OF SAN ANTONIO, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

ATTEST/SEAL:

By: _____

Name: _____

Title: City Clerk

Date: _____

APPROVED AS TO LEGAL FORM:

By: _____

Name: _____

Title: City Attorney

Date: _____

ACKNOWLEDGEMENT

State of Texas §

§

County of Bexar §

This instrument was acknowledged before me on this ____ day of _____, 2019 by _____, _____ of the City of San Antonio, a Texas home rule municipality, on behalf of said municipality.

Date: _____

Notary Public, State of Texas

My Commission expires: _____

IN WITNESS THEREOF, Parties hereto have executed this Agreement to be effective as of the Effective Date.

OWNER:

MEH HOLDING COMPANY, LTD.

By: Morco Enterprises, Inc., a Texas corporation, its general partner

By: _____

Name: Gordon V. Hartman, President

Date: _____

ACKNOWLEDGEMENT

State of Texas

§

County of Bexar

§

§

The foregoing instrument was acknowledged before me this ____ day of _____, 2019, by **GORDON V. HARTMAN**, President of MORCO ENTERPRISES, INC., a Texas corporation, as general partner of MEH HOLDING COMPANY, LTD. a Texas limited partnership, on behalf of said corporation and limited partnership.

Date: _____

Notary Public, State of Texas

My Commission expires: _____

EXHIBIT A

FIELD NOTES AND SURVEY MAPS

DRAFT

**METES AND BOUNDS DESCRIPTION
1.045-ACRE TRACT OUT OF THE
FRANCISCO LONGUVILLE SURVEY NO. 4, ABSTRACT NO. 423,
COUNTY BLOCK 5137, BEXAR COUNTY, TEXAS**

Being a 1.045-acre (45,525) tract of land out of the Francisco Longuville Survey No. 4, Abstract 423, County Block 5137, said 1.045-acre tract being out of the remainder of a called 2-acre tract conveyed from W.W. Stanteen and Goldie J. Stanteen to Willie Mae Gates and Maxwell Gates by Deed executed February 20, 1958, recorded in Volume 4129, Page 335, Deed Records (D.R.) of Bexar County, Texas (all instruments cited herein are recorded in Bexar County, Texas), said 1.045-acre tract being the remainder of a tract of land more particularly described as P-17, conveyed from the Estate of Maxell F. Gates, c/o Willie Mae Gates, Independent Executrix, Willie Mae Gates and the Gates Living Trust c/o Will Mae Gates, Trustee to Willie Mae Gates by Executor's Special Warranty Deed, dated August 11, 2011 and recorded in Volume 15095, Page 1308, Official Public Records of Real Property (O.P.R.), said 1.045-acre tract being more particularly described as follows, with all bearings being referenced to North American Datum of 1983, Texas Coordinate System, (2011 Adjustment, Epoch 2010.00) South Central Zone:

BEGINNING at a found iron rod with orange cap stamped "RPLS 4020" in the existing south right-of-way line of US Highway 87 (variable-width right-of-way), as recorded in Volume 6523, Page 333 and Volume 7325, Page 223, D.R., for the northeast corner of a called 17.708-acre tract of land conveyed to G-4 Enterprises, LTD by Warranty Deed with Vendor's Lien, executed October 31, 2003 and recorded in Volume 10407, Page 895, O.P.R., and the northwest corner of the herein described tract;

THENCE South 71°45'50" East, along said existing south right-of-way line of US Highway 87, into and across said 2-acre tract, a distance of 144.99 feet to a set 1/2" iron rod with red cap stamped "VICKREY PROP. COR." in the east line of said 2-acre tract, for the northeast corner of the herein described tract, from which a found 1/2" iron rod bears South 71°45'50" East, a distance of 241.83 feet, for the northwest corner of a called 2.910-acre tract of land conveyed to William G. Gates by Warranty Deed, dated June 13, 2013 and recorded in Volume 16177, Page 2399, O.P.R.;

THENCE South 13°41'46" West, departing said existing south right-of-way line of US Highway 87 and along the east line of said 2-acre tract, a distance of 277.31 feet to a set 1/2" iron rod with red cap stamped "VICKREY PROP. COR.", for the southeast corner of said 2-acre tract and the herein described tract;

