

AN ORDINANCE 2016-01-28-0041

AUTHORIZING AMENDMENTS TO THE VERANO TIRZ PROJECT AND FINANCE PLANS, EXTENDING THE TERM OF THE TIRZ BY EIGHT YEARS, APPROVING THE ASSIGNMENT OF THE VERANO TIRZ DEVELOPMENT AGREEMENT FROM VTLM TEXAS, LP TO VERANO LAND GROUP, LP, AUTHORIZING THE NEGOTIATION AND EXECUTION OF AMENDMENTS TO THE DEVELOPMENT AGREEMENT WITH VERANO LAND GROUP, LP, BEXAR COUNTY AND THE TIRZ BOARD (“BOARD”), THE INTERLOCAL AGREEMENTS WITH PARTICIPATING TAXING ENTITIES AND THE BOARD, AND THE CONSENT AGREEMENT WITH SAN ANTONIO WATER SYSTEMS, VERANO LAND GROUP, LP, AND THE BOARD.

* * * * *

WHEREAS, the City recognizes the importance of its continued role in economic development, community development, planning and urban design; and

WHEREAS, by Ordinance Number 2007-12-06-1257, dated December 6, 2007, pursuant to the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code (as amended, hereinafter called the “Act”), the City created Reinvestment Zone Number Twenty-Eight, City of San Antonio, Texas (“TIRZ”), to promote development and redevelopment of property within the TIRZ through the use of tax increment financing, which development and redevelopment would not otherwise occur solely through private investment in the reasonably foreseeable future, and further established a Board of Directors for the TIRZ; and

WHEREAS, the Reinvestment Zone consists of approximately 3,100 acres of largely undeveloped land off IH 410 between Zarzamora and Pleasanton Road which will be utilized to develop a walkable mixed-use community built on the concept of an integrated urban village centered around the Texas A&M University San Antonio (TAMU-SA) main campus; and

WHEREAS, the TIRZ Project and Finance Plans as well as a Development Agreement with VTLM Texas, LP (“Developer”) were approved by City Council on November 20, 2008 through Ordinance 2008-11-20-1016 and subsequently amended on June 24, 2010 through Ordinance 2010-06-24-0621; and

WHEREAS, by Ordinance 2009-08-20-0662 the City Council also approved a Consent Agreement consenting to the Utility Services Agreement (“USA”) which allowed the assignment of TIRZ funds from the Developer to San Antonio Water System (“SAWS”) for water and wastewater services to the development; and

WHEREAS, the City Council further approved and the City has executed an Interlocal Agreement with San Antonio River Authority as a Participating Taxing Entity in the TIRZ in 2009 and subsequently approved an amendment in 2010; an Interlocal Agreement with Bexar County as a Participating Taxing Entity in the TIRZ in 2008 and subsequently approved an amendment in 2009 and 2010; and an Interlocal Agreement with Alamo Community College District as a Participating Taxing Entity in the TIRZ in 2010; and

WHEREAS, little development has occurred within the Verano TIRZ since the original designation with delays attributable in part to market conditions and litigation between the original Developer and the new developer and land owner Verano Land Group, LP (“Verano Land Group”), which litigation was settled in February 2014; and .

WHEREAS, pursuant to the terms of the Settlement Agreement and Mutual Release (“Settlement Agreement”) between the original Developer and Verano Land Group, all rights and obligations related to the Verano development were to be assigned to Verano Land Group as the new developer of the Verano TIRZ through the Assignment of Rights agreement, contingent upon City Council approval; and

WHEREAS, City Council’s approval of the Assignment of Rights is contingent upon approval by the Verano TIRZ Board of Directors, the SAWS Board of Trustees, and the Board of Regents of the Texas A&M University System; and

WHEREAS, Verano Land Group has worked with City staff to restart development in the TIRZ and has requested updates to the TIRZ Project and Finance Plans, changes to the Zoning, extension of the term of the TIRZ by eight years, adjustments to the development schedule, and amendments to the Development Agreement contingent upon City Council approval; and

WHEREAS, approval of the amendments to the Development Agreement is contingent upon approval by the Verano TIRZ Board of Directors and the Bexar County Commissioners Court; and

WHEREAS, as part of its efforts to restart development, Verano Land Group has renegotiated the terms of the USA with SAWS which governs the provision of water and wastewater services to the development and the assignment of a reduced amount of reimbursements of TIRZ funds to SAWS otherwise due to the Developer; and

WHEREAS, the changes to the USA to reduce TIRZ reimbursements to SAWS requires approval by the City, the Board, and the SAWS Board of Trustees of amendments to the Consent Agreement first approved by City Council in 2009; and

WHEREAS, amendments to the Interlocal Agreements with Bexar County, the San Antonio River Authority, and Alamo Community College District to reflect changes to the overall development, and the Interlocal Agreements with Bexar County and the San Antonio River

Authority to reflect an extension of the TIRZ term and a reduction in the maximum contributions of these participating taxing entities also require City Council and Board approval; and

WHEREAS, City Council’s approval of the amended Interlocal Agreements is contingent upon the approval of the Bexar County Commissioners Court, and the boards of the San Antonio River Authority and Alamo Community College District; and

WHEREAS, as a result of proposed changes to the Form Base Zoning requirement for the first single family development, the revised maximum tax increment contribution of the City will be \$118,992,476.00, \$81,393,692.00 for Bexar County, and \$4,397,567.00 for San Antonio River Authority, with Alamo Community College District remaining at a maximum contribution of \$15,000,000.00; and

WHEREAS, a change in the participation levels of the Participating Taxing Entities allows for the City to have eight (8) board appointments of which the City has agreed to waive its eighth appointment until Alamo Community College District is no longer participating; and

WHEREAS, the Act authorizes the expenditure of funds derived within a reinvestment zone, whether from bond proceeds or other funds, for the payment of expenditures made or estimated to be made and monetary obligations incurred or estimated to be incurred by a municipality establishing a reinvestment zone, for costs of public works or public improvements in the reinvestment zone, plus other costs incidental to those expenditures and obligations, consistent with the Amended Project Plan of the reinvestment zone, which expenditures and monetary obligations constitute project costs, as defined in Section 311.002 (1) of the Act (“Project Costs”); and

WHEREAS, it is now necessary for the City Council to approve the Amended Project and Finance Plans, extension of the TIRZ by eight years, the Assignment of the Development Agreement from the original Developer VTLM Texas, LP to Verano Land Group, and to authorize the City Manager or her designee to negotiate and execute an amendments to the Development Agreement, Interlocal Agreements with all Participating Taxing Entities, and the amended Consent Agreement with SAWS, Verano Land Group, and the TIRZ Board; and

WHEREAS, it is officially found and determined that the meeting at which this Ordinance was passed was open to the public and public notice of the time, place and purpose of said meeting was given all as required by Chapter 551, Texas Government Code, and Chapter 311, Texas Tax Code; **NOW THEREFORE:**

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

SECTION 1. City Council hereby authorizes the extension of the Verano TIRZ Termination Date until September 30, 2045, unless otherwise terminated earlier as a result of breach of

agreements, payment in full of all project costs approved in the Project and Finance Plans, or as authorized or permitted by law.

SECTION 2. The terms and conditions of the Assignment of Rights assigning all rights and obligations under the Development Agreement and the Consent Agreement from VTLM Texas, LP to Verano Land Group, LP is approved contingent upon the subsequent approvals stated in this Ordinance. A copy of the Assignment of Rights in substantially final form is attached to this Ordinance as **Exhibit A**. A copy of the fully executed agreement will be substituted for **Exhibit A** upon receipt of all signatures.

SECTION 3. The terms and conditions of the Amended Development Agreement, Interlocal Agreements with Bexar County, San Antonio River Authority, and Alamo Community College District, and Consent Agreement, to amend the Developer of the Verano TIRZ project, the priority of payment of TIRZ funds, the term of participation and maximum participation amounts of all Participating Taxing Entities, and the assignment of Developer reimbursements to San Antonio Water Systems is approved contingent upon the subsequent approvals stated in this Ordinance. A copy of the amended Development Agreement, amended Interlocal Agreements with Bexar County, San Antonio River Authority, and Alamo Community College District, and amended Consent Agreement, in substantially final form is attached to this Ordinance as **Exhibits B, C, D, E and F** respectively. A copy of the fully executed agreements will be substituted for **Exhibits B, C, D, E and F** upon receipt of all signatures.

