WESTON URBAN

Frost BANKING INVESTMENTS INSURANCE

CONFIDENTIAL

August 8, 2014

Ms. Debbie Racca-Sittre
Assistant Director – Support Services
Transportation and Capital Improvements Department
City of San Antonio
PO Box 839966
San Antonio, TX 78283-3966

Subject: Detailed Proposal – Public-Private Partnership Project

Dear Ms. Racca-Sittre:

The following is a Detailed Proposal for a public-private partnership project being submitted in accordance with the City of San Antonio's adopted Public Private Partnership Guidelines (the "**P3 Guidelines**").

This is a joint proposal from Weston Urban ("**Weston Urban**") and Frost Bank ("**Frost**") to the City of San Antonio ("**City**"). This Detailed Proposal was invited by the City on June 26, 2014 in response to a Pre-Proposal Letter submitted by Weston Urban and Frost (attached as **Section 9 – Tab A**).

The accompanying Detailed Proposal describes how Weston Urban and Frost propose to collaborate with the City to: (i) make available to the City a downtown high-rise office building across the street from City Hall, thereby enabling the City to consolidate its downtown offices and employees in tandem with its ownership and operation of an additional city-owned parking facility; (ii) construct a new Class A office tower - the first built in downtown in over 25 years - to be anchored by downtown's largest and longest standing corporate citizen, Frost; and (iii) further the City's goals of increasing downtown housing and employment through the redevelopment and improvement of real property currently owned by the City and Frost.

Randy Smith of Weston Urban will lead negotiations on behalf of the Weston Urban-Frost team. Representatives of Golden Steves Cohen & Gordon LLP will assist in the negotiations. Neither Weston Urban nor Frost is aware of any person or private entity that is disqualified from participating in this P3 Project. The primary contact information for Weston Urban and Frost is provided below. We appreciate the City's consideration of this Detailed Proposal.

Randy Smith, President
Weston Urban
112 East Pecan, Suite 100
San Antonio, Texas 78205
[redacted]

Phillip D. Green
Group Executive VP & CFO
Frost Bank
100 W Houston St., T4
San Antonio, TX 78205
[redacted]

UNSOLICITED PUBLIC-PRIVATE PARTNERSHIP PROPOSAL

Frost

WESTON URBAN

BY WESTON URBAN AND FROST BANK TO CITY OF SAN ANTONIO

AUGUST 8, 2014

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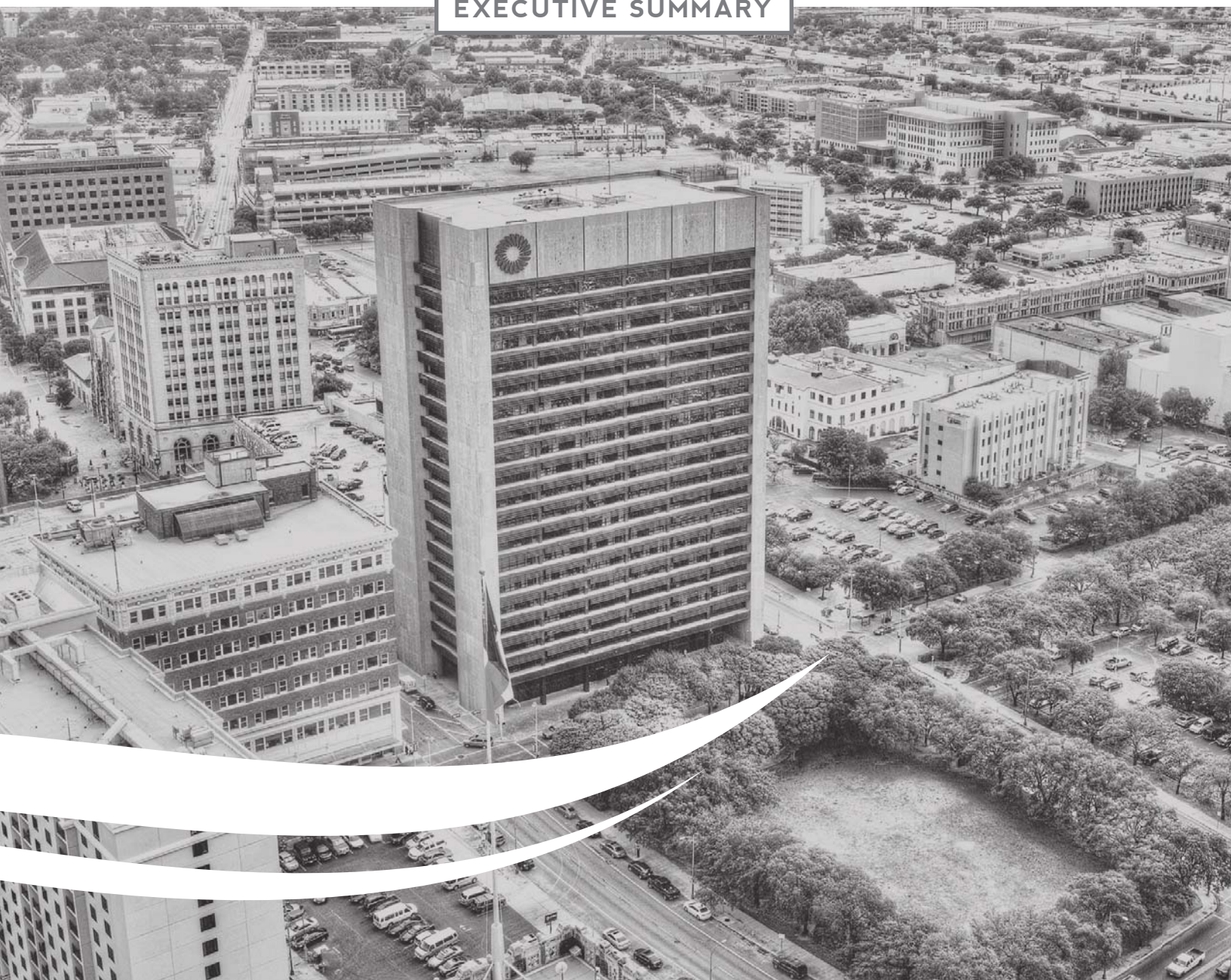
EXECUTIVE SUMMARY



Executive Summary

Weston Urban, LLC ("***Weston Urban***") was founded in 2012 by Rackspace's CEO and Chairman Graham Weston and Randy Smith, Rackspace's former Vice President of Real Estate, with the purpose of revitalizing San Antonio's urban core. The company and its affiliates currently own or control more than 600,000 square feet of office space in downtown San Antonio. Over the course of their careers, the Weston Urban team has also collectively developed over one million square feet of corporate office space.

Frost Bank ("***Frost***") was founded in San Antonio in 1868. Today, Frost is the largest Texas-based banking company that operates only in Texas. It has approximately $26.5 billion in assets and approximately 4,000 employees statewide, of which approximately 1,150 currently office in downtown San Antonio. The Frost headquarters has been located in downtown San Antonio since the bank's founding.

Under the proposal being submitted, Weston Urban and Frost seek to collaborate with the City of San Antonio (the "***City***") to achieve the following: (i) enable the City to consolidate its downtown offices, in tandem with its ownership and operation of an additional city-owned parking facility, through the sale of the existing Frost Bank Tower and parking garage to the City; (ii) construct a new Class A office tower (the "***New Tower***") in the urban core, which will make the existing Frost Bank Tower available to the City and provide a new home for Frost, one of downtown's largest and longest standing corporate citizens; and (iii) further the City's goals of increasing downtown housing, employment and activity through the redevelopment, improvement and repurposing by Weston Urban of real estate currently owned by the City and Frost. Collectively, items (i) through (iii) above constitute the P-3 Program "***Project***" for purposes of this Detailed Proposal.

Should the City accept this Detailed Proposal, Weston Urban and Frost will immediately begin negotiation of a Comprehensive Development Agreement (a "***CDA***") and the other necessary project agreements with the City.

Project Components

City Office Consolidation and Public Parking Facility

As contemplated, the City will acquire from Frost the existing Frost Bank Tower located at 100 West Houston Street and the adjacent 700+ space parking garage (the "***Existing Frost Facilities***"). This acquisition will allow the City to centralize and consolidate its downtown operations, which are currently spread out over at least five separate downtown buildings. The Existing Frost Facilities are ideal for the City's consolidation given their location across the street from City Hall and the City Council Chambers in the Municipal Plaza Building. In addition, an underground tunnel provides direct access between the Existing Frost Facilities and the Municipal Plaza Building.

The consolidation of City offices should result in reduced expenses and improved operational efficiencies for the City. Based upon an analysis of lease information provided by the City, Weston Urban estimates that the consolidation of City offices under this Proposal will result in cumulative savings to the City over 30 years in excess of [redacted]. This consolidation will also have additional long-term benefits to the City, including (a) the increased organizational efficiencies afforded by virtue of consolidation, and (b) mitigation of its lease renewal risk, rental rate exposure and uncertainty with respect to future space needs.

The parking spaces located within the Existing Frost Facilities will not only provide critical daytime parking for City employees, but can also be made available evenings and on weekends to supplement the City's inventory of public parking and improve the accessibility of downtown. Located in close proximity to Main Plaza, various downtown theatres and the Riverwalk, this public parking will be a benefit to the surrounding area and businesses.

The New Tower

As part of the Project, Weston Urban will develop an approximately 400,000 square foot Class A high-rise office tower. Frost will relocate its corporate headquarters from the Existing Frost Facilities into approximately 250,000 square feet of the New Tower. Frost has been a prominent member of the downtown community for nearly 150 years and the execution of a long-term lease in the New Tower will begin a new chapter in the bank's storied history.

The New Tower will be located caddy-corner to the Existing Frost Facilities on the block bounded by Houston, North Flores, Travis and Camaron Streets. Weston Urban and Frost intend to design the New Tower in a manner that will symbolize Frost's long-standing heritage in San Antonio as well as San Antonio's rising economic prominence. The New Tower will also deliver modern Class A office space downtown, which is essential to recruiting additional corporate employers to the City's urban core. Not since the late 1980's has there been a new high-rise downtown office tower in San Antonio. The New Tower will symbolize to all that San Antonio is a "City on the Rise."

Acquisition and Redevelopment of City and Frost Property

Under the Project, Weston Urban will acquire the five City-owned properties shown in Section 9 - Tab B (the "*City Real Estate*"). The proceeds from the sales of these properties will be available (at the City's option) to help support the City's acquisition of the Existing Frost Facilities. Just as important, Weston Urban is seeking the acquisition of these properties, along with others from Frost (other than the Existing Frost Facilities depicted in Section 9 - Tab B and referenced herein as the "*Additional Frost Properties*"), for purposes of redeveloping, revitalizing and repurposing underutilized real estate in a manner that will support the City's goals of increasing downtown housing and employment.

The acquisition of these properties fits into Weston Urban's broader mission to create authentic, unique space in downtown. While development of the New Tower and the addition of approximately 400,000 square feet of Class A office space is a critical step, Weston Urban understands that other improvements are necessary to make this area of downtown a vibrant, mixed-use district. Weston Urban has determined that at least 300 housing units can be developed on the City Real Estate and the Additional Frost Properties. These new residences - together with the New Frost Tower, new public parking, and the revitalized green space described below – will result in a transformation of this quadrant of downtown.

As part of its redevelopment of the Additional Frost Properties, Weston Urban will acquire the 1.15-acre city block located across Houston Street from where the new City offices would be located and across Flores Street from the New Tower. This block is currently maintained and landscaped by Frost as passive green space. Weston Urban would seek to improve and redevelop this area to serve as an outdoor gathering space for office workers, nearby residents and visitors. This property would remain privately-owned and privately-maintained but generally accessible subject to reasonable rules and regulations, except during special events or where retail uses or cafes may be implemented.

General Summary of Financial Terms

A. The Existing Frost Facilities will be sold to the City for their appraised value established pursuant to an independent third-party appraisal to be conducted prior to the finalization of the CDA.

B. Weston Urban will acquire the City Real Estate from the City for its appraised value established pursuant to an independent third-party appraisal to be conducted prior to the finalization of the CDA.

C. Weston Urban will be responsible for the development of the New Tower with Frost serving as the anchor tenant. The only assistance Weston Urban will be seeking from the City in connection with the development of the New Tower will be fee waivers and infrastructure assistance.

D. Redevelopment of the City Real Estate and Additional Frost Properties would proceed on a case-by-case basis with incentives made available from the City.

Phasing of Project

A. Weston Urban and Frost seek to expeditiously negotiate and finalize agreements with the City concerning the Project, including the CDA. Once these agreements have been finalized and executed, Weston Urban will proceed with designing the New Tower and securing all necessary approvals in connection therewith.

B. Upon Weston Urban closing on its construction financing for the New Tower, the City will acquire the Existing Frost Facilities. If desired by the City, Weston

Urban would also simultaneously acquire the City Real Estate, thus allowing the City to fund a portion of the purchase price for the Existing Frost Facilities using its proceeds from the sale of the City Real Estate. (Alternatively, the City would convey to Weston Urban the City Real Estate upon substantial completion of the New Tower and termination of the Master Lease, as defined below.)

C. Commencing upon the City's acquisition of the Existing Frost Facilities, the City and Frost will enter into a master lease of the Existing Frost Facilities (the "*Master Lease*"). The Master Lease will run until the New Tower has been completed and is available for occupancy by Frost. Under the Master Lease, Frost will continue to operate the Existing Frost Facilities and directly pay all costs in connection therewith, including any real estate taxes, insurance costs and other utility and operational costs, and retain all income associated therewith. Frost will also pay "triple-net" rent to the City equal to the amount that the City would incur in debt service costs if it were to finance the purchase of the Existing Frost Facilities. This will permit Frost and existing office tenants to maintain uninterrupted operations in the Existing Frost Facilities until the opening of the New Tower, while eliminating any out-of-pocket financing costs for the City associated with the period prior to its occupancy of the Existing Frost Facilities.

D. If Weston Urban acquires the City Real Estate prior to completion of the New Tower, then upon such acquisition Weston Urban will lease the Municipal Plaza Building, the 319 West Travis Building and the former Continental Hotel Building back to the City until such time as the City is able to relocate out of these buildings and into the Existing Frost Facilities. Under these leases, the City would pay rent to Weston Urban in an amount calculated to compensate Weston Urban for its carrying and operational costs during the period of the City's occupancy.

E. A graphical representation of the preliminary project schedule and phasing is attached hereto as Section 9 – Tab E.

Project Benefits

Revitalization. Weston Urban and Frost strongly believe that the Project will enhance the northwest quadrant of downtown by bringing new investment to the area, concentrating new professional offices and employees, adding residential living opportunities, strengthening opportunities for retail development and enhancing public parking for this area.

A New Skyline. The New Tower will redefine the San Antonio skyline, while also enhancing the street-level urban experience downtown by transforming underutilized property.

Downtown Housing. The Project will lead to the development of at least 300 new residential units.

New Class A Office Space. The New Tower directly addresses a critical need identified by Deloitte in the community's Economic Development Strategy: high-quality office space in downtown that is available for immediate move-in by companies seeking to locate to San Antonio.