THENCE North 71°50'14" West, along the south line of said 2-acre tract, a distance of 184.23 feet to a set 1/2" iron rod with red cap stamped "VICKREY PROP. COR." in the east line of said 17.708-acre tract and for the southwest corner of the herein described tract, from which a found 1/2" iron rod bears South 21°48'48" West, a distance of 899.08 feet for the south corner of said 17.708-acre tract;



THENCE North 21°48'48" East, along the east line of said 17.708-acre tract, into and across said 2-acre tract, a distance of 277.22 feet to the **POINT OF BEGINNING** and containing 1.045 acres (45,525 square feet) of land.

A survey map of even date was prepared in conjunction with this property description.

Job No. 2874-001
March 20, 2019

Certified on this 20th day of March, 2019

Michael J. Vanderstappen

3/20/2019

Date

Michael J. Vanderstappen
Registered Professional Land Surveyor
Texas Registration No. 6594
Vickrey & Associates, Inc.
12940 Country Parkway
San Antonio, Texas 78216
210-349-3271
TBPLS Firm No. 10004100



**METES AND BOUNDS DESCRIPTION
257.33-ACRE TRACT OUT OF THE
FRANCISCO LONGUVILLE SURVEY NO. 4, ABSTRACT NO. 423 &
THE L. SMITHERS SURVEY NO. 1, ABSTRACT 663,
COUNTY BLOCK 5134 AND 5137, BEXAR COUNTY, TEXAS**

Being a 257.33-acre (11,209,507 square feet) tract of land out of the Francisco Longuville Survey No. 4, Abstract 423 and L. Smithers Survey No. 1, Abstract 663, County Block 5135 and County Block 5137, Bexar County, Texas and said 257.33-acre being out of a called 428.473-acre tract of land conveyed from Willie Mae Gates and Maxell F. Gates to Gates Heritage Properties, Ltd by Warranty Deed, dated November 18, 1988, recorded in Volume 4724, Page 1831, Official Public Records of Real Property (O.P.R.), Bexar County, Texas (all instruments cited herein are recorded in Bexar County, Texas), said 257.33-acre tract being more particularly described as follows, with all bearings being referenced to North American Datum of 1983, Texas Coordinate System, (2011 Adjustment, Epoch 2010.00) South Central Zone:

COMMENCING at a found iron rod with orange cap stamped "RPLS 4020" in the existing south right-of-way line of US Highway 87 (variable-width right-of-way), as recorded in Volume 6523, Page 333 and Volume 7325, Page 223, Deed Records (D.R.), for the northeast corner of a called 17.708-acre tract of land conveyed to G-4 Enterprises, LTD by Warranty Deed with Vendor's Lien, executed October 31, 2003 and recorded in Volume 10407, Page 895, O.P.R.;

THENCE South 21°48'48" West, along the east line of said 17.708-acre tract, a distance of 277.22 feet to a set 1/2" iron rod with red cap stamped "VICKREY PROP. COR." in the south line of the of a called 2-acre tract conveyed to Willie Mae Gates and Maxwell Gates by Deed executed February 20, 1958 and recorded in Volume 4129, Page 335, D.R., for the **POINT OF BEGINNING** and an interior corner of the herein described tract;

THENCE South 71°50'14" East, along the south line of said 2-acre tract, a distance of 184.23 feet to a set 1/2" iron rod with red cap stamped "VICKREY PROP. COR.", for the southeast corner of said 2-acre tract and an interior corner of the herein described tract;

THENCE North 13°41'46" East, along the east line of said 2-acre tract, a distance of 277.31 feet to a set 1/2" iron rod with red cap stamped "VICKREY PROP. COR." in said existing south right-of-way line of US Highway 87, for the north corner of the herein described tract;

THENCE South 71°45'50" East, along said existing south right-of-way line of US Highway 87, a distance of 241.83 feet to a found 1/2" iron rod, for the north corner of a called 2.910-acre tract of land conveyed to William G. Gates by Warranty Deed, dated June 13, 2013 and recorded in Volume 16177, Page 2399, O.P.R. and an interior corner of the herein described tract;