SECTION 4. The City Manager or her designee in concurrence with the City Attorney shall have the authority to negotiate, and finalize any and all outstanding terms and execute the Amended Agreements referenced above and such other documents as are necessary to carry out the intent of this ordinance.

SECTION 5. Amendments to the Project and Finance Plans, copies of which are attached as **Exhibit G** (Amended Project Plan) and **Exhibit H** (Amended Finance Plan) and incorporated into this Ordinance for all purposes, are hereby approved, contingent upon the approval by the Verano TIRZ Board of Directors.

SECTION 6. The City waives its right to appoint an eighth member to the TIRZ Board of Directors until Alamo Community College District is no longer a Participating Taxing Entity. Upon Alamo Community College District's participation termination, the City will appoint another member to the Board for a total of eight appointees.

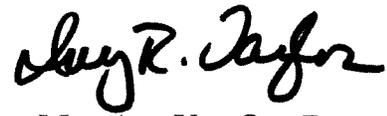
SECTION 7. The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director of Finance, may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific SAP Fund Numbers, SAP Project Definitions, SAP WBS Elements, SAP Internal Orders, SAP Fund Centers, SAP Cost Centers, SAP Functional Areas, SAP Funds

JRP
1/28/16
Item No. 29

Reservation Document Numbers, and SAP GL Accounts as necessary to carry out the purpose of this Ordinance.

SECTION 8. This Ordinance shall become effective immediately upon its passage by eight (8) affirmative votes of the City Council. If less than eight (8) affirmative votes are received, then this Ordinance shall be effective ten (10) days after passage.

PASSED AND APPROVED this 28th day of January, 2016.



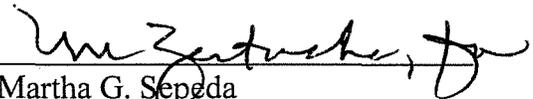
M A Y O R
Ivy R. Taylor

ATTEST:



Leticia M. Vacek
City Clerk

APPROVED AS TO FORM:



Martha G. Sepeda
Acting City Attorney

Agenda Item:	29						
Date:	01/28/2016						
Time:	09:47:07 AM						
Vote Type:	Motion to Approve						
Description:	A Public hearing and consideration of an Ordinance authorizing amendments to the Verano TIRZ Project and Finance Plans, extending the term of the TIRZ eight years, approving the assignment of the Verano TIRZ Development Agreement from VTLM Texas, LP to Verano Land Group, LP, authorizing the negotiation and execution of amendments to the Development Agreement with Verano Land Group, LP, Bexar County and the Verano TIRZ Board, the Interlocal Agreements with participating taxing entities and the Board, and the Consent Agreement with San Antonio Water Systems, Verano Land Group, LP, and the Board. [Peter Zaroni, Deputy City Manager; John Dugan, Director, Planning and Community Development]						
Result:	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Ivy R. Taylor	Mayor		x				
Roberto C. Treviño	District 1		x				
Alan Warrick	District 2		x				
Rebecca Viagran	District 3		x			x	
Rey Saldaña	District 4		x				x
Shirley Gonzales	District 5		x				
Ray Lopez	District 6	x					
Cris Medina	District 7	x					
Ron Nirenberg	District 8		x				
Joe Krier	District 9		x				
Michael Gallagher	District 10		x				

EXHIBIT A

ASSIGNMENT OF RIGHTS

This Assignment of Rights ("Assignment") is made as of _____, 2013, by and between VERANO LAND GROUP, LP, a Nevada limited partnership ("Verano" or "VLG") and VTLM TEXAS LP, a Texas limited partnership ("VTLM").

RECITALS

WHEREAS, the City of San Antonio's Verano Tax Increment Reinvestment Zone Twenty-Eight ("TIRZ") was designated on December 6, 2007; and

WHEREAS, in connection with the TIRZ, VTLM entered into a Development Agreement (as amended as described below, the "Development Agreement") with the City of San Antonio, a Texas municipal corporation in Bexar County, Texas (the "City"), Bexar County, a political subdivision of the State of Texas (the "County"), and the Board of Directors for Reinvestment Zone Number Twenty-Eight, City of San Antonio, Texas, a tax increment reinvestment zone (the "Board"); and

WHEREAS, said Development Agreement was amended pursuant to Ordinance No. 2008-11-20-1016, passed and approved by the City Council of the City on the 20th day of November, 2008, by the County, acting through its County Judge pursuant to authority granted by the Bexar County Commissioners Court on the 2nd day of June, 2009, and by the Board on the 25th day of March, 2009; and

WHEREAS, said Development Agreement was further amended by that one certain Second Amendment to Development Agreement by and among the City, the County, the Board and VTLM, approved by the City pursuant to Ordinance No. 2010-06-24-0621, passed by the City Council of the City on the 24th day of June, 2010, by the County, acting through its County Judge pursuant to authority granted by the Bexar County Commissioners Court on the 10th day of August, 2010, and by the Board on the 9th day of June, 2010; and

WHEREAS, the San Antonio Water System ("SAWS") and VTLM are parties to the following agreements:

Consent Agreement dated October 15, 2009, by and among the City, SAWS, the Board, VTLM and VLG;

Assignment of Right to Receive Reimbursements dated September 10, 2009, by and among VLG, VTLM, and SAWS (the "SAWS Assignment"); and

WHEREAS, SAWS and The Texas A&M University System ("TAMUS") are parties to a Utility Services Agreement dated October 15, 2009; and

WHEREAS, SAWS, as successor in interest to Bexar Metropolitan Water District, is party to the following agreements with either VTLM or VLG:

The Utility Services Agreement dated January 26, 2009, by and between San Antonio Water System, as successor in interest to Bexar Metropolitan Water District, and VTLM ("the BexarMet USA Agreement");

The Texas A & M University Support Agreement dated July 31, 2008, by and among the San Antonio Water System, as successor in interest to Bexar Metropolitan Water District and VLG ("TAMU Support Agreement"); and

The Memorandum of Understanding dated January 28, 2008, by and between SAWS, as successor in interest to Bexar Metropolitan Water District, VLG, and TAMUS ("the BexarMet MOU");

WHEREAS, VTLM wishes to assign its rights under the Development Agreement and under certain related documents enumerated herein, and Verano wishes to accept such assignment, all on the terms as set forth below;

NOW, THEREFORE, in consideration of the premises and the mutual agreements set forth in this Assignment, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged and confessed, VTLM and Verano hereby agree as follows:

I. ASSIGNMENT AND ASSUMPTION

1.1 Assignment. Subject to Section 1.3 below, VTLM hereby assigns to Verano VTLM's rights and obligations under the following documents (collectively, the "TIRZ Documents"), with such obligations being only those obligations that are expressly set forth in writing within the TIRZ Documents:

- A. The Development Agreement;
- B. Tax Increment Reinvestment Zone Twenty-Eight Final Project Plan dated November 20, 2008, Amended June 24, 2010;
- C. Tax Increment Reinvestment Zone Twenty-Eight Final Finance Plan dated November 20, 2008, Amended June 24, 2010;
- D. Interlocal Agreement by and between the City, the County, and the Board, dated effective December 16, 2008, as amended by Amendments to Interlocal Agreement approved by the Board on April 14, 2009, and as further amended by Second Amendment to Interlocal Agreement dated August 10, 2010;

E. Interlocal Agreement by and between the City, San Antonio River Authority and the Board, as further amended by Second Amendment to Interlocal Agreement dated August 16, 2010;

F. Interlocal Agreement by and between the City, Alamo Community College District and the Board, dated effective August 23, 2010;

G. Consent Agreement dated October 15, 2009 by and among the City, SAWS, the Board, VTLM, and VLG;

H. Assignment of Right to Receive Reimbursements dated September 10, 2009 by and among VLG, VTLM, and SAWS (the "SAWS Assignment");

I. Utility Services Agreement dated October 15, 2009, by and among VLG, VTLM, SAWS, and TAMUS (the "SAWS USA Agreement") (agreements identified above as G-I are collectively referred to as the "SAWS Agreements");

J. The BexarMet USA Agreement;

K. The TAMU Support Agreement;

L. The BexarMet MOU.

M. University Way Funding Agreement dated February 1, 2009 by and between the San Antonio Water System, as successor in interest to Bexar Metropolitan Water District and VTLM Texas LP ("University Way Agreement").