Additional Public Parking. If the City acquires the Existing Frost Facilities, the City will gain much-needed parking without using highly developable land to construct additional parking. The existing Frost parking garage will become a City-operated facility that could be utilized by the general public during nights and weekends, meeting demand for events at Main Plaza, the Majestic Theatre, the Empire Theatre, the Alameda Theater, Zona Cultural and Houston Street businesses.

Synergy. The proposed investment in this area of downtown has the potential to spur other new development and investment. The Project may encourage the private redevelopment of nearby underutilized and vacant properties, such as the Solo Serve block and properties along Flores Street. In addition, the Project's proximity to the San Pedro Creek improvements, Alameda Theater and the Main/Soledad street improvements support the current and proposed investments being made in the northwest quadrant of downtown.

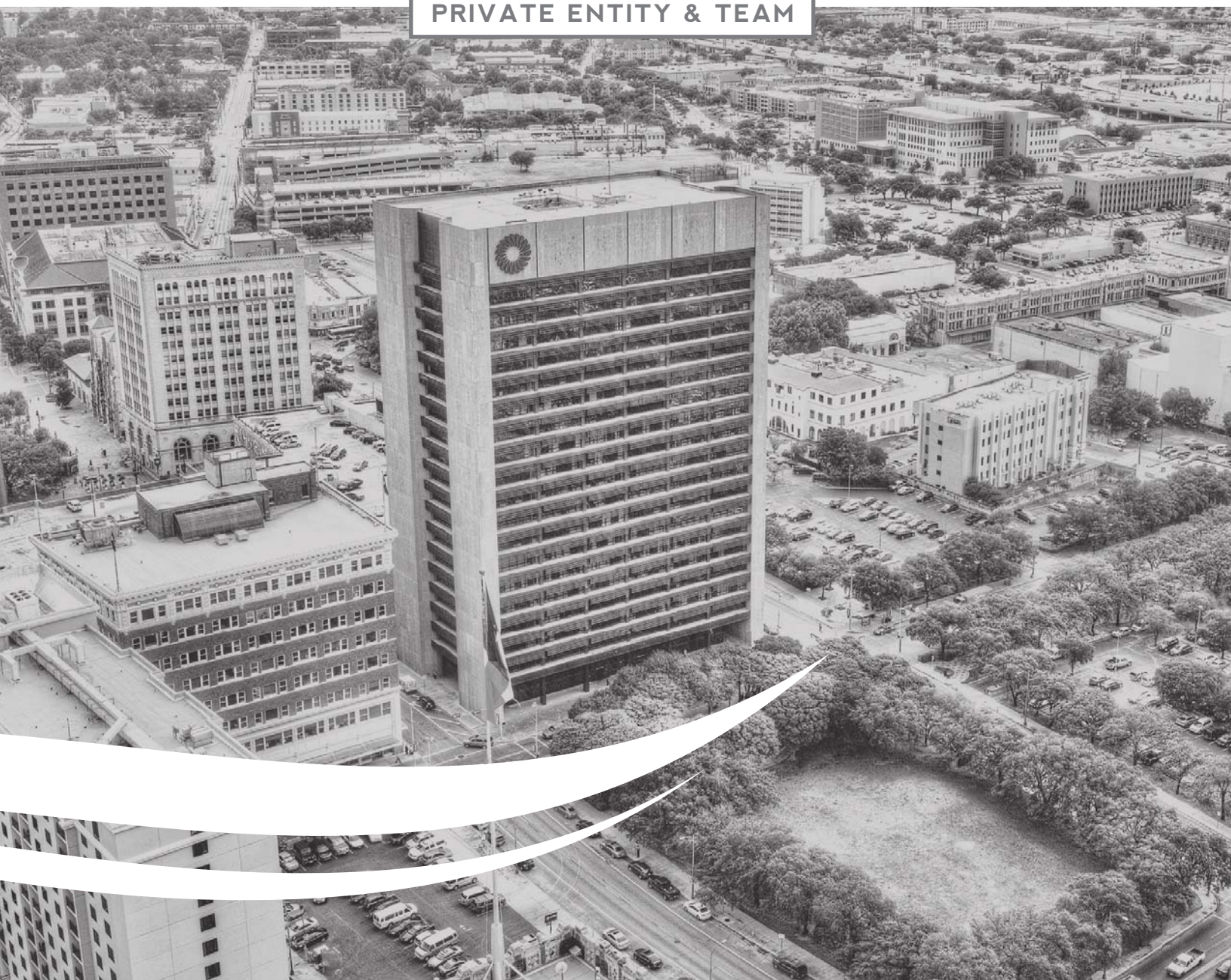
Economic Impact. An economic impact analysis of the Project conducted by Dr. Steve Nivin, Ph.D., of the SABER Institute (the "***Economic Impact Analysis***") estimates that direct spending on the Project will lead to an overall economic impact of $329,000,000 and a rise in local income of $131,000,000. The Economic Impact Analysis (see **Section 9 – Tab F**) also concludes that the construction-related spending and indirect impacts will lead to the creation of 2,629 jobs throughout the local economy.

Increased Tax Revenues. According to the Economic Impact Analysis, the construction-related spending is expected to generate approximately [redacted] in new City sales tax revenues during the construction period. Weston Urban estimates that the Project will generate approximately [redacted] in increased City property tax revenues over a 30-year period. The Project is also estimated to generate at least [redacted] annually in increased revenues for the downtown public improvement district.

WESTON URBAN

Frost

PRIVATE ENTITY & TEAM



Private Entity & Team

Private Entities:

Weston Urban, LLC
Legal Structure: a Texas limited liability company (LLC)
Principals: Graham Weston and Randy Smith

Frost Bank (f/k/a The Frost National Bank)
Legal Structure: a Texas State Bank
Principals: Cullen/Frost Bankers, Inc.

Team Roles:

Weston Urban, LLC will be responsible for development of the New Tower and redevelopment of the City Real Estate and Additional Frost Properties, including the financing, design and construction of each project. Weston Urban may form new legal entities or partner with other entities to undertake the Project and the components described herein.

Frost will transact the sale of the Existing Frost Facilities to the City. Frost will enter into a lease-back agreement with the City to allow Frost to maintain its operations in the Existing Frost Facilities prior to occupancy of the New Tower. Frost will be responsible for facilitating issues pertaining to the current tenants within the Existing Frost Facilities in connection with the sale to the City. Frost will also be the anchor tenant in the New Tower, initially occupying approximately 250,000 square feet of the approximately 400,000 square foot tower.

Applicant:

Weston Urban
Primary Contact: Randy Smith, President
112 E Pecan, Suite 100, San Antonio, TX 78205
[redacted]

Frost
Primary Contact: Phillip D. Green, Group Executive Vice President & Chief Financial Officer
100 W Houston Street, T-4, San Antonio, TX 78205
[redacted]

Legal Counsel to Weston Urban:

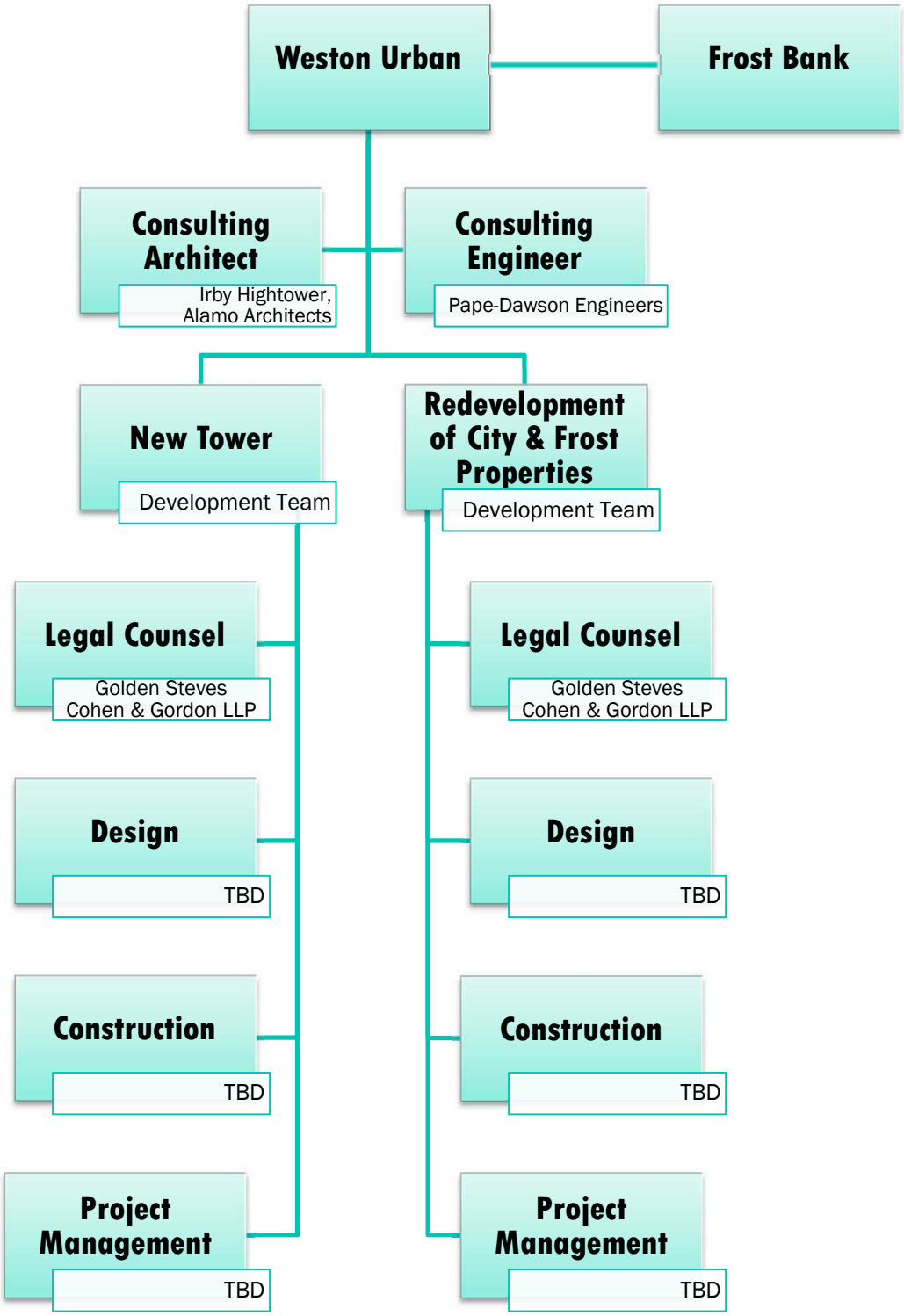
Golden Steves Cohen & Gordon LLP
Primary Contact: Steve Golden, Managing Partner
300 Convent Street, Suite 2600, San Antonio, TX 78205
[redacted]

Other Consultants to Weston Urban:

Pape-Dawson Engineers
Primary Contact: Dennis R. Rion, Executive Vice President
555 E Ramsey, San Antonio, TX 78216
[redacted]

Alamo Architects
Primary Contact: Irby Hightower, Founding Principal
1512 South Flores Street, San Antonio, TX 78204
[redacted]

Organizational Chart



Franchise Tax Account Status

As of: 08/08/2014 09:10:52 AM

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WESTON URBAN, LLC	
Texas Taxpayer Number	32050530958
Mailing Address	112 E PECAN ST STE 175 SAN ANTONIO, TX 78205-1522
Right to Transact Business in Texas	ACTIVE
State of Formation	TX
Effective SOS Registration Date	03/25/2013
Texas SOS File Number	0801756211
Registered Agent Name	RANDAL SMITH
Registered Office Street Address	112 EAST PECAN STREET, SUITE 100 SAN ANTONIO, TX 78205

Franchise Tax Account Status

As of: 08/08/2014 09:15:26 AM

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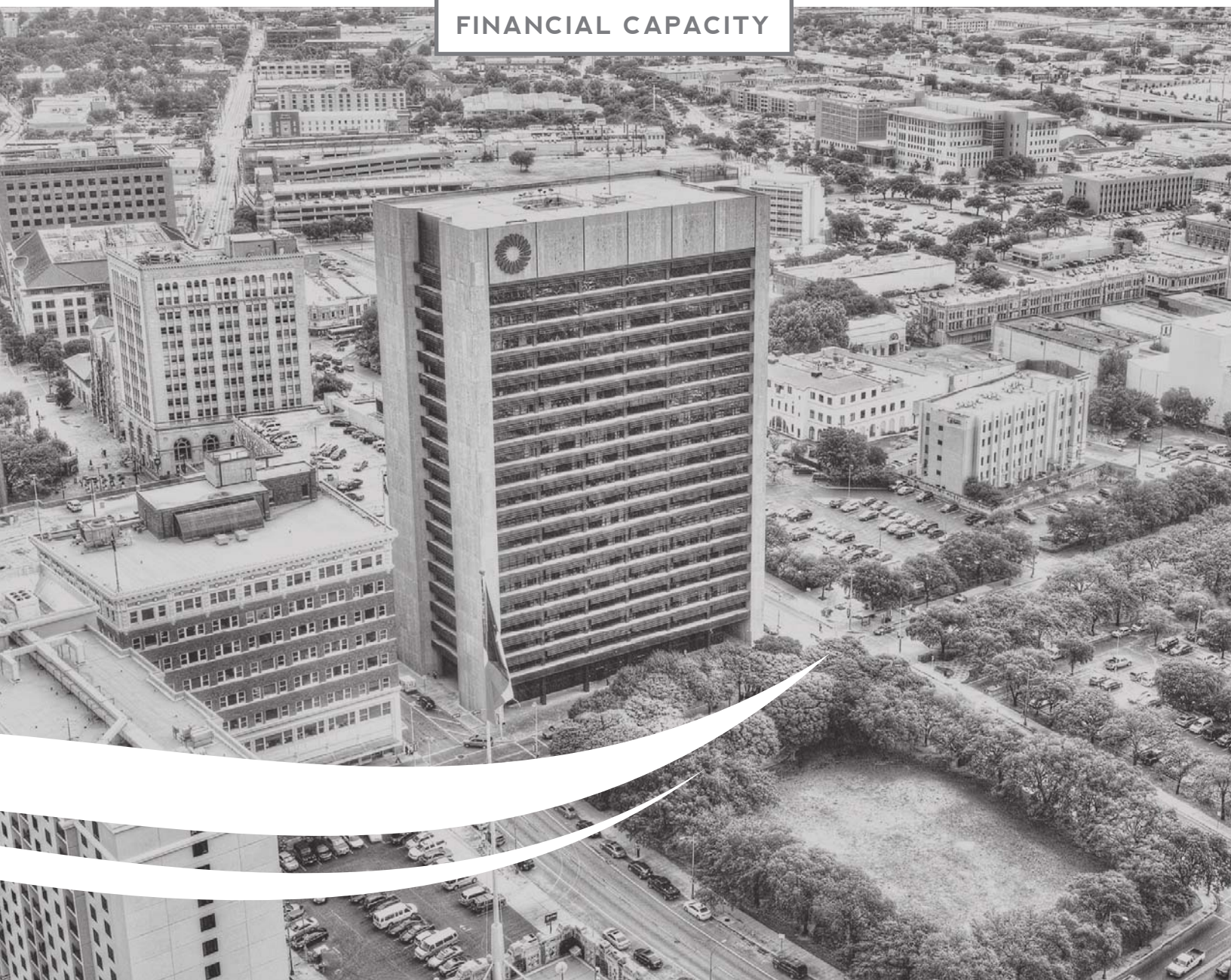
FROST BANK	
Texas Taxpayer Number	17406354559
Mailing Address	100 W HOUSTON ST STE 100 SAN ANTONIO, TX 78205-1400
Right to Transact Business in Texas	ACTIVE
Domicile State	TX
Effective SOS Registration Date	Not Registered
Texas SOS File Number	Not Registered
Registered Agent Name	STAN MCCORMICK
Registered Office Street Address	100 W HOUSTON SAN ANTONIO, TX 78205

QUALIFICATIONS & FINANCIAL CAPACITY



Qualifications & Financial Capacity

Business Experience

The Weston Urban team has decades of experience acquiring, financing, constructing, owning, leasing and managing Class A and tech office space, as well as data centers and undeveloped land holdings. Their commitment to the City of San Antonio has been unwavering, particularly in the past several years as it has amassed additional acreage and buildings in the urban core. The team's broadly-based experience and access to capital ensures its ability to perform with respect to the Project. The company and its affiliates currently own or control more than 600,000 square feet of office space in downtown San Antonio. Over the course of their careers, the Weston Urban team has also collectively developed over one million square feet of corporate office space.