THENCE departing said existing south right-of-way line of US Highway 87 and along the west, south and east lines of said 2.910-acre tract, the following six (6) calls:



THENCE South $76^{\circ}17'17''$ East, along the south line of said 7.664-acre tract, a distance of 140.57 feet to a found $1/2''$ iron rod bent, for the south corner of said 7.664-acre tract, the west corner of a called 1.57-acre tract of land conveyed to Arthur Boston and Evelyn Stevenson by Warranty Deed, executed March 5, 2008, recorded in Volume 13449, Page 1529, O.P.R. and an interior corner of the herein described tract;

THENCE South $76^{\circ}24'39''$ East, along the south line of said 1.57-acre tract, a distance of 222.42 feet to a found iron rod with red cap stamped "RPLS 4724" in the existing west right-of-way line of Beck Road (variable-width right-of-way), as recorded in Volume 1315, Page 498 D.R. for the south corner of said 1.57-acre tract and the east corner of the herein described tract from which a found iron rod with red cap stamped "RPLS 4724" bears North $13^{\circ}39'53''$ East, a distance of 149.97 feet for the east corner of said 1.57-acre tract;

THENCE South $13^{\circ}39'53''$ West, along said existing west right-of-way line of Beck Road, a distance of 104.21 feet to a point in the north line of Quail Run Subdivision, recorded in Volume 9553, Page 210, D.P.R., for a south corner of the herein described tract and from which a found iron rod with yellow cap stamped "HALLEN ENG" bears South $76^{\circ}24'39''$ East, a distance of 6.06 feet;

THENCE North $76^{\circ}24'39''$ West, departing said existing west right-of-way line of Beck Road and along the north line of said Quail Run Subdivision, a distance of 2,757.82 feet to a found iron rod with yellow cap stamped "HALLEN ENG", for the north corner of Lot 17, Block 6 of said Quail Run Subdivision and an interior corner of the herein described tract;

THENCE South $11^{\circ}49'40''$ West, along the west line of said Quail Run Subdivision, a distance of 440.99 feet to a set $1/2''$ iron rod with red cap stamped "VICKREY PROP. COR.", for the southwest corner of Lot 18, Block 6 of said Quail Run Subdivision and the northwest corner of Lot 1, Block 12 of Quail Run Subdivision – Unit 2, recorded in Volume 9561, Page 218, D.P.R. and for an interior corner of the herein described tract;

THENCE South $13^{\circ}35'54''$ West, along the west line of said Lot 1, a distance of 5.00 feet to a found iron rod with yellow cap, for the northeast corner of Lot 2, Block 12 of said Quail Run Subdivision - Unit 2, and an interior corner of said Lot 1 and the south corner of the herein described tract;

THENCE North $76^{\circ}30'23''$ West, along the north line of said Quail Run Subdivision – Unit 2, a distance of 1,173.96 feet to a found iron rod with yellow cap in the east line of a called 206.786-acre tract of land conveyed to Koe Kreek Properties, LLC by Warranty Deed with Vendor's Lien, dated April 18, 2013 and recorded in Volume 16060, Page 633, O.P.R., for the northwest corner of Lot 7, Block 12 of said Quail Run Subdivision – Unit 2 and the southwest corner of the herein described tract;

THENCE North $13^{\circ}55'37''$ East, along the east line of said 206.786-acre tract, a distance of 591.17 feet to a found $1''$ iron pipe, for the northeast corner of said 206.786-acre tract and an interior corner of the herein described tract;

THENCE North $76^{\circ}00'18''$ West, along the north line of said 206.786-acre tract, a distance of 148.20 feet to a found $2''$ iron pipe, for the southeast corner of a called 27.9-acre tract of land conveyed to Peter Dunn and Kermit Reneau by General Warranty Deed with Vendor's Lien, executed July 26, 1968, and recorded in Volume 6001, Page 109, D.R. and the west corner of the herein described tract;