N. East-West Street Funding Agreement dated August 7, 2009 by and between the San Antonio Water System, as successor in interest to Bexar Metropolitan Water District and VTLM Texas LP ("East-West Agreement").

Such assignment does not, however, assign or encumber the Reimbursements (as that term is defined in the SAWS Assignment) so long as SAWS has the right to receive the Reimbursements under the SAWS Assignment.

1.2 Assumption. Subject to Section 1.3 below, Verano hereby specifically agrees to assume all of the obligations of VTLM under the TIRZ Documents. Accordingly, Verano hereby agrees for the benefit of the City, the Board, SAWS, and TAMUS to be bound by and to perform the terms, covenants, and conditions of the TIRZ Documents. Such assumption of obligations and agreement to be bound and to perform is strictly limited to obligations, terms, covenants and conditions expressly set forth in the TIRZ Documents and does not apply to any other agreement, contract, arrangement, obligation, or undertaking, whether entered into or arising in connection with the Development Agreement, the other TIRZ Documents, or otherwise; and Verano specifically does not by this Assignment assume any obligations under any such other agreement, contract, arrangement, obligation, or undertaking not specifically enumerated in Section 1.1.

Furthermore, and notwithstanding any of the foregoing, Verano does not assume VTLM's obligations with respect to: (i) any reports that were required to be made before the date of execution of this Assignment under any of the TIRZ Documents, and/or (ii) completion or warranties as to University Way and/or Verano Parkway. As to any agreements, contracts, arrangements, obligations or undertaking entered into or arising in connection with the Development Agreement, the other TIRZ Documents, or otherwise, to which VTLM is a party, but which agreements are not specifically assigned to and assumed herein by Verano, VTLM expressly acknowledges that it remains a party to all such agreements, contracts, arrangements, obligations or undertaking.

1.3 Approval and Consent of City, Board, SAWS, and TAMUS. The assignment by VTLM in Section 1.1 above and the assumption and agreements by Verano in Section 1.2 above will not become effective until such time that the City, the Board, SAWS, and TAMUS have executed a written approval of and consent to such assignment. In addition, because the SAWS Agreements are not assignable by their terms, SAWS specifically has the right to negotiate amendments to said agreements with Verano which must be approved by the SAWS Board as a condition to SAWS' consent to this Assignment.

II. REPRESENTATIONS

2.1 VTLM's Representations. VTLM hereby represents and warrants that:

A. VTLM has good title to the rights assigned by VTLM pursuant to this Assignment, and except as expressly set forth in the TIRZ Documents, there has been no assignment, transfer, pledge, hypothecation or grant of a lien on or security interest in any rights of VTLM with respect to the TIRZ or any of the TIRZ Documents, either voluntarily, involuntarily, by operation of law or otherwise;

B. VTLM is a limited partnership duly organized and existing in good standing under the laws of the state of Texas;

C. VTLM has the power and requisite authority, and has taken all action necessary, to execute, deliver and perform its obligations under this Assignment; and

D. No consent, approval, authorization, or order of any governmental authority or other person is required in connection with VTLM's execution of this Assignment or the assignments by VTLM set forth in this Assignment, except for the approvals and consents of the City and the Board referred to in Section 1.3 of this Assignment.

2.2 Verano's Representations.

A. Verano is a Nevada limited partnership duly organized and existing in good standing under the laws of the state of Texas;

B. Verano has the power and requisite authority, and has taken all action necessary to execute, deliver, and perform its obligations under this Assignment;

C. No consent, approval, authorization, or order of any governmental authority or other person is required in connection with Verano's execution of this Assignment or the assumption and agreements by Verano set forth in this Assignment, except for the approvals and consents of the City and the Board referred to in Section 1.3 of this Assignment; and

III. GENERAL

3.1 Headings. Section and subsection headings in this Assignment are included herein for convenience of reference only and shall not constitute a part of this Assignment for any other purpose or be given any substantive effect.

3.2 Applicable Law. THIS ASSIGNMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS. Venue for any actions related to this Assignment shall be Bexar County, Texas.

3.3 Successors and Assigns. This Assignment shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of the parties hereto and their respective successors and assigns.

3.4 Counterparts. This Assignment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

3.5 Public Information. Verano and VTLM each acknowledge that this instrument and all documents ancillary to it are public information within the meaning of Chapter 552 of the Texas Government Code and accordingly may be disclosed to the public. Nothing in this agreement waives an otherwise applicable exception to disclosure.

3.6 Prohibited Interest in Contracts. The Charter of the City of San Antonio and its Ethics Code prohibit a City officer or employee, as defined in Section 2-52 of the Ethics Code, from having a financial interest in any contract with the City or any City agency such as city owned utilities. An officer or employee has a "prohibited financial interest" in a contract with the City or in the sale to the City of land, materials, supplies or service, if any of the following individual(s) or entities is a party to the contract or sale:

- (i) a City officer or employee;

(ii) his parent, child or spouse;

(iii) a business entity in which the officer or employee, or his parent, child or spouse owns (i) 10% or more of the voting stock or shares of the business entity, or (ii) 10% or more of the fair market value of the business entity;

(iv) a business entity in which any individual or entity above listed is a (i) subcontractor on a City contract, (ii) a partner, or (iii) a parent or subsidiary business entity.

Verano warrants and certifies as follows:

(i) Verano and its officers, employees and agents are neither officers nor employees of the City.

(ii) Verano has tendered to the City a Discretionary Contracts Disclosure Statement in compliance with the City's Ethics Code.

Verano acknowledges that City's reliance on the above warranties and certifications is reasonable.

3.7 Incorporation of Attachments

Each of the Attachments listed below is hereby incorporated by reference within this Agreement for all purposes.

ATTACHMENTS:

Attachment A – Consent of City of San Antonio, Verano TIRZ Board, San Antonio Water System, and The Texas A&M University System
Attachment B – Release and Indemnity Agreement

[remainder of the page intentionally left blank; signature page follows]

EXECUTED as of the date first written above.

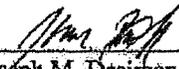
VTLM TEXAS, LP, a Texas limited partnership

By: Texas Manager, LLC, a Nevada limited liability company, its General Partner

By: 
Robert Lozzi, Manager

VERANO LAND GROUP, LP
a Nevada limited partnership

By: South San Antonio Management, LLC,
A Nevada limited liability company,
its General Partner

By: 
Joseph M. Desirone, Jr.
Managing Member

ATTACHMENT A

APPROVAL AND CONSENT OF THE CITY, THE VERANO TIRZ BOARD,
SAN ANTONIO WATER SYSTEM AND THE TEXAS A&M UNIVERSITY
SYSTEM

The City, by Ordinance 2013-____-____-____, approved _____,
_____, the Board, San Antonio Water System, and The Texas A&M University
System hereby approve and consent to the assignment to Verano of VTLM's rights under
the Development Agreement and under the other TIRZ Documents as set forth in this
Assignment. SAWS therefore waives, as to this Assignment only, any prohibition or
limitation on assignment set forth in the SAWS USA Agreement or the BexarMet USA
Agreement.