Frost was founded in San Antonio in 1868. The Frost headquarters has been located in downtown San Antonio since the bank's founding and remains one of downtown's largest corporate headquarters. Today, Frost is the largest Texas-based banking company that operates only in Texas, and it has approximately 4,000 employees statewide. Frost has abundant internal expertise in the legal and commercial aspects of both disposition and leasing of office properties.

As the Project progresses, Weston Urban and Frost will retain multiple professional firms to supplement the team. These include, but are not limited to, project engineers, architects, legal counsel, urban planners, estimators, general contractors, development and construction management firms and financial partners.

Prior Projects & Clients (within 5 years)

The Weston Urban team's prior projects include:

- Rackspace Global Headquarters (San Antonio, Texas): Converted the 1.2 million square-foot former vacant Windsor Park Mall into a LEED Certified Corporate Headquarters.
- Rackspace EMEA Headquarters (London, Great Britain): Approximately 260,000 square-foot regional headquarters located in West London.
- Weston Centre (San Antonio, Texas): Ongoing improvements, management and leasing of the approximately 500,000 square-foot Class A office tower.

The Weston Urban team's current projects include:

- The Rand Building (San Antonio, Texas): Acquisition, leasing and management of the approximately 115,000 square-foot historic property in downtown San Antonio and its ongoing conversion into Geekdom Headquarters.
- Acquisition and operation of multiple surface parking lots in the urban core.
- Either Partner or Lender to over 600 urban multi-family units currently under construction.

Development and Financial References

Rackspace Hosting, Inc.
Contact: Brian Carney, Director of Facilities Operations
Contractual Relationship: None
[redacted]

Wells Fargo
Contact: Mark Metcalfe, Regional Vice President
Contractual Relationship: Lender
[redacted]

Credit Suisse
Contact: Geir Fjugstad, Director
Contractual Relationship: Lender
[redacted]

Financial Resources

The principals of Weston Urban have a net worth in excess of [redacted], as well as the expertise and experience necessary to deliver the Project in a professional and timely manner. Frost's financial statements can be viewed online at https://cdr.ffiec.gov/public.

Current Real Estate Portfolio of Weston Urban[1,2]

- Weston Centre. 112 E. Pecan, San Antonio, Texas. Approximately 500,000 rsf. Owned for 21 years.
- The Rand Building. 110 E. Houston St., San Antonio, Texas. Approximately 115,000 rsf. Owned for 1 year.
- The SX Callahan Building. 425 N. Flores St., San Antonio, Texas. Approximately 15,000 rsf. Owned for 1 year.
- Downtown San Antonio surface parking lots totaling approximately 2.5 acres in aggregate
- Rural/Suburban properties totaling approximately 240,000 rsf of industrial space and in excess of 500 acres of undeveloped land.

[1] Includes affiliates of Weston Urban
[2] We consider the value and financial performance of the portfolio to be proprietary.

Pending Projects

- The ongoing renovation of The Rand Building, anticipated to be completed in 2016, financed with equity and debt. The financial commitment of this project is approximately [redacted].
- The ongoing renovation of the ground level of Weston Centre, anticipated to be completed in 2015, financed with equity. The financial commitment of this project is approximately [redacted].

Resumes

The Project team consists of highly qualified individuals known for their experience and commitment to San Antonio, including:

- Graham Weston, *Principal, Weston Urban*
- Randy Smith, *President, Weston Urban*
- Heath Cover, *Vice President, Weston Urban*
- Richard W. Evans, *Jr., Chief Executive Officer, Frost Bank*
- Phillip D. Green, *Group Executive Vice President & Chief Financial Officer, Frost Bank*
- Stephen L. Golden, *Managing Partner, Golden Steves Cohen & Gordon*
- Trey Jacobson, *Government Affairs, Golden Steves Cohen & Gordon*
- Karl P. Baker, *Counsel, Golden Steves Cohen & Gordon*
- Irby Hightower, *Founding Principal, Alamo Architects*
- Eugene H. Dawson, Jr., *President, Pape-Dawson Engineers*
- Dennis R. Rion, *Executive Vice President, Pape-Dawson Engineers*
- David E. Martinez, *Senior Project Manager, Pape-Dawson Engineers*
- Song Tan, *Vice President – Land Development, Pape-Dawson Engineers*
- Thomas M. Carter, *Vice President – Land Development, Pape-Dawson Engineers*

The resume for each aforementioned principal team member follows this page.

Graham Weston *Co-Founder, Weston Urban*
Co-Founder, Chairman, and CEO of Rackspace

Graham Weston is one of the founders of Rackspace and now serves as Chairman of the Board and CEO.

Born and raised in the San Antonio area, Graham from an early age saw entrepreneurial opportunities in everything around him. He launched his first business venture as a seventh grader, marketing organic pork in newspaper ads that read "Go Hog Wild!" In high school, he built another business that took photos at livestock shows and sold them to contestants. He attended Texas A&M, where—you guessed it—he launched another business. This one was inspired by his successful appeal of the multiple, conflicting property tax bills levied by various government entities upon his father's small ranch, and led him to help other property owners appeal their bills.

Graham went into the real estate business. When prices fell during the Savings and Loan Crisis of the late 1980s, he led his family to buy and develop the Weston Centre, one of the premier office towers in downtown San Antonio. At the same time, he developed a keen interest in the possibilities of the Internet. In 1998, he and a partner provided the original capital for a business idea pitched by three local Trinity University students. They called it "Rackspace.com." Graham joined the enterprise as CEO and remained in that position until 2006, when he became chairman.

He returned to the CEO post in February 2014 upon the retirement of his longtime friend and colleague, Lanham Napier, and will remain in that role until the board concludes a careful search for Napier's long-term successor.

In 2005, Graham was honored by the City of San Antonio for converting one of his vacant properties, an abandoned shopping mall, into a temporary shelter for victims of hurricanes Katrina and Rita. Nicknamed the "Hilton of Shelters," by the Denver Post, it housed more than 2,500 refugees. That property has since been extensively repurposed to LEED sustainability standards and serves as Rackspace's headquarters —a whimsical, open-plan workplace complete with a large playground-style slide between levels and a wall containing the world's largest word-search puzzle.

Graham is active in the development of new options for urban living, entrepreneurship, and entertainment in downtown San Antonio. He helped launch the mayor's SA2020 initiative, and created Geekdom, which provides a co-working space downtown, along with mentorship and funding for tech startups. Graham also funds the 80/20 Foundation, which invests in programs to encourage entrepreneurship, technology education, and development in downtown San Antonio.

Graham was named a "Best Boss" by Fortune Small Business magazine and was recognized as regional Entrepreneur of the Year by Ernst & Young.

Randy Smith *Co-Founder and President of Weston Urban*

As President of Weston Urban Randy is responsible for all aspects of the company's investing and development, as well as the strategic advancement of the company's goals: to propel authentic, unique space in downtown San Antonio and to provide San Antonians with vibrant urban options to call home.

The former Vice President of Real Estate at Rackspace, Randy led the cloud computing company's global portfolio from 2007 to 2011. During his tenure the company expanded to eight data centers in the U.S., Hong Kong and the United Kingdom. In that time the company's worldwide office footprint grew to 1.5 million square feet. Smith also led the acquisition and transformation of the former Windsor Park Mall into "The Castle", Rackspace's LEED certified global headquarters located in Northeast San Antonio.

Prior to Rackspace and Weston Urban, Randy led the land acquisition efforts for a publically traded homebuilder, structuring and negotiating over $50 million of real property acquisition and entitlement via various joint ventures and OBS financing arrangements. Randy began his career as a real estate attorney at Hirschler Fleischer specializing in commercial real estate, land use matters, and real estate finance.

Randy has previously served on the Board of Directors for the YMCA and San Antonio Sports, and currently serves on the Valero Alamo Bowl Board of Directors and is a member of the Team Selection Committee. Randy also serves on the ULI San Antonio Advisory Board.

Randy earned his bachelor's degree from Texas Tech University and a J.D. from Washington and Lee University School of Law in Lexington, Virginia.

Education

Bachelor's Degree, Texas Tech University, *2000*
Magna Cum Laude

Juris Doctor, Washington and Lee University
School of Law, 2003
Honor Scholar
Edward S. Graves Scholarship Recipient
Director- Honor Advocate Program

Professional Affiliations

Board of Directors, Valero Alamo Bowl
Team Selection Committee

ULI San Antonio Advisory Board

Board of Directors, San Antonio Sports *(2007-2011)*

Board of Directors, YMCA *(2008-2011)*

Real Estate Council of San Antonio
Leadership Development Program, *Class of 2007*

Heath R. Cover *Vice President*

"If a task has once begun, never leave it till it's done. Be the labor great or small, do it well or not at all." Serving as Vice President of Weston Urban, Heath applies these words to his daily life and comes to work excited and determined to achieve their mission of propelling authentic, unique space in urban San Antonio.

Summary of Qualifications

Heath is a highly motivated professional with a proven track record of success in both private and public real estate firms. He is knowledgeable in commercial and residential improved and unimproved property acquisitions, dispositions and asset management. Heath is experienced in site selection, negotiations, due diligence, financial feasibility, valuation, market analysis, lease underwriting, investor relations and budgeting.

Career Highlights

- Group recipient of Centro San Antonio's 2014 "Best Work In Progress" award for the acquisition and renovation of the historic Rand Building in downtown San Antonio.
- Actively engaged in the management of a more than 2.3 million square foot office portfolio valued in excess of $1 billion.
- Involved in the acquisition of multiple parcels for residential development totaling approximately 700 acres and the disposition of approximately 200 acres.

Professional Experience

Heath has served as Vice President of Weston Urban since October of 2012, where his guiding purpose is to catalyze and create vibrant, authentic urban spaces in San Antonio's central business district. Prior to joining Weston Urban, Heath served on USAA Real Estate Company's asset management team, specializing in office properties. During this time, Heath was involved in all aspects of a property's life cycle, from value creation thru the implementation of an effective leasing strategy to asset disposition. Other previous work experience includes serving as Land Acquisition Manager for KB HOME's San Antonio region, Real Estate Analyst for Barshop & Oles Company, and Graduate Research Assistant for the Real Estate Center at Texas A&M University.

Education

Master of Land Economics and Real Estate
Texas A&M University ('04 / 4.0 GPA)

Bachelor of Business Administration
Texas State University ('02 / 4.0 GPA)

Texas Real Estate Salespersons License
San Antonio Board of Realtors ('01)

Professional Affiliations

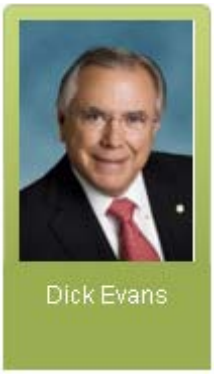
Urban Land Institute
Urban Development and Mixed Use Council

Real Estate Council of San Antonio
Leadership Development Program Graduate

Society of Texas A&M Real Estate Professionals

Financial Management Association

Frost BANKING INVESTMENTS INSURANCE



RICHARD W. (DICK) EVANS

Chairman & Chief Executive Officer/Director since 1993

As chairman of the board and chief executive officer of Cullen/Frost Bankers, Inc. and Frost Bank, Dick Evans has guided the San Antonio-based financial institution for more than a decade, successfully navigating the company through the recent financial crisis.

During Evans' career at Frost, he has served as a commercial loan officer, a vice president in the bank's commercial loan, credit and marketing areas and then as senior vice president in the marketing division. In 1977, he was named executive vice president of the banking group and was elected president of Frost Bank in 1985. As president, Evans was a key member of the bank's leadership team during the decade-long energy, real estate and banking crisis in Texas. Frost emerged as the only top-ten banking company in Texas to survive the 1980s without federal assistance or selling to an out-of-state company. In 1993, Evans was elected chairman of the board of Frost Bank and chief banking officer of Cullen/Frost in 1995 and in 1997, chief executive officer. He was the first person to hold that position in 129 years who wasn't named Frost.

Under Evans' leadership, Cullen/Frost has become a strong regional banking company, increasing assets to more than $17 billion, expanding into new lines of business and services that broaden and deepen customer relationships and growing its financial center network to more than 110 locations.

At the height of the financial crisis in late 2008, Evans and his executive team made the decision to turn down federal TARP bailout funds because the company was well capitalized and didn't need the money, because detailed analysis showed it would have been costly and because it was not in the best interest of shareholders. It has proved to be one of the best decisions in the bank's long history.

Evans has served as a member of the Federal Advisory Council to the Board of Governors of the Federal Reserve System in Washington, D.C., meeting regularly with Fed Chairman Bernanke. He was also a member of the board of directors of the Federal Reserve Bank of Dallas.

In the civic and professional arena, Evans is a member of the board of directors of United Way of San Antonio and Bexar County, an organization he served as general campaign chairman for 2003-2004 and chairman for 2004-2005. He is also a member of the board of directors and past chairman of the San Antonio Economic Development Foundation and the San Antonio Medical Foundation. He serves as a member of the business advisory council of the McCombs School of Business at the University of Texas at Austin, a member of the board of trustees of the Texas State History Museum Foundation in Austin and past chairman of the United Negro College Fund. Evans is a director and life member of the San Antonio Livestock Exposition, Inc. and a member of the World Presidents' Organization.

A native of Uvalde, Texas, Evans graduated from the University of Texas at Austin with a bachelor of business administration degree. Before joining Frost Bank's training program in 1971, he served as an assistant national bank examiner with the Comptroller of the Currency.