THENCE North 13°37'17" East, along the east line of said 27.9-acre tract, a distance of 3,280.44 feet to a found iron rod with orange cap stamped "RPLS 4020", for the southwest corner of a called 1.3327-acre tract of land conveyed to Ruben Martinez by Warranty Deed, dated May 18, 2004, and recorded in Volume 10758, Page 2088, O.P.R., and a north corner of the herein described tract;

THENCE South 68°22'56" East, along the north line of said 1.3327-acre tract, a distance of 340.13 feet to a found 1/2" iron rod, for the northeast corner of said 1.3327-acre tract and an interior corner of said 17.708-acre tract and the herein described tract;

THENCE along the south and east line of said 17.708-acre tract the following six (6) calls:

1. South 13°42'54" West, a distance of 54.26 feet to a found iron rod with orange cap stamped "RPLS 4020", for an interior corner of said 17.708-acre tract and the herein described tract,
2. North 87°55'00" East, a distance of 87.20 feet to a found iron rod with orange cap stamped "RPLS 4020", for an interior corner of said 17.708-acre tract and the herein described tract,
3. South 49°53'15" East, a distance of 208.63 feet to a point (unable to set, in water) for an interior corner of said 17.708-acre tract and the herein described tract,
4. South 16°43'25" East, a distance of 202.56 feet to a found iron rod with orange cap stamped "RPLS 4020", for an interior corner of said 17.708-acre tract and the herein described tract,
5. South 53°03'07" East, a distance of 563.74 feet to a found 1/2" iron rod, for an interior corner of said 17.708-acre tract and the herein described tract, and
6. North 21°48'48" East, a distance of 899.08 feet to the **POINT OF BEGINNING** and containing 257.3349 acres (11,209,507 square feet) of land.

Job No. 2874-001
March 20, 2019

Certified on this 20th day of March, 2019

Michael J. Vanderstappen 3/20/2019
Michael J. Vanderstappen Date
Registered Professional Land Surveyor
Texas Registration No. 6594
Vickrey & Associates, Inc.
12940 Country Parkway
San Antonio, Texas 78216
210-349-3271
TBPLS Firm No. 10004100



EXHIBIT B

BOUNDARY MAP OF THE DISTRICT

DRAFT



EXHIBIT C

**PROPOSED INFRASTRUCTURE IMPROVEMENTS AND
MASTER DEVELOPMENT PLAN**

DRAFT

Gates Special Improvement District - Public Improvement Costs

Item	Onsite Major Public Improvements	Public Neighborhood Improvements for 1,400 Residential Lots Onsite (Sewer, Water, Streets, and Drains)	Offsite Major Improvements
Collector Road (0.25 Miles) * with projections for acceleration/deceleration lanes	\$1,172,423.93		
HWY 87 Force Main Option (3.5 Miles w/ Lift Station) Option			\$7,029,582
Sulphur Springs Option			\$5,947,105
On-Site Package Plant	\$8,461,530		
Residential Subdivision 1,400 Lots @ \$33,000 Each		\$46,200,000	
TOTAL	\$9,633,953.93	\$46,200,000	

*Please note the totals below include the Package Plant Sewer Option Only

The total estimated cost of the onsite public improvements:

\$55,833,953.93

The total estimated cost of the offsite public improvements:

None based on Package Plant Option

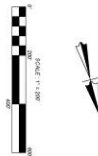
The total estimated cost of the public improvements (onsite and offsite):

\$55,833,953.93

Date: Jul 15, 2019, 3:48pm User: G. Oliver
 File: G:\Working\Gates\Gates Tract - Hwy 87\Gates\190710 - Preliminary MDP.dwg



LOT SIZE 40' x 120' LOTS 1,384



DATE OF REVISION
 SHEET NUMBER
 EX-1

GATES TRACT - HWY 87
 SAN ANTONIO, TX
 PRELIMINARY MASTER DEVELOPMENT PLAN

KFW
 ENGINEERS + SURVEYING
 2421 Pleasanton Pkwy, Suite 200, San Antonio, TX 78201
 Phone # (210) 875-0444 • Fax # (210) 875-0441
 100% Time # 8021 • 100% Time # 10122000