CITY OF SAN ANTONIO

BOARD OF DIRECTORS
TAX INCREMENT REINVESTMENT
ZONE NUMBER TWENTY-EIGHT,
CITY OF SAN ANTONIO, TEXAS

Sheryl Sculley
City Manager
Date: _____

Title: Presiding Officer, Board of Directors
Date: _____

ATTEST/SEAL:

City Clerk
Date: _____

APPROVED AS TO FORM:

Michael D. Bernard
City Attorney
Date: _____

SAN ANTONIO WATER SYSTEM

**THE TEXAS A&M UNIVERSITY
SYSTEM, an agency of the State
of Texas**

Robert R. Puente
President/CEO

Date: _____

John Sharp
Chancellor

Date: _____

ATTEST/SEAL:

**ATTACHMENT B
RELEASE AND INDEMNITY AGREEMENT**

FULL AND FINAL RELEASE AND INDEMNIFICATION AGREEMENT

This Full And Final Release and Indemnification Agreement (hereinafter referred to as "Agreement") is made by and between VTLM TEXAS LP, a Texas limited partnership ("VTLM"), VERANO LAND GROUP, a Nevada limited partnership ("Verano") (collectively, the "Verano Parties"), and CITY OF SAN ANTONIO, SAN ANTONIO WATER SYSTEM and as successor in interest to Bexar Metropolitan Water District, and THE TEXAS A&M UNIVERSITY SYSTEM (collectively, the "Consenting Parties"), effective as of _____, _____ ("Effective Date"), which agreement is set forth as follows:

WHEREAS, the Verano Parties have requested that the Consenting Parties consent to that certain Assignment of Rights, by which VTLM is assigning to Verano its rights and obligations under the Verano Tax Increment Reinvestment Zone # 28 TIRZ Documents set forth in the Assignment of Rights, and Verano is agreeing to assume such rights and obligations from VTLM; and

WHEREAS, the City Council of the City of San Antonio has consented to the Assignment of Rights subject to the Parties entering into this Agreement, pursuant to Ordinance _____, approved _____, _____;

WHEREAS, the Board of Trustees of the San Antonio Water System has consented to the Assignment of Rights subject to the Parties entering into this Agreement pursuant to Resolution _____; and

WHEREAS, The Texas A&M University System has consented to the Assignment of Rights subject to the Parties entering into this Agreement pursuant to Attachment A to the Assignment of Rights;

WHEREAS, the Parties to this Agreement wish to finalize the Assignment of Rights and Consent thereto in order to proceed with the Development Agreement and related TIRZ documents;

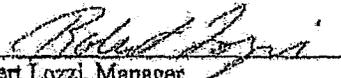
NOW THEREFORE IN CONSIDERATION OF THE ABOVE AND FOREGOING RECITALS and the Consenting Parties' Consent to the Assignment of Rights, the Verano Parties agree as follows:

1. The Verano Parties, all and each of them, and their administrators, agents, assigns, attorneys, executors, heirs, insurers and representatives, FULLY AND FINALLY RELEASE AND FOREVER DISCHARGE the Consenting Parties and their administrators, agents, assigns, employees, executors, heirs, insurers and representatives, FROM ALL CLAIMS AND/OR ALLEGATIONS RELATING TO OR ARISING OUT OF THE Assignment of Rights and the Consenting Parties' Consent thereto, whether ACCRUED OR UNACCRUED, LIQUIDATED OR UNLIQUIDATED, KNOWN OR UNKNOWN, including but not limited to claims for attorney's fees and court costs.

2. Verano further **AGREES TO INDEMNIFY AND HOLD FOREVER HARMLESS AND DEFEND SAN ANTONIO WATER SYSTEM and THE TEXAS A&M UNIVERSITY SYSTEM FROM ANY CLAIMS OR LAWSUITS OF ANY KIND BY ANY INDIVIDUAL OR ENTITY, AT LAW OR IN EQUITY, REGARDING OR ARISING OUT OF the Assignment of Rights and the Consenting Parties' Consent to the Assignment of Rights.**

VTLM TEXAS, LP, a Texas limited partnership

By: Texas Manager, LLC, a Nevada limited liability company, its General Partner

By: 
Robert Lozzi, Manager

VERANO LAND GROUP, LP
a Nevada limited partnership

By: South San Antonio Management, LLC,
A Nevada limited liability company,
its General Partner

By: 
Joseph M. Desimone, Jr.,
Managing Member

AFFIDAVIT

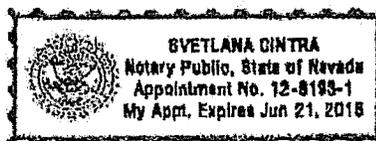
STATE OF Nevada §
 §
COUNTY OF Clark §

BEFORE ME, a notary public, on this day personally appeared ROBERT LOZZI, the Manager of Texas Manager, LLC, a Nevada limited liability company, General Partner of VTLM TEXAS, LP, a Texas limited partnership, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Robert Lozzi
Name

SUBSCRIBED AND SWORN TO BEFORE ME by the said
* Robert Lozzi * on this the 11th day of December, 2013 to certify
which witness my hand and official seal.

Svetlana Cintra
NOTARY PUBLIC in and for the
STATE OF Nevada



ADDENDUM TO
FULL AND FINAL RELEASE AND INDEMNIFICATION AGREEMENT

This Addendum to the Full and Final Release and Indemnification Agreement entered into (the "Addendum") is made and entered into effective the ____ day of January, 2016 by and between:

(1) Verano Land Group, LP, a Nevada limited partnership, along with its parent companies, subsidiaries, affiliates, legal representatives, directors, officers, attorneys, shareholders, managers, partners, predecessors, employees, agents, insurers, successors, and assigns, if any, including but not limited to Tim McGarry, Bill Wortman, Joe DeSimone, all partners in Verano Land Group and South San Antonio Management, LP, (referred to herein as "Verano")¹, and

(2) VTLM Texas, LP, a Texas limited partnership, Texas Manager, LLC, a Nevada limited liability company; Triple L Management, LLC, a Nevada limited liability company; Ralph Lampman, Robert Lozzi, Tom Lozzi, and Christine Lozzi, along with their respective parent companies, subsidiaries, affiliates, legal representatives, directors, officers, attorneys, shareholders, managers, partners, predecessors, employees, agents, insurers, successors, and assigns, if any (collectively referred to herein as "Triple L")².

Verano and Triple L (collectively referred to herein as the "Parties") hereby acknowledge that the purpose of this addendum is to clarify the language and intent of paragraph 2 of the Full and Final Release and Indemnification Agreement, attached hereto as an exhibit, in light of concerns that were expressed by the City of San Antonio regarding its inclusion as an indemnified party. In fact, it appears that the City of San Antonio was inadvertently left out of paragraph 2 of the Full and Final Release and Indemnification Agreement and, therefore, this addendum is being executed to correct this inadvertent clerical error.

Other than to correct the inadvertent clerical error as described herein, this addendum does not amend or change the original meaning of the Full and Final Release and Indemnification Agreement in any other way, but provides further context and clarification of that Agreement's true meaning.

¹ This definition excludes Fulbright & Jaworski and Jane Macon, neither of whom are parties to this Agreement and are not the beneficiaries of any terms or releases described herein.

² This definition excludes Fulbright & Jaworski and Jane Macon, neither of whom are parties to this Agreement and are not the beneficiaries of any terms or releases described herein.

Accordingly, in consideration of the above and the recitals provided in the Full and Final Release and Indemnification Agreement, paragraph 2 of the Full and Final Release and Indemnification Agreement should read as follows:

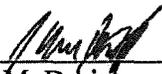
2. Verano further **AGREES TO INDEMNIFY AND HOLD FOREVER HARMLESS AND DEFEND CITY OF SAN ANTONIO, SAN ANTONIO WATER SYSTEM, and THE TEXAS A&M UNIVERSITY SYSTEM FROM ANY CLAIMS OR LAWSUITS OF ANY KIND BY ANY INDIVIDUAL OR ENTITY, AT LAW OR IN EQUITY, REGARDING OR ARISING OUT OF the Assignment of Rights and the Consenting Parties' Consent to the Assignment of Rights.**

Apart from this limited amendment to paragraph 2 of the Full and Final Release and Indemnification Agreement, all other terms of that document shall remain and have their full intended effects.

EXECUTED and this ____ day of January, 2016.