Frost BANKING INVESTMENTS INSURANCE

PHILLIP D. GREEN

Group Executive Vice President & Chief Financial Officer

Phil Green serves as group executive vice president & chief financial officer of Cullen/Frost Bankers, Inc. and Frost Bank. He joined the Cullen/Frost organization in July 1980 and served in a number of managerial positions in the company's financial division before being named chief financial officer in 1995.

In addition to his responsibilities as CFO, Green heads Frost's technology and operations areas and works closely with the CEO on all matters involving the board of directors and investor relations. He has spearheaded a drive in recent years to update the technologies that help Frost more efficiently and effectively serve its customers.

Green is a member of the management team that helped Frost navigate the Texas downturn of the 1980s, as well as the financial crisis of 2008, in which Frost declined the TARP funding program. Frost was the first bank in the nation to publicly decline to apply for TARP funds.

A past president and director of the South Texas Chapter of the Financial Executives Institute (FEI), he is also a past director and executive committee member of the San Antonio Symphony. He has served on the Advisory Committee for Strategic Planning for the Boy Scouts of San Antonio. Green currently serves as a Trustee of the Baptist Health Foundation of San Antonio where he is a member of the Strategic Initiatives Committee and the Investment Committee.

Green graduated with honors from the University of Texas at Austin in 1977, earning a Bachelor's Degree in Accounting. He is a Certified Public Accountant. Prior to joining Frost, he spent three years in public accounting with Ernst & Ernst.

Golden Steves Cohen & Gordon LLP
ATTORNEYS AT LAW

STEPHEN L. GOLDEN

Partner
Direct: 210.745.3777
Fax: 210.745.3737
Email: sgolden@goldensteves.com

EDUCATION

J.D., St. Mary's University, 1978, Phi Delta Phi, Associate Editor St. Mary's Law Journal
B.A., Political Science, Tulane University, 1975

PROFESSIONAL EXPERIENCE

Mr. Golden is a senior partner and co-founder of the firm and has been both a practicing lawyer and a real estate developer and businessman. Prior to formation of the firm, he served as a partner and head of the real estate practice group in the San Antonio office of Akin, Gump, Strauss, Hauer & Feld, LLP for more than 15 years. Prior to that, Mr. Golden served as executive vice president and general counsel to a privately-held real estate company that developed a 5,000-acre planned community in San Antonio, owned and operated a water company and acquired, developed and sold residential, office and retail projects throughout Texas. He also served as president of another San Antonio-based real estate company and was responsible for the acquisition, development, finance and sale of numerous retail and office projects. In addition, Mr. Golden has also served as president of a movie theater company involved in the acquisition and development of multi-screen theater projects in various parts of the United States. He began his legal career as a real estate lawyer with the firm of Matthews, Nowlin, Macfarlane & Barrett (later succeeded by Matthews & Branscomb) where he left as a partner in 1984.

DETAILS OF PRACTICE

Mr. Golden primarily represents sophisticated private, public and institutional parties in the acquisition, development, leasing, financing, operation and sale of all types of commercial properties, including retail, industrial, office, multi-family, hotel and resort properties. He also regularly negotiates and drafts complex organizational agreements for limited partnerships, limited liability companies, corporations and joint ventures. He serves as primary outside real estate counsel to the largest privately-owned supermarket company in the United States, for which he is regularly involved in the negotiation of lease, acquisition, partnership, development and reciprocal operating and easement agreements.

PROFESSIONAL ACTIVITIES

Fellow, Texas Bar Foundation
State Bar of Texas — Real Estate, Probate and Tax Section
San Antonio Bar Association
Real Estate Council of San Antonio

HONORS

Who's Who in America, Best Lawyers in America (2010 Lawyer of the Year - Real Estate Law San Antonio), Texas Super Lawyers (Texas Monthly Magazine) and San Antonio 's Best Lawyers (Scene in SA Magazine)

Golden Steves
Cohen & Gordon LLP
ATTORNEYS AT LAW

TREY JACOBSON

Managing Director of Government Affairs
Direct: 210.745.3726
Fax: 210.745.3737
Email: tjacobson@goldensteves.com

EDUCATION

M.P.A., Public Administration Program, Texas A&M University, 1992
B.B.A., Marketing, Specialization: Real Estate, Texas A&M University, 1989

PROFESSIONAL EXPERIENCE

Mr. Jacobson is the firm's Managing Director of Government Affairs. Prior to this, he served as Assistant to former Mayor of San Antonio Phil Hardberger. He was a key executive and directly advised the Mayor on a variety of municipal matters, including economic development, land development policies, zoning and planning, infrastructure, education and transportation. For 13 years prior to his work in the Mayor's Office, Mr. Jacobson worked for the City of San Antonio's Economic Development Department. This includes seven years as Assistant Director, overseeing all aspects of business recruitment and attraction, public-private development partnerships, downtown development and workforce development for the City of San Antonio.

DETAILS OF PRACTICE

As Managing Director of Government Affairs, Mr. Jacobson Trey Jacobson is the chief lobbyist for Golden Steves and represents a variety of companies and development interests. Trey is engaged in San Antonio and across Texas assisting clients with municipal issues, including zoning, property matters, code modifications and economic development incentive agreements. Trey assists clients in the development and negotiation of economic development incentive agreements for all levels of government. He has extensive experience in evaluating and facilitating projects, economic incentive agreements, infrastructure finance and tax-related incentive tools. He has assisted all types of projects from urban development, corporate campus, commercial, industrial, hotel, mixed-use/retail and residential. Mr. Jacobson also assists with the management of zoning, subdivision, site plan, building permit and variance request processes for owners/developers. He works closely with local and state officials, various agencies, neighborhood associations, environmental and interest groups during the development process.

PROFESSIONAL ACTIVITIES

The Real Estate Council of San Antonio (2008-current)
San Antonio Hispanic Chamber of Commerce Executive Committee (2009)
Urban Land Institute (1995-2005)
International Economic Development Council (1999-2005)
Graduate, Leadership San Antonio (Class XXVII)

Golden Steves Cohen & Gordon LLP
ATTORNEYS AT LAW

KARL P. BAKER

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Direct: 210.745.3712
Fax: 210.745.3737
Email: kbaker@goldensteves.com

EDUCATION

J.D., Harvard Law School, cum laude, 2007
Master in City Planning, Massachusetts Institute of Technology, 2008
B.A., History, Tulane University, summa cum laude, 2001

PROFESSIONAL EXPERIENCE

Mr. Baker is an attorney with the firm. Prior to joining the firm, Karl was an associate with Robinson & Cole LLP in Boston, Massachusetts, where he practiced real estate and land use law.

DETAILS OF PRACTICE

Karl's practice includes the representation of a broad range of clients in the acquisition, disposition, development, leasing and financing of retail, industrial, residential and office properties. He also routinely advises private developers seeking entitlements and incentives from cities, counties and other governmental entities across Texas, and has represented both private and public sector clients in the formation of public-private partnerships.

PROFESSIONAL ACTIVITIES

Urban Land Institute - Programming Committee
Real Estate Council of San Antonio, Leadership Class of 2012

HONORS

Karl is a graduate of the Leadership Development Program of the Real Estate Council of San Antonio (2012-2013).

PUBLICATIONS

"Income Tax Implications for Homeowners of a Declining Real Estate Market," Massachusetts Bar Association Lawyer's Journal (April 2009)
"Incremental Densification Auctions: A Politically Viable Method of Producing Infill Housing in Existing Single-Family Neighborhoods," MIT Master's Thesis (2008)
"Governor Patrick Signs Legislation to Exempt Landlocked Tidelands from Chapter 91 Licensing," co-authored with Matthew Lawlor, New England Chapter of the Congress for the New Urbanism (Winter 2007)
"Indelible Public Interests in Property: The Public Trust and the Public Forum," co-authored with Dwight Merriam, 32 B.C. Envtl. Aff. L. Rev. 275 (2005)
"Homeland Security and Premises Liability," co-authored with Dwight Merriam, presented at the ALI-ABA Land Use Institute (August 27, 2004)

Irby Hightower, FAIA | Principal, Alamo Architects

As a founding principal of Alamo Architects, Irby Hightower's commitment to the urban ideal informs the firm's approach to everyday urban design problems and yields innovative solutions that fit within contemporary development constraints. His experience with the firm's award- winning retail, multi-family and planning projects along with his community service helps him create great places for people, frameworks that allow areas to develop over time and projects embraced by users and the surrounding communities. Hightower was elected to the AIA College of Fellows and received the Texas Society of Architects Honor Award for community service for his work shepherding the 15 mile long San Antonio River Improvements Project through community outreach, planning, design and construction as the Co-chair of the River Oversight Committee. Hightower has also meaningfully contributed his design sensibilities and consensus building skills to major San Antonio planning efforts including the redevelopment of Victoria Courts, Midtown Brackenridge TIRZ Master Plan, River North Master Plan, Mission Trails Oversight Committee and the Southtown Master Plan. He is the recipient of the 2006 Robert H.H. Hugman Award for his work on behalf of the visitor industry and the 2013 "downtowner of the Year Award" from Centro San Antonio for his contributions to the city center.

QUALIFICATIONS

Education

Bachelor of Architecture University of Texas at Austin

Registration

Registered Architect
Pennsylvania, 1983 and Texas, 2005

Years of Experience

36 years, 30 with Alamo Architects

Membership

American Institute of Architects; College of Fellows
Congress for the New Urbanism

City of Residence

San Antonio

Community Activities

- San Antonio River Oversight Committee
  Co-Chair, 1999-Present
  San Antonio, Texas
- Mission Trails Oversight Committee
  Board Member, 1995-1999
  San Antonio, Texas
- Southtown/Main Street Alliance
  Board of Directors - Advisory Member, 1997-2006

Awards:

- 2013 "downtowner of the Year" by Centro San Antonio
- 2012 Texas Society of Architects Honors Award; James D. Pfluger Community Service Award
- 2006 Robert H. H. Hugman Award
- Heroes in Preservation Award from the San Antonio Conservation Society
- Bexar Land Trust Award for Leadership in Civic Involvement

RELEVANT PROJECT EXPERIENCE

Hemisfair Civic Park | San Antonio

Hot Wells Park | San Antonio

MidTown Brackenridge TIRZ Master Plan | San Antonio

downtown Strategic Framework Plan | San Antonio

River North Master Plan | San Antonio

Cevallos Lofts – Mixed Use | San Antonio

The Shops at La Cantera/Expansion | San Antonio

Fairmont Hotel | San Antonio

Stone Oak Plaza Retail | San Antonio

Market Square Design Guidelines | San Antonio

San Juan Square Multi Family Phase I, II, & III | San Antonio

Resumes

Eugene H. Dawson, Jr., P.E.

Position: President, Pape-Dawson Engineers, Inc.

Education: Bachelor of Science in Civil Engineering, Texas A&M University Kingsville, 1982

Registrations: Professional Engineer, Texas No. 64280, 1988

Years with Firm: 32

Experience: Gene Dawson has more than 30 years of land development and master planning experience in Texas. He is a recognized leader in both the public and private sectors for his ability to generate and facilitate large-scale, complex projects with multiple stakeholders. Mr. Dawson has worked extensively with City Councils and staff, environmental boards and community groups on many high-profile and environmentally sensitive projects throughout the region. Mr. Dawson serves on numerous prominent boards, including Valero Alamo Bowl Board of Directors Chairman in 2010 and Real Estate Council Executive Committee since serving as President in 2000.

Dennis Rion, P.E., LEED AP, BD+C

Position: Executive Vice President, Pape-Dawson Engineers, Inc.

Education: Bachelor of Science in Civil Engineering, Texas A&M University, 1984

Registrations: Professional Engineer, Texas No. 67109, 1990
LEED, Building Design + Construction, Texas, 2012
Leadership in Energy and Environmental Design, Texas, 2009

Years with Firm: 29

Experience: Mr. Rion has over 29 years of experience in the administration, design and construction management of major civil engineering projects including office, commercial, residential, mixed-use, institutional and industrial developments; federal/state highways; corporate campuses; and recreational facilities. His experience includes feasibility analysis, master planning, floodplain modeling and reclamation, wastewater collection systems, water distribution systems, street and drainage projects, site grading plans, utility coordination and design and cost estimates. He is responsible for client service; project oversight, staffing and budget; and QA/QC.

Resumes

David E. Martinez, P.E.

Position: Sr. Project Manager, Pape-Dawson Engineers, Inc.

Education: Bachelor of Science in Civil Engineering, University of Texas at Austin, 1993

Registrations: Professional Engineer, Texas No. 94900, 2004

Years with Firm: 20

Experience: Mr. Martinez has more than 20 years of progressive land development civil engineering experience. Responsibilities have included the design and preparation of construction plans and specifications for water, sewer, street, utility and drainage improvement projects. Mr. Martinez has also prepared demolition plans, stormwater pollution prevention plans and grading plans for office, commercial, industrial and multi-family residential developments.

Song L. Tan, P.E., LEED AP

Position: Vice President-Land Development, Pape-Dawson Engineers, Inc.

Education: Bachelor of Science in Civil Engineering, University of Texas at Austin, 1985

Registrations: Professional Engineer, Texas No. 79798, 1994
Leadership in Energy and Environmental Design, Texas, 2009

Years with Firm: 21

Experience: Mr. Tan's work experience includes heavy site work and utility construction, light rail construction, feasibility studies for land development, cost estimates for utilities and land development, preparation of construction plans and specifications for water mains and distribution systems, sanitary sewer collection systems, storm drainage systems, storm drainage structures and roadway systems, hydraulic and flood plain studies, design drainage channel and drainage structures, flood plain encroachment design, field surveys and subdivision plats. He coordinates and inspects the construction of site improvement projects, estimates construction costs and prepares construction schedules. Mr. Tan's current responsibilities include administering and managing the civil engineering design of office, commercial, industrial and public work projects.

Resumes

Thomas M. Carter, P.E., LEED AP

Position: Vice President-Land Development, Pape-Dawson Engineers, Inc.