VERANO LAND GROUP, LP
a Nevada limited partnership

By: South San Antonio Management, LLC,
A Nevada limited liability company,
its General Partner

By: 

Joseph M. Desimone, Jr.
Managing Member

Exhibit A

FULL AND FINAL RELEASE AND INDEMNIFICATION AGREEMENT

This Full And Final Release and Indemnification Agreement (hereinafter referred to as "Agreement") is made by and between VTLM TEXAS LP, a Texas limited partnership ("VTLM"), VERANO LAND GROUP, a Nevada limited partnership ("Verano") (collectively, the "Verano Parties"), and CITY OF SAN ANTONIO, SAN ANTONIO WATER SYSTEM and as successor in interest to Bexar Metropolitan Water District, and THE TEXAS A&M UNIVERSITY SYSTEM (collectively, the "Consenting Parties"), effective as of _____, _____ ("Effective Date"), which agreement is set forth as follows:

WHEREAS, the Verano Parties have requested that the Consenting Parties consent to that certain Assignment of Rights, by which VTLM is assigning to Verano its rights and obligations under the Verano Tax Increment Reinvestment Zone # 28 TIRZ Documents set forth in the Assignment of Rights, and Verano is agreeing to assume such rights and obligations from VTLM; and

WHEREAS, the City Council of the City of San Antonio has consented to the Assignment of Rights subject to the Parties entering into this Agreement, pursuant to Ordinance _____, approved _____, _____:

WHEREAS, the Board of Trustees of the San Antonio Water System has consented to the Assignment of Rights subject to the Parties entering into this Agreement pursuant to Resolution _____; and

WHEREAS, The Texas A&M University System has consented to the Assignment of Rights subject to the Parties entering into this Agreement pursuant to Attachment A to the Assignment of Rights;

WHEREAS, the Parties to this Agreement wish to finalize the Assignment of Rights and Consent thereto in order to proceed with the Development Agreement and related TIRZ documents;

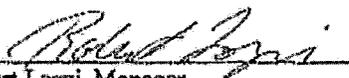
NOW THEREFORE IN CONSIDERATION OF THE ABOVE AND FOREGOING RECITALS and the Consenting Parties' Consent to the Assignment of Rights, the Verano Parties agree as follows:

1. The Verano Parties, all and each of them, and their administrators, agents, assigns, attorneys, executors, heirs, insurers and representatives, FULLY AND FINALLY RELEASE AND FOREVER DISCHARGE the Consenting Parties and their administrators, agents, assigns, employees, executors, heirs, insurers and representatives, FROM ALL CLAIMS AND/OR ALLEGATIONS RELATING TO OR ARISING OUT OF THE Assignment of Rights and the Consenting Parties' Consent thereto, whether ACCRUED OR UNACCRUED, LIQUIDATED OR UNLIQUIDATED, KNOWN OR UNKNOWN, including but not limited to claims for attorney's fees and court costs.

2. Verano further **AGREES TO INDEMNIFY AND HOLD FOREVER HARMLESS AND DEFEND SAN ANTONIO WATER SYSTEM and THE TEXAS A&M UNIVERSITY SYSTEM FROM ANY CLAIMS OR LAWSUITS OF ANY KIND BY ANY INDIVIDUAL OR ENTITY, AT LAW OR IN EQUITY, REGARDING OR ARISING OUT OF the Assignment of Rights and the Consenting Parties' Consent to the Assignment of Rights.**

VTLM TEXAS, LP, a Texas limited partnership

By: Texas Manager, LLC, a Nevada limited liability company, its General Partner

By: 
Robert Lozzi, Manager

VERANO LAND GROUP, LP
a Nevada limited partnership

By: South San Antonio Management, LLC,
A Nevada limited liability company,
its General Partner

By: 
Joseph M. Desimonte, Jr.
Managing Member

AFFIDAVIT

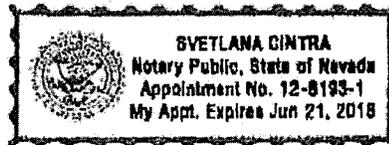
STATE OF Nevada §
 §
COUNTY OF Clark §

BEFORE ME, a notary public, on this day personally appeared ROBERT LOZZI, the Manager of Texas Manager, LLC, a Nevada limited liability company, General Partner of VTLM TEXAS, LP, a Texas limited partnership, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Robert Lozzi
Name

SUBSCRIBED AND SWORN TO BEFORE ME by the said
* Robert Lozzi * on this the 11th day of December, 2013 to certify
which witness my hand and official seal.

Svetlana Cintra
NOTARY PUBLIC in and for the
STATE OF Nevada



AMENDMENT OF UTILITY SERVICE AGREEMENT

This Amendment of Utility Service Agreement ("Amendment") is entered into as of _____, _____ by and among the SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES ("SAWS"), THE TEXAS A&M UNIVERSITY SYSTEM ("TAMUS"), VERANO LAND GROUP, LP, a Nevada limited partnership (formerly a Texas limited partnership) ("Owner"), and VTLM TEXAS, LP, a Texas limited partnership ("VTLM"). SAWS, TAMUS, Owner and VTLM are referred to herein collectively as the "Parties" and each separately as a "Party".

RECITALS

WHEREAS, the Parties entered into that one certain Utility Services Agreement dated October 15, 2009 (the "SAWS USA Agreement"); and

WHEREAS, the SAWS USA Agreement states in Section G.C.6.00 of Attachment 1 thereto that the SAWS USA Agreement may not be assigned in whole or in part; and

WHEREAS, the Parties wish to amend the SAWS USA Agreement to provide that the SAWS USA Agreement may be assigned by a Party with the written consent of the other Parties;

NOW, THEREFORE, in consideration of the premises and the mutual agreements set forth in this Amendment, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged and confessed, the Parties agree as follows:

I. AMENDMENT

1.1 Amendment to Allow Assignment with Consent. The Parties hereby amend the SAWS USA Agreement, including (without limitation) said Section G.C.6.00, to provide that the SAWS USA Agreement may be assigned by a Party with the written consent of the other Parties.

II. GENERAL

2.1 Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose or be given any substantive effect.

2.2 Applicable Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

2.3 Successors and Assigns. This Amendment shall be binding upon the Parties hereto and their respective successors and permitted assigns and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

2.4 Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

3.5 Public Information. The Parties each acknowledge that this instrument and all documents ancillary to it may be public information within the meaning of Chapter 552 of the Texas Government Code and accordingly may be subject to disclosure to the public. Nothing in this agreement waives an otherwise applicable exception to disclosure.

[remainder of the page intentionally left blank; signature page follows]

EXECUTED as of the date first written above.

SAN ANTONIO WATER SYSTEM

THE TEXAS A&M UNIVERSITY
SYSTEM, an agency of the State of Texas

Robert R. Puente
President/CEO
Date: _____

John Sharp
Chancellor
Date: _____

ATTEST/SEAL:

VERANO LAND GROUP, LP
a Nevada limited partnership

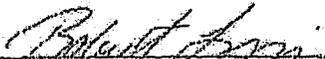
VTLM TEXAS, LP, a Texas limited
partnership

By: South San Antonio Management, LLC,
a Nevada limited liability company, its
General Partner

By: Texas Manager, LLC, a Nevada
limited liability company, its General
Partner

By: 

Joseph M. Desimone, Jr.
Managing Member

By: 

Robert Lozzi, Manager

Date: 12/20/2013

Date: 12-11-13

EXHIBIT B

**AMENDED AND RESTATED DEVELOPMENT AGREEMENT WITH THE CITY OF SAN ANTONIO, TEXAS, BEXAR COUNTY,
VERANO LAND GROUP, LP and
THE BOARD OF DIRECTORS OF REINVESTMENT ZONE NUMBER TWENTY-EIGHT, CITY OF SAN ANTONIO, TEXAS**