Education: Bachelor of Science in Civil Engineering, University of Idaho, 1988

Registrations: Professional Engineer, Texas No. 79272, 1994
Leadership in Energy and Environmental Design, Texas, 2009

Years with Firm: 17

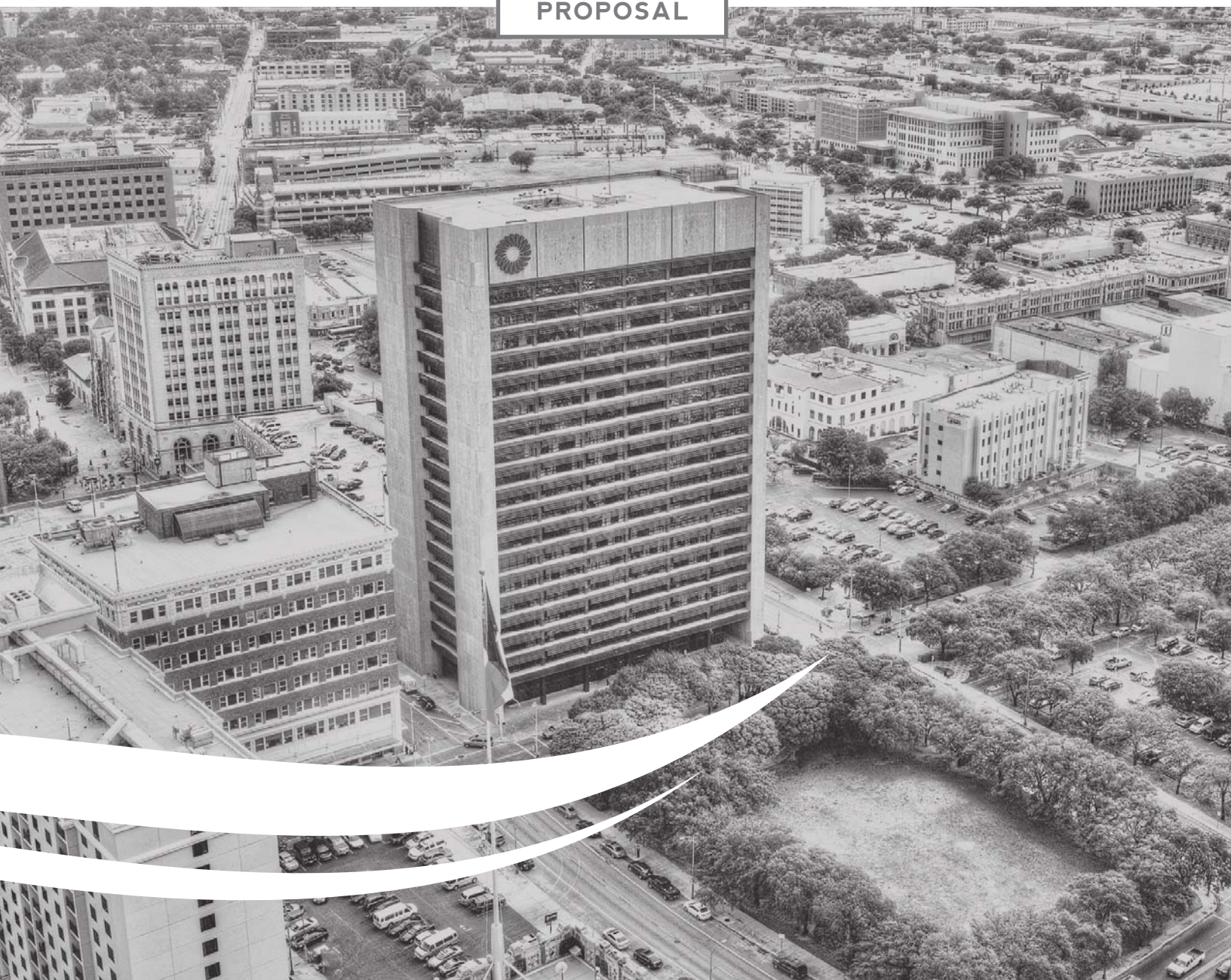
Experience: Mr. Carter has over 25 years of experience with engineering, mining, construction, groundwater studies and infrastructure projects. His specialties include coordination, planning, administration, design and construction administration for a wide range of commercial construction. Mr. Carter serves as a Vice President providing civil design for commercial, residential, office and infrastructure projects.

As vice president, Mr. Carter was responsible for the civil design of several development and redevelopment projects in downtown San Antonio. The scope of civil engineering in this downtown environment involved analysis of existing utility conditions, drainage and flood issues, scheduling and coordination with City of San Antonio related to historic review and obtaining traffic and encroachment licenses. Projects included the Houston Street Project, Valencia Hotel, Main Plaza Riverlink, Watermark Hotel, Museo Alameda, Hotel Contessa, San Antonio Museum of Art, the Pearl Brewery redevelopment project; Performing Arts Center, Henry B. Gonzalez Convention Center and VIA Westside Multimodal Transit Center.

WESTON URBAN

Frost

PROPOSAL



Proposal

Project Overview

Weston Urban and Frost are proposing a public-private partnership project (the "*Project*") that includes the following three components:

1. Sale of Frost Bank Tower and Parking Garage to City. Frost will sell the existing Frost Bank Tower, located at 100 West Houston Street and its adjacent parking facilities (defined herein as the "*Existing Frost Facilities*") to the City.

2. Construction of a New Downtown Office Tower. Weston Urban will develop an approximately 400,000 square foot Class A office tower, with parking facilities, (defined herein as the "*New Tower*") on the block bounded by Houston, North Flores, Travis and Camaron Streets. Frost will initially occupy approximately 250,000 square feet in the New Tower. The construction of the New Tower is necessary to allow for the transfer of the Existing Frost Facilities to the City, and the execution of a long-term lease by Frost in the New Tower will confirm Frost's long-term commitment to downtown San Antonio.

Figure 1: Blue image is for massing illustration purposes only. The New Tower has yet to be designed. Conceptual massing by HOK.

3. Redevelopment of City Real Estate and Additional Frost Properties by Weston Urban. Weston Urban will acquire five City-owned properties (shown under **Section 9 - Tab B**, herein defined as the "*City Real Estate*") for future redevelopment. The proceeds from the sales will be available (at the City's option) to reduce the City's financing requirements for its purchase of the Existing Frost Facilities.

In connection with the Project, Frost will also sell its other downtown properties (other than the Existing Frost Facilities shown under **Section 9 - Tab B**, herein defined as the "***Additional Frost Properties***") to Weston Urban, including the property upon which the New Tower will be constructed. Weston Urban, acting independently or in partnership with other development entities, will redevelop these properties in a manner that will aid in the revitalization of the northwest quadrant of downtown. As part of this redevelopment, at least 300 multi-family units will be constructed on the City Real Estate and the Additional Frost Properties.

One of the Additional Frost Properties includes the block bound by West Houston, Main, Flores and Travis streets. This block is currently maintained and landscaped by Frost as passive green space. Weston Urban would seek to improve and redevelop this area to serve as an outdoor gathering space for office workers, nearby residents and visitors. This property would remain privately-owned and privately-maintained but generally accessible subject to reasonable rules and regulations, except during special events or where retail uses or cafes may be implemented.

Proposed Business Arrangements

SALE OF FROST BANK TOWER AND PARKING

Closing Date

The City's acquisition of the Existing Frost Facilities will take place, or close, upon Weston Urban's closing on its construction financing for the New Tower. Because design and permitting for the New Tower will require some time to complete, the closing on the construction financing will likely not occur for 12-18 months following execution of the CDA.

Purchase Price

The purchase price for the Existing Frost Facilities will be their appraised value established pursuant to an independent third-party appraisal. An initial appraisal commissioned by Frost values the Existing Frost Facilities at approximately [redacted]. It is anticipated that the City will conduct its own appraisal of the Existing Frost Facilities. It is critical that the City's appraisal be conducted in a timely fashion and any value discrepancy be resolved promptly in order to reach agreement on the purchase price for purposes of the CDA.

Short-Term Master Lease

Commencing upon the City's acquisition of the Existing Frost Facilities, the City and Frost will enter into a master lease of the Existing Frost Facilities (the "***Master Lease***"). This will permit Frost and the existing office tenants to maintain uninterrupted operations in the Existing Frost Facilities until the opening of the New Tower.

(i.) *Term*. The term of the Master Lease will run until the New Tower has been completed and is available for occupancy by Frost.

(ii.) *Rent*. Under the Master Lease, Frost will continue to operate the Existing Frost Facilities and directly pay all costs in connection therewith, including any real estate taxes, insurance costs and other utility and operational costs, and retain all income associated therewith. Frost will also pay "triple-net" rent to the City equal to the amount that the City would incur in debt service costs if it were to finance the purchase of the Existing Frost Facilities.

Benefits to City

The acquisition of the Existing Frost Facilities will allow the City to centralize most of its downtown offices, which is expected to reduce expenses and improve operational efficiencies. The City currently has short-term office leases in at least five separate downtown buildings. The proposed office consolidation will serve to greatly mitigate the City's lease renewal risk, rental rate exposure and uncertainty with respect to future space needs, while reducing operational expenses. Weston Urban's analysis of City-provided lease information indicates that the consolidation of City offices under this proposal should result in a cumulative savings in excess of [redacted] over a 30-year period. (See **Section 9 - Tab C** for a summary of this analysis.)

Location

In addition to the financial benefits accruing to the City, the Existing Frost Facilities are ideally situated, located across the street from City Hall and the Council Chambers. A tunnel under West Commerce Street connects the Existing Frost Facilities to the City Council Chambers and meeting rooms. The acquisition of the Frost parking facilities will also add much needed City-owned public parking along Houston Street in the northwest quadrant of downtown. The parking facilities will not only be available for the City's daily use, but also provide parking options for evening and weekend activities at Main Plaza and along Houston Street.

NEW TOWER DEVELOPMENT

Weston Urban, acting independently or with development partners, will be responsible for development of the New Tower. Of the nearly 400,000 square feet planned for development, Frost will occupy approximately 250,000 square feet under a long-term lease, thereby solidifying the presence of one of downtown's longest standing corporate citizens.

Financing

Weston Urban has the financial capabilities to develop this Project. Weston Urban anticipates that development costs of the New Tower will require approximately [redacted] in capital. Approximately, [redacted] represents the investor equity requirements expected for the New Tower. The remaining balance of capital will be financed by independent lending sources.

Design

Recognizing the permanent importance of the building design to the community as well as the building users, Weston Urban intends to carefully approach its schematic design. As contemplated and described below, Weston Urban will undertake a formal design team selection process. Weston Urban anticipates that aspects of the design will be influenced by the City's recently adopted *downtown Design Guidelines*. The New Tower site is currently occupied by the Frost Motor Bank. The southern wall of the Motor Bank building includes limestone blocks. Weston Urban is aware that this stone was taken from the front wall of the former First Presbyterian Church (which was once located at the intersection of Flores Street and West Houston Street) when the building was dismantled in 1982. While the limestone has no historic significance in the context of the Frost Motor Bank (constructed in 1989), Weston Urban has explored this issue with the Office of Historic Preservation. Weston Urban hopes to incorporate these limestone blocks into the site of the New Tower, if feasible.

Construction

Weston Urban will select a qualified general contractor to undertake this significant construction project.

Fee Waivers and Public Infrastructure

Fee Waivers. Weston Urban's New Tower budget assumes the waiver of City development fees that are presently available under the City's Inner-City Reinvestment and Infill Policy (ICRIP) program. It is unclear whether the ICRIP program will be in effect at the time construction begins, so Weston Urban will seek to provide this incentive under the CDA. Likewise, Weston Urban is seeking the waiver of all SAWS impact fees for the New Tower. Additionally, Weston Urban is requesting a waiver of any City tree ordinance mitigation fees, platting and other building permit fees not waived or reduced by ICRIP.

Waiver of Right-of-Way Use Fees. The construction of the New Tower will require the temporary closure of sidewalks, traffic lanes and blocks of streets to ensure the safe and efficient construction of the Project. Weston Urban is requesting that such fees be waived.

City-Funded Upgrades to Public Infrastructure. The development of the New Tower is expected to require enhancements to the utility, road and sidewalk systems to accommodate the demands of the Project and future development in the area. Pape-Dawson Engineers has identified preliminary improvements to utility infrastructure (see **Section 9 – Tab D** for additional details.) It is possible that additional transportation system, sidewalk improvements or other utility system upgrades may be required. Weston Urban expects the cost responsibility of public improvements, including but not limited to the following, to be assumed by the City and/or other public entities:

- Utility infrastructure upgrades, extensions, repairs, including CPS electric utility vaults that may be required
- Transportation system, sidewalk or other traffic related improvements

- Utility connection fees
- Any and all other costs necessary to deliver adequate public utilities to the respective property lines

Benefits to City

The New Tower will redefine the San Antonio skyline, while enhancing the street-level urban experience in downtown by transforming underutilized property. The New Tower directly addresses a critical need identified by Deloitte in the community's Economic Development Strategy: high-quality office space in downtown that is available for immediate move-in by companies seeking to locate to San Antonio.

According to the Economic Impact Analysis (see **Section 9 – Tab F**), the construction of the New Tower will employ 1,959 full-time equivalent positions with wages and benefits totaling approximately $96,000,000. The overall economic (output) impact of the New Tower construction will amount to over $236,000,000. Additionally, the New Tower construction is expected to generate approximately [redacted] annually in property tax revenues to local taxing entities. The construction of the New Tower is expected to generate [redacted] in additional City sales tax revenues. The New Tower is estimated to generate [redacted] annually in new revenues to the downtown public improvement district.

REDEVELOPMENT OF CITY REAL ESTATE AND ADDITIONAL FROST PROPERTIES

Properties

Under the Project, Weston Urban will acquire the following City-owned properties: (1) the Municipal Plaza Building (114 West Commerce Street); (2) the former Continental Hotel Building (322 West Commerce Street) and rear parking lot (presently occupied by Metro Health Department); (3) the property located along the east side of Main Street, between Travis Street and Houston Street; (4) the parking lot located along Pecan Street, at the southwest corner of its intersection with Flores Street; and (5) the property located at 319 West Travis (collectively referred to as the "***City Real Estate***"). As part of the Project, Weston Urban will also be acquiring the Additional Frost Properties (including the Site of the New Tower).

Redevelopment Framework

The sale of the City Real Estate to Weston Urban could, at the City's option, help financially support the City's acquisition of the Existing Frost Facilities. Just as important, Weston Urban intends to redevelop these properties and the Additional Frost Properties as a means of furthering Weston Urban's mission of propelling authentic, unique space in urban San Antonio. Weston Urban believes that downtown is everyone's neighborhood and aims to create a built urban environment that San Antonio will embrace, especially those young professionals and millennials critical to growing the San Antonio economy.

Weston Urban has already undertaken some redevelopment activities in this immediate area through the acquisition of the historic Rand Building and the conversion of its upper floors as the new home for Geekdom, the collaborative co-working space for technology-oriented entrepreneurs founded by Graham Weston.

The combination of these property acquisitions and their future planned development will permit Weston Urban—acting independently or in partnership with other development entities—to transform largely underutilized areas of downtown into a concentration of new, mixed-use development that complements other public investments and planned improvements.

As part of the Project, Weston Urban will be acquiring the 1.15-acre block that is located across Houston Street from where the new City offices would be located and across Flores Street from where the New Tower will be built. This block is currently maintained and landscaped by Frost as passive green space. As a critical component of the revitalization of this quadrant of downtown, Weston Urban intends to activate and enhance this area to serve as an outdoor gathering space for downtown workers, residents and visitors. The property would remain privately-owned and privately-maintained but remain open to the public subject to reasonable rules and regulations, except during special events or where limited retail or cafes may be implemented.

Several years are needed to allow for redevelopment of the City Real Estate due to the timing issues associated with the construction of the New Tower and the City's transition into the Existing Frost Facilities. Careful analysis will be needed to assess the most appropriate use for each property. Weston Urban has determined that at least 300 housing units can be developed on the City Real Estate and the Additional Frost Properties. These new residences - together with the New Frost Tower, new public parking, and the revitalized green space described above – will result in a transformation of this quadrant of downtown.

Municipal Plaza Building

The City will retain control of the existing City Council Chambers and supporting first floor areas of the Municipal Plaza building. This will be secured via a leasehold interest or, in the alternative, City ownership could be preserved through the creation of a condominium regime for the building. Weston Urban will own and control a portion of the lobby and elevator spaces to service the upper floors of the building, and will acquire a portion of the first floor to be converted into a retail use. The remainder of the building will be redeveloped taking into account the constraints of the existing building, the City's occupancy and other market factors.

Purchase Price

The purchase price will be the collective appraised value of the City Real Estate established pursuant to an independent third-party appraisal. Weston Urban anticipates that the City will produce an appraisal of the City Real Estate. Weston Urban may also conduct its own appraisal. Both appraisals need to be conducted in a timely fashion and any value discrepancy resolved promptly in order to reach agreement on the purchase price in connection with the CDA.

Closing Date

Weston Urban's acquisition of the City Real Estate will take place, or close, upon Weston Urban's closing of the New Tower construction financing. Alternatively, if the City does not elect for Weston Urban to acquire the City Real Estate contemporaneously with the City's acquisition of the Existing Frost Facilities, the City will convey to Weston Urban the City Real Estate upon substantial completion of the New Tower and termination of the Master Lease referenced above.

Short-Term Lease(s) of City Real Estate

If, as described above, Weston Urban acquires the City Real Estate upon its closing of construction financing of the New Tower, then upon such acquisition Weston Urban will enter into one or more leases with the City for the Municipal Plaza Building, 319 West Travis Street and the former Continental Hotel Building.

(i.) *Term*. Subject to a reasonable termination date, the lease(s) will run until such time as the City is able to relocate out of these buildings and into the Existing Frost Facilities.

(ii.) *Rent*. The rental amount will be calculated to compensate Weston Urban for its carrying and operational costs during the period of the City's occupancy.

Benefits to City

The sale of the City Real Estate will permit the City to realize the financial value of the City property and apply the sale proceeds toward the acquisition price of the Existing Frost Facilities, should the City elect to do so.

Through its redevelopment of the City Real Estate and Additional Frost Properties, Weston Urban will transform the northwest quadrant of downtown with the addition of at least 300 multi-family units, new retail and office space. According to the Economic Impact Analysis (see **Section 9 – Tab F**), the construction of the new residential units will register an economic impact of $93,000,000 and support 670 jobs, with wages and benefits of just over $35,000,000. Additionally, following their completion the multi-family units are expected to generate approximately [redacted] annually in property tax revenues to local taxing entities. The construction of the multi-family units is expected to generate [redacted] in additional City sales tax revenues. The multi-family units are estimated to generate [redacted] annually in new revenues to the downtown public improvement district.

Project Incentives

Much of the City Real Estate may be unavailable for redevelopment for several years given the timing associated with the construction of the New Tower and the City's transition into the Existing Frost Facilities. However, Weston Urban is committed to developing at least 300 multi-family residential units on the City Real Estate and/or on the Additional Frost Properties.

Weston Urban understands that the City's current housing incentive program (the Center City Housing Incentive Program, or "*CCHIP*") may expire in 2015. Weston Urban's commitment is conditioned upon the eligibility of each of its multi-family development or mixed-used projects (those including multi-family housing) to receive City incentives equal to the CCHIP in effect as of the Project CDA, unless enhanced incentives are available.

Project Parking Lease

Weston Urban seeks to enter into a long-term lease with the City for the use of approximately 85 parking spaces in the existing Frost Bank parking garage that will be acquired by the City under this Project. These spaces will facilitate the redevelopment of the Municipal Plaza Building.

Implementation Strategy

The implementation strategy for the qualifying project and its components is reflected in the "Proposed Business Arrangement" section above.

Preliminary Schedule

The preliminary schedule is attached hereto as **Section 9 -Tab E.**

Development Plan

NEW TOWER

The development of the New Tower is a multi-year process, which is described below and reflected in the preliminary schedule provided in **Section 9 – Tab E.**

New Tower

Development Steps	Est. Time Frame
Finalize Project Agreements	5 months
Schematic Design and Land Plan	12 months
Obtain Preliminary Financing Commitments	
Design New Tower	
Construction Bids/Negotiations	
Finalize Construction Financing/Close	1 month
Construct New Tower	30 months
Total Estimated Time (from submittal of Detailed Proposal)	**48 months**

REDEVELOPMENT OF CITY REAL ESTATE

Redevelopment of the City Real Estate by Weston Urban and/or third parties will not occur until after the City has vacated those buildings following its occupancy of the Existing Frost Facilities. It is possible that Weston Urban could develop some of the Additional Frost Properties in the area prior to work on the City Real Estate. The schedule for the City Real Estate is unknown, but conceptually could occur as reflected below.

Redevelopment of City Real Estate

Development Steps	Est. Time Frame
Development of New Tower Schematic Design for Redevelopment	48 months
City Relocates from City Real Estate	6-9 months
Investigation of Buildings/Final Design	3 months
Construct New Projects	12-24 months
Total Estimated Time (from submittal of Detailed Proposal)	**69-84 months**

Concept Plan for New Tower

The design of a high-rise office building requires thoughtful analysis to ensure that it meets the needs of its users, meets energy and environmental goals and integrates well into the downtown environment. Weston Urban is committed to ensuring that the New Tower meets these goals so that upon its completion, it becomes a recognized and prominent new structure in San Antonio's skyline.

To accomplish the building design goals, Weston Urban intends to seek proposals from a select group of architectural firms. This architectural selection process will be managed by local consulting architects and experts in collaboration with Weston Urban.

In addition to the exterior appearance of the New Tower, its schematic design will address floor-by-floor layout, parking and transportation arrangements and street-level urban design. None of that information is available to present in this proposal. Thus, no concept plan or renderings are available for inclusion in this Detailed Proposal, and rough schematic designs may not be prepared for several months.

However, some preliminary massing studies have been conducted for Weston Urban. Those are presented below for your review and information. These massing images are for illustrative purposes only and do not reflect the design or height of the proposed New Tower.

Future Skyline

Site

**Blue image is for massing illustration purposes only. The New Tower has yet to be designed.*

Site

Future Skyline

**Blue image is for massing illustration purposes only. The New Tower has yet to be designed.*

Site

Future Skyline

**Blue image is for massing illustration purposes only. The New Tower has yet to be designed.*

Future Skyline

Site

**Blue image is for massing illustration purposes only. The New Tower has yet to be designed.*

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Future Skyline

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Site

Future Skyline

**Blue image is for massing illustration purposes only. The New Tower has yet to be designed.*

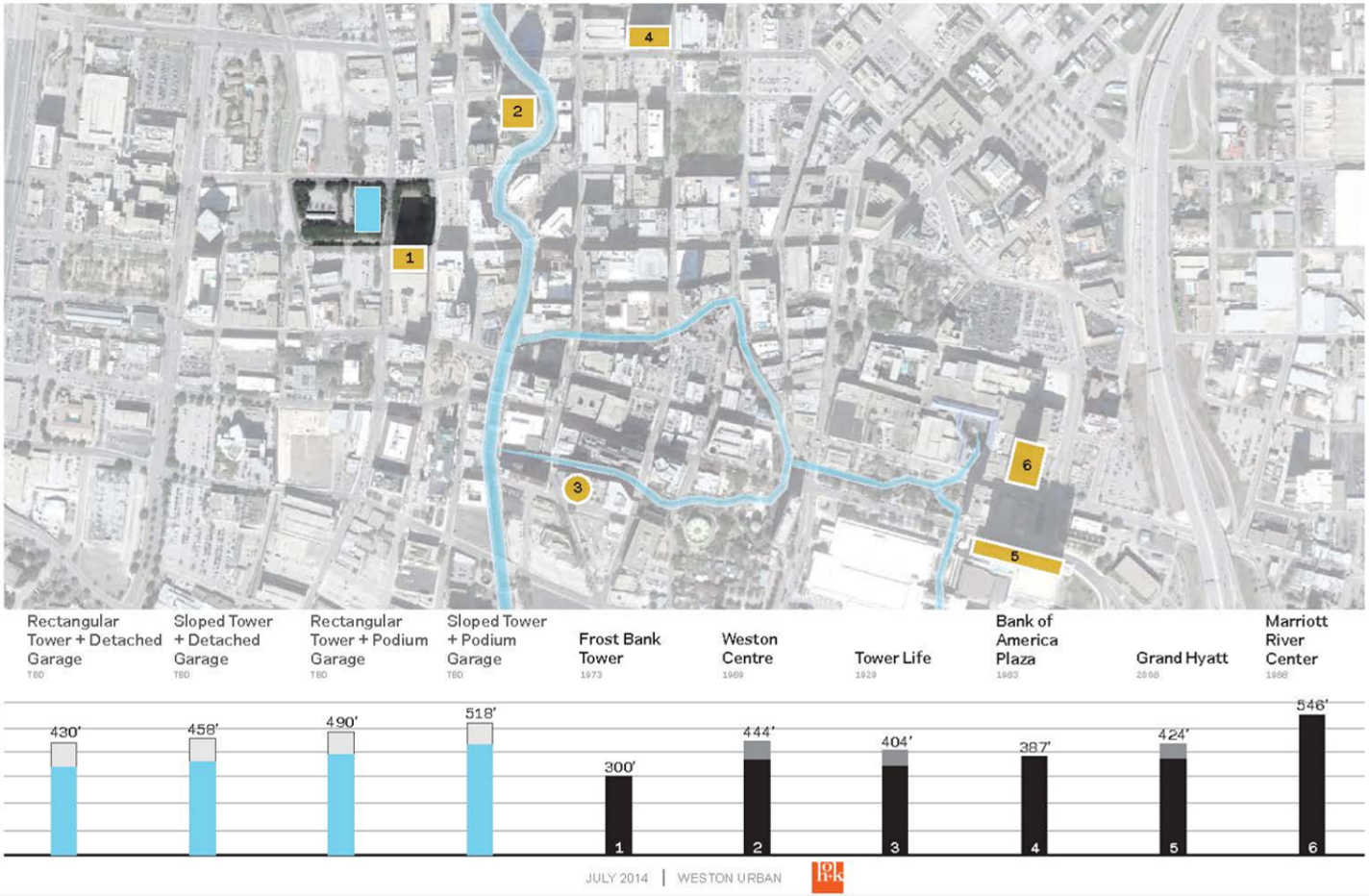
Future Skyline

Site

**Blue image is for massing illustration purposes only. The New Tower has yet to be designed.*

San Antonio High Rise Structures

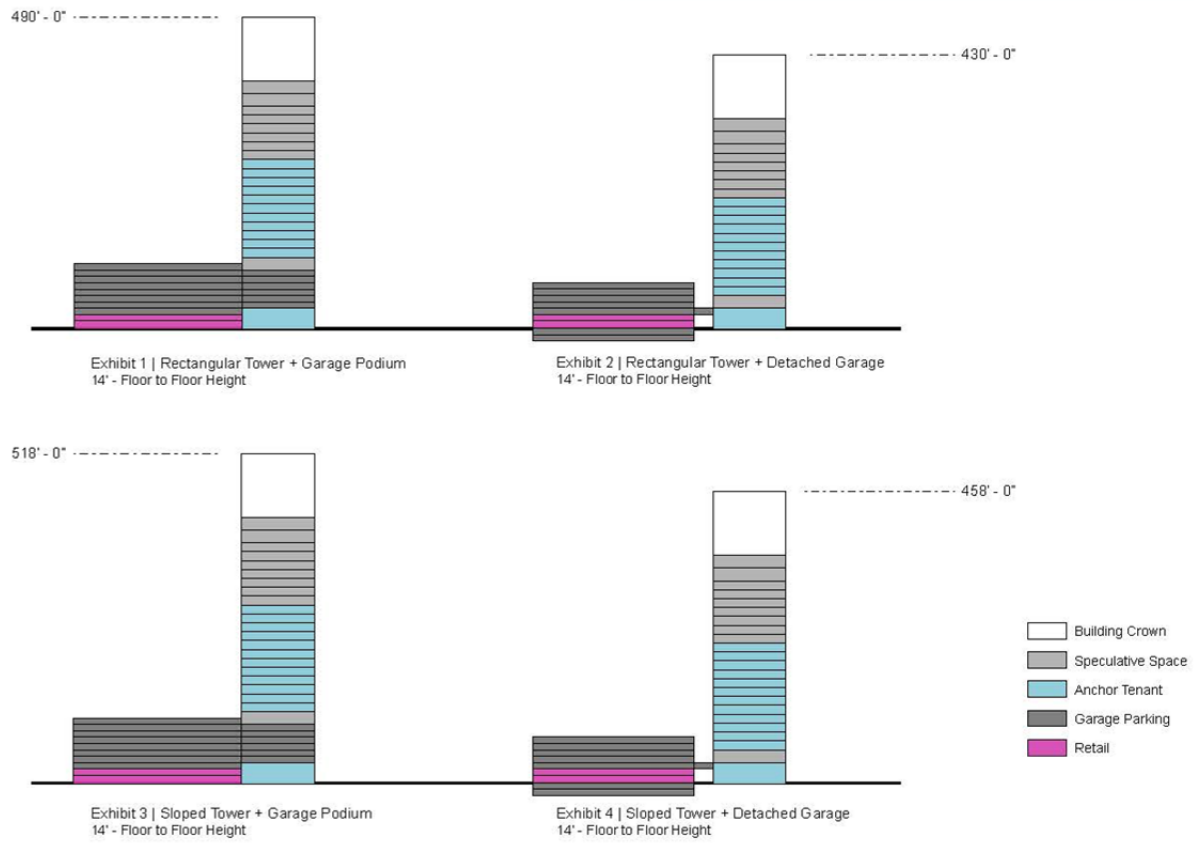
Tower Height Comparison



New Tower height comparison is for illustrative purposes only. The actual height is subject to change and final design of the building.

Design Concepts

Exhibit Sections



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New Tower design concepts exhibit is for illustrative purposes only. The actual height is subject to change and final design of the building.

Terms & Conditions

Assurances

The Project calls for substantial investment of time and resources by the City, Weston Urban and Frost. The success of the Project also fully depends upon the fulfillment of the parties' respective interlocking commitments. Thus, the CDA will need to set forth clear remedies that can be relied upon in order to move the Project forward.

For example, the City's fulfillment of its commitment to acquire the Existing Frost Facilities is absolutely essential to Weston Urban's ability to move forward with the New Tower. Thus, Weston Urban will require assurances that this commitment can be enforced as a prerequisite to justifying its expenditure of substantial predevelopment costs on the New Tower.

The most straightforward means of enforcing this commitment would be the remedy of specific performance and Weston Urban and Frost prefer to rely upon that remedy where appropriate. With respect to the City, however, careful attention must be given to the impact the City's governmental immunity has on whether the City can offer this as a certain remedy to secure its obligation to purchase the Existing Frost Facilities. Therefore, Weston Urban and Frost would require an unambiguous legal opinion from both the City Attorney and qualified and independent outside counsel confirming the enforceability of specific performance against the City with respect to its purchase of the Existing Frost Facilities in order to be comfortable relying upon this remedy.