This Amended and Restated Development Agreement (this "Agreement"), is an amendment and restatement of that one certain Development Agreement ("2008 Development Agreement") that, pursuant to Ordinance No. 2008-11-20-1016, passed and approved on the 20th day of November, 2008 was entered into by and between the City of San Antonio, a Texas municipal corporation in Bexar County, Texas (the "City"); Bexar County, a political subdivision of the State of Texas, acting through its County Judge pursuant to authority granted by the Bexar County Commissioners Court on December 16, 2008 (the "County"); VTLM Texas, LP, a Texas limited partnership ("VTLM"), and the Board of Directors for Reinvestment Zone Number Twenty-Eight, City of San Antonio, Texas, a tax increment reinvestment zone (the "Board"), said 2008 Development Agreement having been subsequently amended, by the City also pursuant to Ordinance No. 2008-11-20-1016, passed and approved by the City Council on the 20th day of November, 2008, and the County acting through its County Judge pursuant to authority granted by the Bexar County Commissioners Court on the 2nd day of June, 2009, and by the Board on the 25th day of March, 2009, and subsequently further amended by that one certain Second Amendment to Development Agreement by and among the City, the County, the Board and VTLM, approved by the City pursuant to Ordinance No. 2010-06-24-0621, passed by the City Council of the City on the 14th day of June, 2010, by the County, acting through its County Judge pursuant to authority granted by the Bexar County Commissioners Court on the 10th day of August, 2010, and by the Board on the 9th day of June, 2010 (said 2008 Development Agreement, as so heretofore amended, being referred to herein as the "Original Amended Development Agreement"). The City, the Developer, the County, and the Board may each be referred to singularly as a "Party" or collectively as "Parties."

NOW THIS AGREEMENT is made by and among the City, acting through its City Manager pursuant to Ordinance No. _____ passed and approved by the City Council on the ____ day of _____, 2016, the County, acting through its County Judge pursuant to authority granted by the Bexar County Commissioners Court on the ____ day of _____, 2016, the Board approved on the ____ day of _____, 2016, and Verano Land Group, LP (the "Developer").

BACKGROUND:

WHEREAS, both the City and County recognize the importance of their continued roles in economic development, community development, planning and urban design; and

WHEREAS, the Texas State Legislature has authorized the issuance of Forty Million Dollars (\$40,000,000) of Tuition Revenue Bonds for the construction of a Texas A&M University campus in San Antonio ("TAMU- SA"); and

WHEREAS, the City previously contemplated that the establishment of TAMU-SA would include definitive commitments by the City to provide for adequate levels of public improvements, and that such development would not otherwise occur solely through private investment in the reasonably foreseeable future; and

WHEREAS, the Texas A&M University System ("TAMUS"), the City, VTLM and CPS Energy ("CPS") entered into a Memorandum of Understanding dated September 6, 2007 which contemplated that TAMU-SA would be provided with a four-lane boulevard (including all ancillary utilities) from South Loop 410 to and through the Main Campus ("University Way"); and

WHEREAS, pursuant to the MOU, the City agreed to identify and evaluate economic development incentives for which VTLM and/or the Developer may be eligible, and as a result of this evaluation, the City, pursuant to Ordinance 2007-12-06-1257, created Reinvestment Zone Number Twenty-Eight to promote development of the Developer's property surrounding the campus, pursuant to the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code (as amended, hereinafter called the "Act"), through the use of tax increment financing, and establish the Board; and

WHEREAS, in accordance with the Act, the City authorized the Board to exercise all the rights, powers, and duties as provided to such Boards under the Act or by action of the City Council; and

WHEREAS, on the 19th day of November, 2008, the Board adopted and approved a final Project Plan (said original Project Plan being referred to herein as the "Original Project Plan") and a final Financing Plan (said original Finance Plan being referred to herein as the "Original Finance Plan"), with the Project Plan and the Financing Plan for the development of the Property having been previously amended and being further amended contemporaneously with this Agreement being entered into, and, as previously and contemporaneously amended, referred to in this Agreement as "Project Plan" and "Financing Plan" providing for development of the Property; and

WHEREAS, by Ordinance Number 2008-11-20-1016, dated November 20, 2008, pursuant to the Act, the City expanded the boundaries of the TIRZ to include real property that is not part of the Project (as defined in the Agreement), approved the Original Project Plan and Original Financing Plan for the TIRZ, and authorized the execution of the 2008 Development Agreement on behalf of the City, and to bind the City to the terms and conditions of said 2008 Development Agreement; and

WHEREAS, VTLM has assigned the Original Amended Development Agreement to Verano Land Group, LP and Verano Land Group, LP has assumed the Original Amended Development Agreement (the "Assignment"); and

WHEREAS, the parties hereto wish to further amend and to restate the Original Amended Development Agreement as set forth below in this Agreement;

WHEREAS, Section 311.002 (1), of the Act authorizes the expenditure of funds derived within a reinvestment zone, whether from bond proceeds or other funds, for the payment of expenditures made or estimated to be made and monetary obligations incurred or estimated to be incurred by a municipality establishing a reinvestment zone, for costs of public works or public improvements in the TIRZ, plus other costs incidental to those expenditures and obligations, consistent with the

project plan of the TIRZ, which expenditures and monetary obligations constitute project costs, as defined in Section 311.002 (1) of the Act (“Project Costs”); and

WHEREAS, pursuant to the Act and City Ordinance Number 2007-12-06-1257, the Board has authority to enter into agreements that the Board considers necessary or convenient to implement the Project Plan and Financing Plan and to achieve the purposes of developing the Property within the scope of those plans; and

WHEREAS, pursuant to said authority above, the Board, the City, the County and the Developer each enters into this binding agreement with the others to develop the Property as specified in the Project Plan, Financing Plan and this Agreement; and

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

ARTICLE I. DEFINITIONS

1.1 The “City,” the “County”, the “Board”, and the “Developer” shall have the meanings specified above.

1.2 “Act” means the Tax Increment Financing Act, Texas Tax Code Chapter 311, as it may be amended from time to time.

1.3 “Administrative Costs” means reasonable costs directly incurred by any Participating Taxing Entity related to its agreement to participate in the funding of the TIRZ, as described in this Agreement. These costs include, but are not limited to, reasonable costs and expenses for legal review and financial analysis related to the TIRZ incurred prior to entering into and during this Agreement, as well as, any such costs and expenses incurred after this Agreement becomes effective. The initial startup Administrative Costs for the City is \$28, 279.47 which has been paid as of the date of the execution of this Agreement. All other initial startup and annual Administrative Costs from 2008 – 2016 have been waived by all other Participating Taxing Entities. The total Administrative Costs over the life of the TIRZ for all Participating Taxing Entities are estimated to be Three Million Eight Hundred and Twenty-seven Thousand Five Hundred and Five Dollars and Seventy-Three Cents (\$3,827,505.73).

1.4 “Agreement” means this document by and among the City, the County, the Board, and the Developer, which may be amended from time to time.

1.5 “Available Tax Increment Funds” means the “Tax Increment” contributed by each Participating Taxing Entity to the TIF Fund, as paid out in accordance with the priority of payment listed in Section 7.1, below.

1.6 “Captured appraised value of real property taxable by a taxing unit for a year” has the meaning provided by §311.012(b) of the Act.

1.7 “City Code” means the City Code of the City of San Antonio, as amended.

1.8 “City Manager” means the City Manager of the City or her designee.

1.9 “Completion” means final approval of the construction of a Public Improvement in the TIRZ in accordance with the Developer’s engineer’s design, the Project Plan, Financing Plan, and this Agreement. In order for a Public Improvement to have achieved a state of “Completion” for the purpose of reimbursement under Article VII of this Agreement, the improvement must:

a. In the case of Public Improvements constructed prior to the Effective Date of the 2008 Development Agreement

- (1) be approved and accepted by the City or appropriate entity as evidenced by a final letter of acceptance issued by an authorized official of the City or appropriate entity; and
- (2) for streets and drainage improvements only, be or have been subject to the one-year extended warranty bond required by Chapter 35 of the City’s Unified Development Code; and
- (3) for all Public Improvements, including streets and drainage improvements, be subject to repair, replacement and maintenance pursuant to Section 5.12 of this Agreement; or

b. In the case of Public Improvements constructed after the Effective Date of the 2008 Development Agreement.