In the event such a legal opinion is not available, one option for still providing the necessary protection would be for the City to make earnest money or liquidated damage deposits that would be sufficient to protect Weston Urban and Frost against the costs they would be incurring in reliance on the City's promises. While these deposits could be phased-in as the Project progresses, Weston Urban anticipates that these will eventually need to equal approximately [redacted] (all of which would be essentially a down-payment towards the purchase price for the Existing Frost Facilities).

A third alternative means of providing the necessary certainty to move the Project forward would simply involve moving up the timing of the City's acquisition of the Existing Frost Facilities. Once the City has acquired the Existing Frost Facilities, Weston Urban and Frost will have the certainty they need to move forward with the New Tower. Depending upon the timing of the City's acquisition, however, there may still need to be a significant earnest money deposit (albeit much less than [redacted]) but it would be in escrow for a much shorter period (e.g., 120 days). If the City accepts the Proposal, Weston Urban and Frost look forward to an open dialogue on these issues and working with the City towards a common goal of finding the appropriate means for providing the assurance to all parties necessary to move the Project forward.

Construction Closures of Public Right-of-Way

1. Camaron Street will be closed during the construction of the New Tower and no fee will be charged to Weston Urban or its contractor for such closure.

2. The City employee parking lot located on the aforementioned block of Camaron Street will be closed during the construction of the New Tower and made available for use by Weston Urban during the construction period for related uses (e.g., construction/crane/storage) and no fee will be charged to Weston Urban or its contractor for such closure.

3. During the construction of the New Tower, the abutting sidewalks, public areas and traffic lanes surrounding the construction site will need to be temporarily closed. Traffic will be re-routed by the City as necessary to permit safe and efficient construction of the building. No fee will be charged for such closures.

4. The aforementioned lane closures may necessitate the relocation of the bus stops near the New Tower site. For public safety reasons, the bus stops may need to be temporarily relocated during the construction period (up to 30 months).

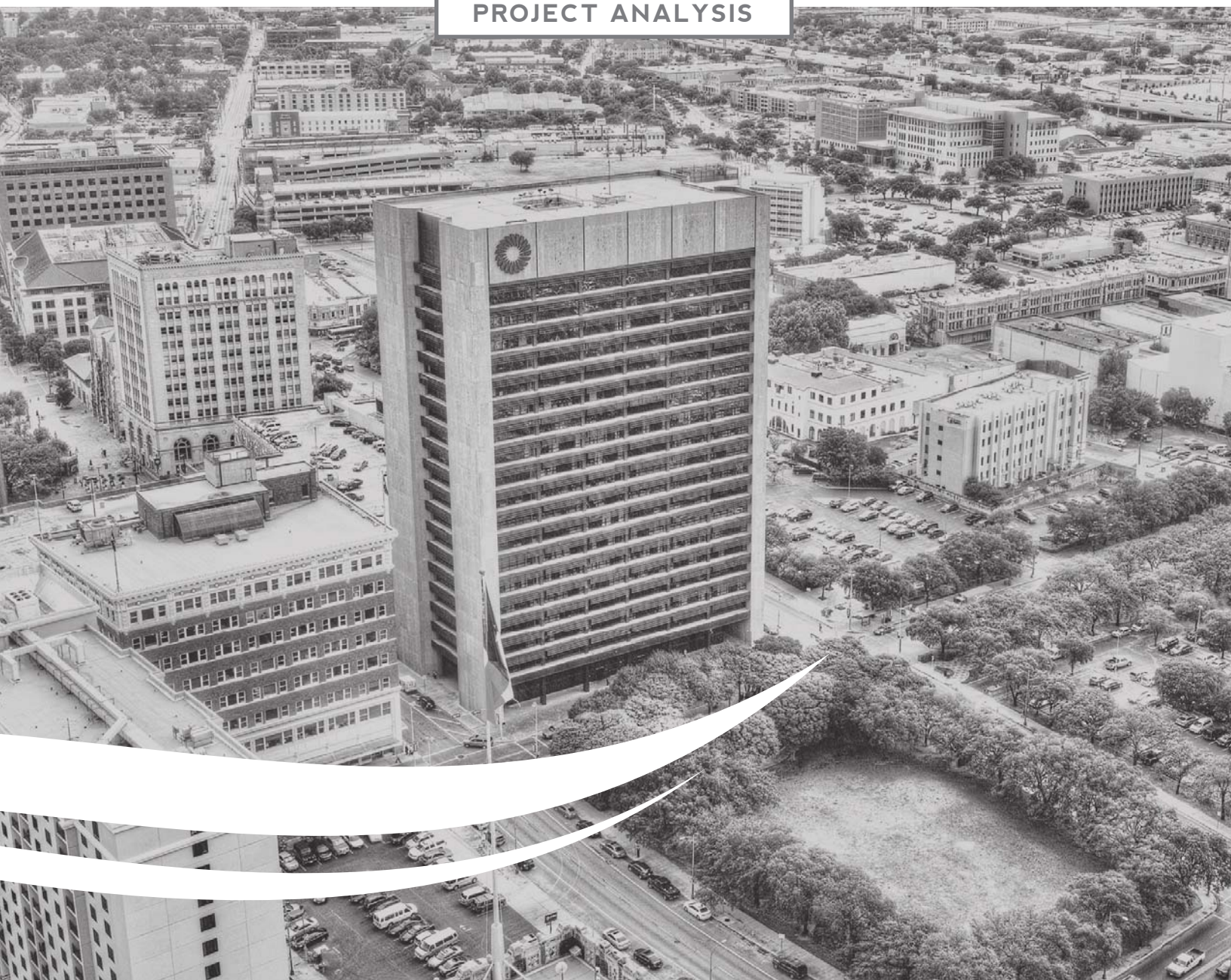
The San Antonio River Authority (SARA) has identified the Camaron parking lot as a potential site for improvements to San Pedro Creek, as part of a major improvement project. Should the City and SARA agree that the Camaron parking lot will be used for such use or in connection with improvements to San Pedro Creek following construction of the New Tower, Weston Urban and its contractor will coordinate with the City and SARA to ensure that such use is compatible with #2 above.

Figure 2: Renderings depict conceptual San Pedro Creek improvements. Pictures from San Pedro Creek Study (Pape Dawson - Munoz, Printed May 16, 2013)

WESTON URBAN

Frost

PROJECT ANALYSIS



Project Analysis

Location and Site Analysis

Design and Attributes of Site

Existing Frost Facilities

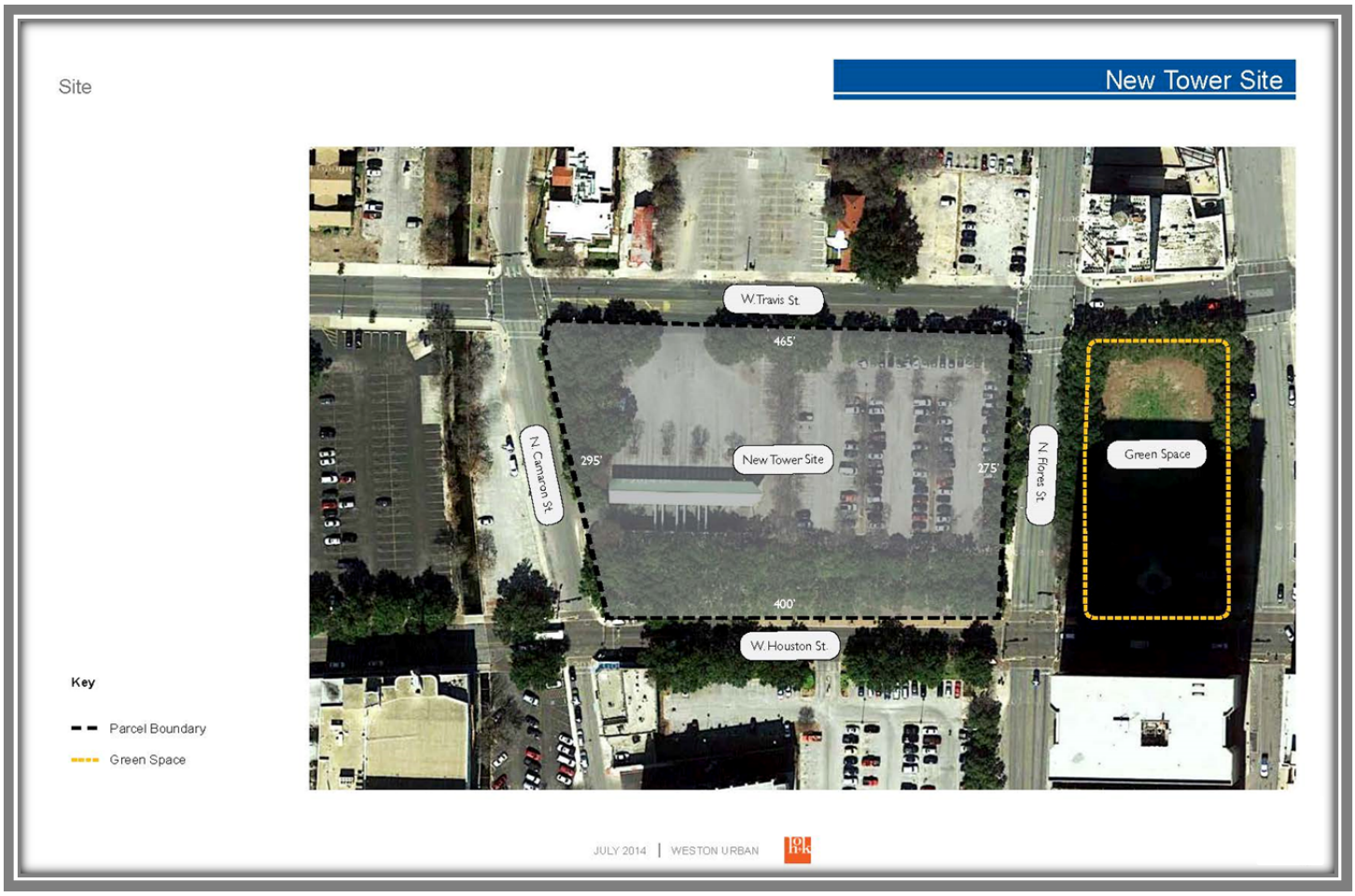
Located across the street from City Hall and the Council Chambers, the Existing Frost Facilities are ideally situated for use as City offices. Presently, the City's Economic Development Department and Center City Development Office are located on the 19th Floor of Frost Bank Tower. Moreover, a tunnel under West Commerce Street already connects the Existing Frost Facilities to the City Council Chambers and meeting rooms. The acquisition of the Frost parking facilities will add much needed City-owned public parking to the area. The parking facilities will be available for daily use for City employees and visitors and also provide parking options for evening and weekend activities at Main Plaza and Houston Street.

New Tower

The New Tower is proposed to be constructed on property currently owned by Frost. It serves as a bank drive-thru location and parking lot for Frost. For several decades, this area of downtown has been dominated by parking lots. The addition of a high-rise office tower and redevelopment of the Additional Frost Properties will change the character of the entire area. Some of the largest parking lot areas will be developed by the Project. Moreover, the office employment along West Houston could prompt additional retail and residential development. The location of the New Tower is across the street from San Pedro Creek, which is planned for future development in the coming years.

City Real Estate and Additional Frost Properties

The redevelopment of the City Real Estate and Additional Frost Properties, including the addition of 300 multi-family units, will complement the new office development. The concentration of new residents will help foster the overall revitalization of this quadrant of downtown.

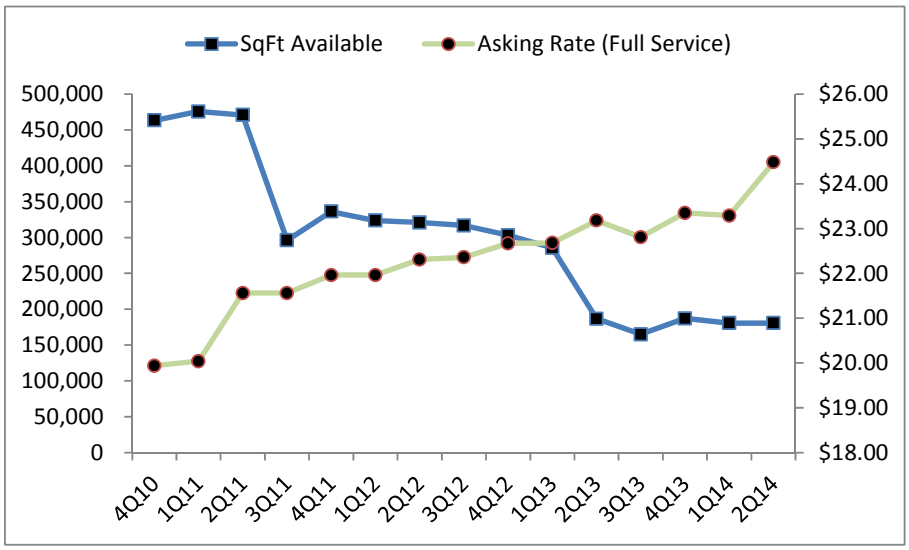


Public Utility Facilities Impacted by Project

Pape-Dawson Engineers conducted a preliminary estimate of utility demands of the Project and compared it to existing service lines and capacity in the vicinity of the site. Their analysis is presented in **Section 9-Tab D**.

Market and Competitive Analysis

Market conditions for Class A office space in San Antonio's Central Business District ("*CBD*") have shown strong improvement over the past several years. At the close of 2010, the availability rate for Class A office product in the CBD stood at 30.2%, with an average asking rate of $19.94 per square foot ("*PSF*") on a full-service basis[3]. This compares to an availability rate of 11.8% and average asking rate of $24.48 PSF at the end of the Second Quarter of 2014. With no new Class A office product being added during this period, this translates into approximately 300,000 net square feet of Class A office space being absorbed during the period (an average of nearly 85,000 square feet per year). Average asking rates improved by nearly 23% over the same time period (over 6.5% per year).



As a result of improved market conditions, at the close of the Second Quarter of 2014 only approximately 180,000 square feet of Class A office space remains available to prospective tenants in the CBD. The available space is a fragmented sampling of spaces dispersed throughout the submarket, only one of which offers contiguous space greater than 30,000 square feet. None of the spaces offer contiguous space larger than 40,000 square feet. Limited and fragmented availability presents a problem for prospective businesses looking to expand or relocate to the CBD.

Asking rates at Class A office properties within the CBD ranged from $23.00 PSF to $26.50 PSF on a full-service basis at the end of 2Q'14. Though rising at an inspiring pace, Class A office rates in the CBD are significantly lower than those achieved at newer properties found in other submarkets of San Antonio. For example, Eilan, an approximately 200,000 square foot Class A office project located near Loop 1604 and I-10, achieved

[3] In a full-service lease, the rent paid by the tenant is generally all-inclusive. The landlord is responsible for all expenses associated with operating the building, including real taxes, insurance, common area maintenance, utilities and cleaning.

rental rates in excess of $21.00 PSF on a triple-net basis[4] ("*NNN*") with estimated operating expenses of $11.00 PSF. This is equivalent to a $32.00 PSF rate on a full-service basis. It was recently announced that Eilan is 100% leased. WestRidge, a currently under construction 130,000 square foot Class A office building also located near Loop 1604 and I-10, had an asking rate of $22.00 PSF NNN. The developers of WestRidge recently announced leasing 100% of the building to Harland Clarke for their global headquarters.