- (1) be inspected by the Developer’s design engineer, and be the subject of a certification letter from said design engineer, sealed with said engineer’s professional seal, certifying that the Public Improvements were designed in such a manner as to endure without need for maintenance, repair or replacement for five (5) years, taking into consideration the site and traffic conditions, present and future, at or near the improvements, and certifying that the Public Improvements were constructed according to the specifications required by said engineer’s design for each improvement; and
- (2) be approved and accepted by the City or appropriate entity as evidenced by a final letter of acceptance issued by an authorized official of the City or appropriate entity; and
- (3) for streets and drainage improvements only, be or have been subject to the one-year extended warranty bond required by Chapter 35 of the City’s Unified Development Code; and
- (4) for all Public Improvements, including streets and drainage improvements, be subject to repair, replacement and maintenance pursuant to Section 5.12 of this Agreement.

1.10 “Construction Schedule” means the timetable for constructing the Public Improvements associated with the development specified in the Project Plan, Financing Plan and this Agreement, the timetable for which development being more particularly set forth in **Exhibit A**, attached and

incorporated in this Agreement for all purposes and which timetable may be amended by the parties from time to time pursuant to Section 23.2.

1.11 “Contract Progress Payment Request” (“CPPR”) means a request, prepared in accordance with the requirements of **Exhibit D**, attached and incorporated in this Agreement for all purposes, for reimbursement due to the Developer for all work completed in accordance with Section 1.9 above on a specific Phase or Plat in the TIRZ in accordance with the Public Improvements in the Project Plan and the timeline detailed in the Construction Schedule. A CPPR may be submitted only after all work on a specific Plat or a specific Phase has been completed. The CPPR shall also account for all applicable City fees that have been paid and or waived.

1.12 “CPPR Approval Recommendation” means a written acknowledgement from the TIF Unit to the Developer that the CPPR was completed and submitted correctly, and that the CPPR is ready for presentation to the Board for approval and consideration for reimbursement to the Developer.

1.13 “Developer” means Verano Land Group, LP, formerly a Texas limited partnership and now a Nevada limited partnership.

1.14 “Donor” means Verano Land Group, LP, formerly a Texas limited partnership and now a Nevada limited partnership, the donor of approximately 694.5 acres of land within the TIRZ to The Texas A&M University System.

1.15 “Effective Date” means the date that the party signs this Agreement.

1.16 “Financing Plan” means the final Reinvestment Zone Financing Plan as defined in the Act, as approved and as may be amended from time to time by the Board and the City, which is incorporated into this Agreement by reference for all purposes, as set out in its entirety.

1.17 “Guidelines” means the 2006 Tax Increment Financing Program Policy and Implementation Manual as passed and approved by the City Council of the City.

1.18 “Participating Taxing Entity” means any governmental entity recognized as such by Texas law, which is participating in this TIRZ by contributing a percentage of its Tax Increment.

1.19 “Plat or Phase” means the separate and distinct plats or phases that include the construction of Public Improvements, which Plat or Phase may be identified by plat, “As-Built” construction plans, a master development pattern plan, or street construction plans, and that include reimbursable improvements. Without limiting the generality of the foregoing, an example of a Plat or Phase is a platted area within the Project that includes Public Improvements.

1.20 “Project” has the meaning specified in Section 3.1 of this Agreement, and as more specifically detailed in the Project Plan and Financing Plan as (either or both) may be amended from time to time.

1.21 “Project Costs” has the meaning provided by Section 311.002(1) of the Act.

1.22 “Project Plan” means the final Project Plan as defined in the Act, as approved and as may be amended from time to time by the Board and the City, which is incorporated by reference into this Agreement as if set out in its entirety, for all purposes.

1.23 “Project Status Report” means a report, prepared and submitted by the Developer in accordance with the requirements of Section 5.16 of this Agreement, and according to **Exhibit B** attached and incorporated in this Agreement for all purposes, which report provides quarterly updates of Project construction and compliance with laws, ordinances, and contractual requirements.

1.24 “Property” means the contiguous geographic area of the City that is included within the boundaries of the TIRZ, which is more particularly described in the Project Plan.

1.25 “Public Improvements” include those improvements that provide a public benefit and that are specifically or generally described in the Project Plan, the Financing Plan and the Construction Schedule. When an improvement has both private and public benefits, only that portion dedicated to, held open to or accessible by the public may be reimbursed to the Developer as a Public Improvement. The term “Public Improvements” also includes the terms and matters set forth in the last sentence of subsection 3.1a of this Agreement.

1.26 “Tax Increment” has the meaning assigned by Section 11.012 of the Texas Tax Code, and applies only to taxable real property within the TIRZ.

1.27 “TIF” means Tax Increment Financing.

1.28 “TIF Fund” means the tax increment fund created by the City pursuant to Ordinance 200712-06-1257 for the deposit of Tax Increments for the TIRZ, entitled “Reinvestment Zone Number Twenty-Eight, City of San Antonio, Texas Tax Increment Fund.”

1.29 “TIF Unit” means the employees of the City’s Department of Planning and Community Development responsible for the management of the City’s TIF Program, or any successor department.

1.30 “TIRZ” means Tax Increment Reinvestment Zone Number Twenty-Eight, City of San Antonio, Texas.

1.31 “Utility Services Agreement” means the Utility Services Agreements entered into between San Antonio Water System and the Developer and as amended which were recognized by the City, the Board, the San Antonio Water System and the Developer in the Consent Agreement and Amended and Restated Consent Agreement executed pursuant to City Ordinance Nos. 2009-08-20-0662 and 2016- - - (said Amended and Restated Consent Agreement being referred to herein as the “Amended and Restated Consent Agreement”).

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

Gender: The gender of the wording throughout this Agreement shall always be interpreted to mean either sex.

ARTICLE II. REPRESENTATIONS AND AGREEMENTS

2.1 No Tax-Supported Public Debt: Subject to the exceptions as specifically set out in this Article II, Section 2.1, the City, the County, the Board and the Developer represent that they understand and agree that neither the City, the County, nor the Board shall issue any bonds or notes to cover any Project Costs directly or indirectly related to the Public Improvements in the TIRZ. The City, the County and the Board understand that Developer may choose to issue bonds and/or notes utilizing TIF reimbursements for eligible costs directly or indirectly related to Public Improvements made by the Developer under this Agreement. Neither the City, the County, nor the Board will be parties to the Developer's bonds or notes. The Parties hereto further agree that no tax-supported public debt instrument will be issued by any Participating Taxing Entity or the Board to finance any costs or improvements of the Project with the exception of City issued certificates of obligation as authorized under Ordinances 2007-12-06-1258 and 2008-11-20-1017 to reimburse Developer for design and construction of certain public improvements within the TIRZ, as more specifically detailed in the Developer Participation Contract for North-South Connector Road Construction Project entered into and effective as of December 1, 2008 providing for University Way (the north/south boulevard). Further the City entered, under Ordinance 2009-05-07-0349, into a funding agreement with the Developer for the major thoroughfare street running east/west, only to the extent there is an unused balance in the fourteen million five hundred thousand dollars (\$14,500,000.00) of the certificates of obligation initially issued for University Way, as the City will not issue any additional tax-supported debt for the Project. Notwithstanding the Parties agreement not to finance any costs or improvements of the Project with a tax-supported public debt instrument, the Parties agree to allow the construction and operation of soccer complex on approximately thirty-five (35) acres of the Project which may be financed from County issuance of tax-exempt bonds and taxable bonds or from a short term vehicle rental tax.

2.2 City and County Authority. The City represents to the Developer that as of the date of the execution of this document, the City is a duly organized municipality located in Bexar County, Texas, and has authority to carry out the obligations contemplated by this Agreement. The County represents to the Developer that as of the date of the execution of this document, the County, a political subdivision of the State of Texas, has the authority to carry out the obligations contemplated by this Agreement.

2.3 Board's Authority. The Board represents to the County and Developer that as of the Effective Date the TIRZ is a Tax Increment Reinvestment Zone established by the City pursuant to Ordinance Number 2007-12-06-1257, passed and approved on December 6, 2007 and that the Board, as established in said ordinance, has authority to carry out the obligations, functions and operations contemplated by this Agreement.