Newer Class A office projects realizing strong demand and higher rental rates than their older competition holds true in submarkets closer to the CBD as well. For example, office space at Pearl is demanding rates of $22.50 PSF NNN. Operating expenses for similar office properties are typically $10-$12 PSF. Less than 10,000 square feet of space is available at Pearl. Another example is The Phipps Building, a Class A office building located in the River North/Midtown area, which recently leased its remaining vacancy for $32.00 PSF full service.

For the first time in decades these newer office projects near the CBD are achieving equal or higher rates than suburban offerings. This can be attributed to a number of reasons, including proximity to the River Walk and all that it embodies, along with the ability to walk from the office to dining establishments and various forms of entertainment. Similar to other metropolitan areas across the country, San Antonio is experiencing an urban renewal driven by demand for walkable amenities, less auto dependency, and desire for a heightened cultural and community experience. As a result, the market for office space in the CBD, particularly well-positioned modern product, will continue to improve in the coming years.

As previously stated in the Detailed Proposal, completion of the proposed new Frost Tower would be the first high-rise office building constructed in the CBD in over 25 years. Due to higher land prices in the CBD, along with the quality finishes contemplated and relatively higher cost of high-rise construction and structured parking, the proposed tower would need to demand rental rates in the [redacted] range in order to be financially feasible. Such rates have yet to be realized in San Antonio. However, applying an annual growth rate of [redacted] to those rates being achieved in newer projects, Class A office rates will be approaching [redacted] by 2018 when the proposed tower is completed. Further, with 250,000 square feet of the proposed 400,000 square foot tower preleased to Frost, the financial risk of the tower is greatly mitigated.

As one final point of reference, due to its geographic proximity, it is worth a quick examination of market conditions in Austin's CBD, which is more mature than San Antonio's after having experienced an urban renewal for nearly a decade. At the close of the Second Quarter of 2014 the average asking rate for Class A office space in Austin's CBD was $43.14 PSF on a full-service basis. The premier projects, such as the Frost Tower in Austin, are achieving rates in the low $50.00 PSF range on a full-service basis. Two years ago, the average asking rate for Class A office space in Austin's CBD was $38.08 PSF full service (13.3% growth over the two periods).

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[4] In a triple-net lease, the tenant pays all expenses associated with operating the building, in addition to the base rent owed to the landlord.

Construction Schedule

For the New Tower, a conceptual timeline for the development stages (including construction) is attached as Section 9 – Tab E.

Political and Legal Analysis

SA2020

The project adheres to the SA2020 community vision for the future of San Antonio by directly supporting the goals for the downtown development, economic competiveness and neighborhood cause areas.

Economic Competitiveness

Construction of the New Tower will improve the City's Economic Competitiveness by providing new Class A office space that can be used to attract employers to and retain employers in San Antonio.

Downtown Development

The addition of at least 300 housing units will help achieve the goal of adding 5,000 housing units in downtown, increasing the percentage of housing in the urban core and its population growth. A new Class A office tower will increase the number of downtown office professionals which could relocate to new, modern office space, unlike any currently available.

Neighborhoods

The Project, through the new office space and redevelopment of underutilized City and Frost properties, will increase inner-loop housing construction, the percentage of housing in the urban core and – ultimately – the population of downtown.

Permits and Approvals

This section describes the permits that Weston Urban anticipates needing for the Project.

Existing Frost Facilities

The approved land use for the property is appropriate for the City's use. No development permits are required.

New Tower

(i) **Zoning/Land Use**. The New Tower is authorized under current zoning (D). No zoning approval is required.
(ii) **Development**. Weston Urban will obtain all permits required under the City's UDC. There are no known variances or code exceptions required.
(iii) **Flood Plain**. The New Tower property is not impacted by any flood plain.
(iv) **Subdivision**. Replatting of the site may be required.
(v) **Height**. The development will require coordination with the Federal Aviation Administration (FAA) due to the height of the structure.

Redevelopment of City Real Estate and Additional Frost Properties

(i) **Zoning/Land Use**. Multi-family and mixed-use land uses are authorized under current zoning (D). No approval is required. Some properties may be subject to HDRC review.

(ii) **Development**. Weston Urban will obtain all permits required under the City's UDC. There are no known variances or code exceptions required.

(iii) **Flood Plain**. With the exception of the former Continental Hotel Building (currently occupied by Metro Health) and the Frost property labeled as "G" on exhibit **Section 9 - Tab B**, the properties are not impacted by flood plain and no approval is required for these components.

(iv) **Subdivision**. Replatting of one or more sites may be required.

Federal, State or Local Resources Required

Aside from the fee waivers and public infrastructure assistance described in the Proposed Business Arrangements of the New Tower above, private capital will be used to develop the New Tower. To the extent that City or utility financial resources are required to upgrade or improve public infrastructure in the area, Weston Urban expects that those resources will be made available in a timely fashion, pursuant to the CDA.

Although it is not planned or required at this time, it is possible that the redevelopment of the City Real Estate may involve historic or affordable components, which may make it appropriate and/or eligible for state or federal support. In that regard, Weston Urban will seek federal and/or state tax credits for the redevelopment of certain properties.

WESTON URBAN

Frost

PROJECT FINANCING

Project Financing

Project Budget

Each of the components of the Project will be financed in a different manner by different entities. For example, the proposed purchase of the Existing Frost Facilities will be accomplished by the City utilizing the financial sources, authorities and credit facilities that the City deems appropriate. (While this Detailed Proposal includes estimates of potential City cost savings using certain assumptions about City debt, the City will ultimately determine its preferred financing plan.)

Weston Urban shall be responsible for funding the acquisition of the site and development of the New Tower. It intends to accomplish this using a combination of private investment ("***Equity***") and private loans ("***Debt***"). The cumulative cost to deliver the New Tower is expected to exceed [redacted]. The projected sources and uses for the New Tower are provided as **Section 9 – Tab G**. Weston Urban has sufficient liquid assets or suitable unencumbered lines of credit to carry out predevelopment activities associated with the New Tower as evidenced by the letter attached hereto as **Section 9 – Tab I**.

In addition to the Equity of Weston Urban, it is anticipated that other individuals and financial institutions will invest in the development. Due to conventional lending requirements, the Financial Plan assumes that the group of investors will collectively contribute approximately [redacted] towards the New Tower. This represents approximately [redacted] of the New Tower budget. The balance of the New Tower budget [redacted] will be funded with Debt.

As more detailed information becomes available concerning specific sources and amounts of Equity and Debt for each Project component, Weston Urban will provide such information to the City. When a final construction loan commitment is issued for the New Tower, Weston Urban will provide documentation of such commitment to the City.

The future development of the City Real Estate and Additional Frost Properties will also be accomplished with a combination of Equity and Debt.

Proforma Financial Statements

Attached as **Section 9 – Tab H** is the Income Statement for the New Tower showing the anticipated revenues and operating expenses upon stabilization.

WESTON URBAN

Frost

COMMUNITY IMPACT

Community Impact

Community Benefits

Economic Impact

In connection with this Detailed Proposal, Weston Urban commissioned the Economic Impact Analysis. This study estimated the economic impact of the construction of the New Tower, as well as the construction of 300 multi-family units.

The study (attached in **Section 9 – Tab F**) estimates that the combined direct construction spending of [redacted] leads to an overall economic impact of $329,000,000 (this includes both direct spending and indirect impacts of that spending throughout the local economy). This would cause a rise in local income by $131,000,000, and generate [redacted] in new City sales tax revenues during the construction period.

Job Creation

The Economic Impact Analysis also estimates that the construction-related spending and indirect impacts of the Project will lead to the creation of 2,629 jobs throughout the local economy.

Property/PID Tax Revenue

According to the Economic Impact Analysis, the local taxing entities will receive approximately [redacted] in annual property tax revenue through the development of the New Tower and 300 residential units. The property tax estimation is shown in the table below.

Economic Impact Analysis:
Property Tax Rates and Annual Revenues of New Development (2014 $)

	Tax Rates Per $100 Valuation (2013)	*New Tower*	*Residential Development*
SAISD	1.3576	[redacted]	[redacted]
Road & Flood	0.030679	[redacted]	[redacted]
SA River Authority	0.017798	[redacted]	[redacted]
Community College	0.14915	[redacted]	[redacted]
University Health System	0.276235	[redacted]	[redacted]
Bexar County	0.296187	[redacted]	[redacted]
City of San Antonio	0.56569	[redacted]	[redacted]
Total	2.693339	[redacted]	[redacted]

Source (Tax Rates): Bexar Appraisal District

[1] Weston Urban anticipates the residential development will receive tax incentives through the current CCHIP program.

Weston Urban estimates that the Project will generate approximately [redacted] in increased City property tax revenues over a 30-year period. The New Tower and 300 multi-family units are also expected to generate approximately [redacted] annually for the downtown Public Improvement District (PID).

Subcontracting Opportunities

The construction of the New Tower will require products and services from many suppliers and subcontractors. Most construction specialties will be required, including but not limited to: site work and utility contractors, concrete, welders, haulers, electrical, plumbing, drywall, painters, glass installers, masons and interior finish companies.

Other Development Benefits

The Project is clearly consistent with the SA2020 goals, the City's adopted Downtown Master Plan and the City's "Decade of Downtown."

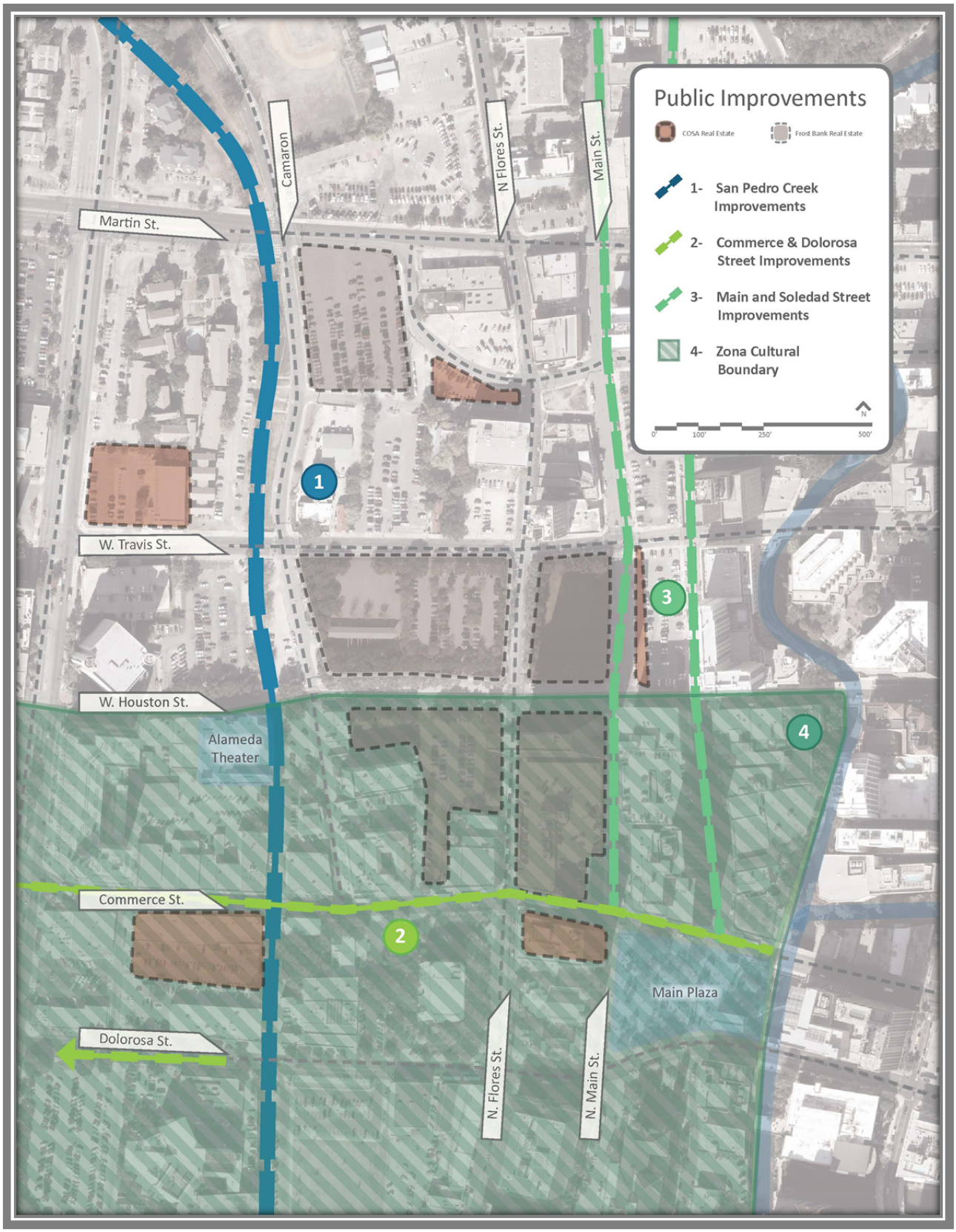
Weston Urban and Frost strongly believe that the Project will strengthen downtown San Antonio (and the northwest quadrant in particular) by bringing new investment to the area, concentrating new professional offices and employees, adding residential living opportunities, increasing opportunities for retail development and enhancing public parking for the entire area. Moreover, the New Tower will accent the San Antonio skyline, and the Project will enhance the street-level urban experience in downtown by transforming underutilized property.

The New Tower directly addresses a critical need identified by Deloitte in the community's Economic Development Strategy: high-quality office space in downtown that is available for immediate move-in by companies seeking to locate to San Antonio.

The Downtown Master Plan encourages the City to develop downtown businesses and a healthy, diversified economic base through partnerships, financing and funding strategies. It also calls for an increase in the number of residents living downtown.

If the City acquires the Existing Frost Facilities, parking options downtown will be expanded, without using highly developable land to construct additional parking. The current Frost parking garage will become a City-operated facility that could be utilized during nights and weekends, supporting events at Main Plaza, the Alameda Theater, Zona Cultural and Houston Street activities.

The proposed investment in this area of downtown has the potential to spur other new development and investment. The Project will encourage the private redevelopment of nearby underutilized and vacant properties, such as the Solo Serve block and properties along Flores Street. Its proximity to the San Pedro Creek improvements, Alameda Theater and the Main/Soledad street improvements support the current and proposed investments being made in the northwest quadrant of downtown.


Public Improvements
COSA Real Estate
Frost Bank Real Estate
1- San Pedro Creek Improvements
2- Commerce & Dolorosa Street Improvements
3- Main and Soledad Street Improvements
4- Zona Cultural Boundary
N
0'
100'
250'
500'
Martin St.
Camaron
N Flores St.
Main St.
W. Travis St.
W. Houston St.
Alameda Theater
Commerce St.
Dolorosa St.
N. Flores St.
N. Main St.
Main Plaza
1
2
3
4