2.4 Developer's Authority and Ability to Perform. The Developer represents to the City, the County and to the Board that the Developer is a limited partnership duly formed in the State of Texas and later converted to a Nevada limited partnership; that the Developer has been authorized by its governing body to enter into this Agreement and to perform the requirements of this Agreement; that the Developer's performance under this Agreement shall not violate any applicable judgment, order, law or regulation; that the Developer's performance under this Agreement shall not result in the creation of any claim against the City or County for money or performance, any lien, charge, encumbrance or security interest upon any asset of the City, the County or the Board, except that this Agreement shall constitute a claim against the TIF Fund only from Available Tax Increment Funds to

the extent provided in this Agreement; and that the Developer shall have sufficient capital to perform all of its obligations under this Agreement when it needs to have said capital.

2.5 All Consents and Approvals Obtained. The City, the County, the Board and the Developer represent each to the others that the execution, delivery, and performance of this Agreement on its part does not require consent or approval of any person that has not been obtained.

2.6 Right to Assign Payment. The City, the County, the Board and the Developer may rely upon the payments to be made to them from the TIF Fund out of the Available Tax Increment Funds as specified in this Agreement, and the Developer may assign its rights to such payments, either in full or in trust, for the purposes of financing its obligations related to this Agreement, but the Developer's right to such payments is subject to the other limitations of this Agreement. Notwithstanding the forgoing, the City shall issue a check or other form of payment from the TIF Fund made payable only to the Developer.

2.7 Reasonable Efforts of all Parties. The City, the County, the Board, and the Developer represent each to the others that they shall make reasonable efforts to expedite the subject matters of this Agreement and acknowledge that the successful performance of this Agreement requires their continued cooperation.

2.8 Developer's Continuing Duty to Complete Improvements. The City, the County, the Board, and the Developer represent each to the others that they understand and agree that even after the TIRZ terminates, the Developer shall diligently work to successfully complete the portions of the Project, as it may have been amended by subsequent amendments to the Project Plan, that were not completed before the TIRZ terminated. Such completion shall be done at no additional cost to the TIF Fund.

2.9 Interlocal Agreements, Settlement Agreement, and Utility Services Agreement. The City, the County, the Board, and the Developer represent each to the others that they understand and agree that the 2008 Development Agreement, and the Original Amended Development Agreement, and this Agreement have no force or effect unless and until all applicable interlocal agreements, and the Utility Services Agreement and or amendments to the interlocal agreements, or Utility Services Agreement were or have been executed between the City, the Board and the Participating Taxing Entities. As of the date of this Agreement, certain applicable amendments to the interlocal agreements and the Utility Services Agreement required to give this Agreement force or effect have not been executed. The parties also represent each to the others that they understand and agree that this Agreement had no force or effect unless and until all terms and conditions of the Settlement Agreement and Mutual Release between VTLM Texas, LP, and Verano Land Group, LP that relate to the TIRZ development have been met as approved by the United States Bankruptcy Court for the Western District of Texas San Antonio Division in Case No. 13-51330-CAG. As of the date of this Agreement, certain terms and conditions of such Settlement Agreement and Mutual Release required to give this agreement force or effect have not been met. No other agreements with public entities other than the applicable interlocal agreements are necessary to make this Agreement effective. The Developer and any third-party (including, without limitation, any lender) may rely on the written determination of both the TIF Director (as defined below) and the County's Manager as to whether any or all such conditions to this Agreement, the 2008 Development Agreement, and/or the Original Amended

Development Agreement being in force and effect have been satisfied. The parties also represent each and to the others that all will make a good faith effort to work towards completing the conditions contained in this section within six months from the date of execution of this Agreement.

2.10 Developer Bears Risk of Reimbursement. The Developer represents that it understands that any expenditures made by the Developer in anticipation of reimbursement from Tax Increment shall not be, nor shall they be construed to be, financial obligations of the Board, the City, the City's General Fund, or of any other Participating Taxing Entity, but shall be reimbursed only through the TIF Fund. The Developer shall bear all risks associated with reimbursement, including, but not limited to: pre-development agreement costs, incorrect estimates of Tax Increment, changes in tax rates or tax collections, changes in state law or interpretations thereof, changes in market or economic conditions impacting the Project, changes in interest rates or capital markets, changes in building and development code requirements, changes in City policy, unanticipated effects covered under legal doctrine of force majeure, and/or other unanticipated factors.

2.11 No Obligation for ACCD Improvements. The City, the Board and the County represent, acknowledge and agree that the Developer has no obligation to construct any Public Improvements on any real property in the TIRZ owned or controlled by the Alamo Community College District ("ACCD"). ACCD shall be solely responsible for all TIF reimbursable Public Improvements on their property.

2.12 No Additional Tax Increment Fund Incentives. The Developer understands and agrees not to apply for, request, or seek further funding from the City, and or the TIRZ Board for additional incentives directly or indirectly related to this Agreement. The parties acknowledge that the City and the TIRZ Board have no obligation to approve or authorize additional incentives paid from the Tax Increment Fund for any activities directly or indirectly related to this Agreement.

ARTICLE III. THE PROJECT

3.1 The Project.

- a. The Project is a mixed-use community to be built on property within the TIRZ owned or controlled by the Donor based on the concept of a walkable, integrated urban village surrounding a major institution of higher learning and designed using Form-Based zoning in part. The Project is projected to include a town center, 2,500 multi-family apartment units, 2,461 single-family residences and 750 condominiums/townhomes within urban settings and master-planned hamlets. In addition, there are projected to be 925,000 square feet of office space, 665,000 square feet of retail, restaurants, and other commercial structures, a 1,225,000 square foot industrial area and 200,000 square feet of Institutional support structures including day care, active living facilities and assisted living centers. The project may include various sports facilities, trails, pocket parks and a linear park, all as described in more detail in the Project Plan. Public Improvements within the Project include streets, streetscapes, streetscape enhancements, drainage/retention,

water, sewer, telecom, gas, non-potable water, drainage & detention facilities, streetlights, street signs, dry utilities, electric utilities, linear parks, parks/plazas, public parking garages, drainage, off site drainage, and associated engineering, surveying, geotechnical, architect/landscape, construction management, environmental review, storm water pollution plans, storm water pollution prevention, park fees, planning/zoning fees, impact fees, sewer/water impact fees, and environmental support, and contingency, all as described in more detail in or contemplated by the Financing Plan and Construction Schedule or all other approved Project Costs as per the TIF Act.

- b. The construction costs of improvements not dedicated to the City or County, that are maintained by a Homeowners Association, Property Owners Association, other political subdivision or private entity but are held open and accessible to the general public shall be costs eligible for reimbursement by the TIF Fund. These improvements include such improvements on the approximately 451 acres identified for open space use and other amenities (including linear parks, pocket parks, pools, community centers, plazas, streetcapes and rights of way enhancements). The City shall not provide maintenance or services related to these improvements or Park Police services for any of the above open spaces. The City shall provide routinely scheduled maintenance, on the rights of way within the TIRZ, but will not provide enhancements such as landscaping on rights of way within the TIRZ. In the event such an improvement is dedicated to the City, and becomes a City improvement, the City may deduct the maintenance and service costs of said City improvement from the TIF Fund in accordance with the priority of funds set out in Section 7.1.
- c. The City, County, Board and Developer agree that in the event a parking garage is constructed within the TIRZ by the Developer, the parties to this Agreement shall negotiate the terms of a subsequent agreement which will outline the contributions of each party and provide for the public use of the garage(s).

3.2 Competitive Bidding. Contracts for the construction of Public Improvements reimbursed by the Available Tax Incremental Funds shall be competitively bid in a process acceptable to the City, or in compliance with Chapter 252 of the Local Government Code, and be constructed by or on behalf of the Developer, in compliance with all applicable law unless:

- a. Available Tax Incremental Funds go toward financing 30 percent or less of the cost for a specific Public Improvement which is, not a building of any sort, in compliance with the Developer Participation Contract statutes currently found in Subchapter C in Chapter 212 of the Local Government Code; or
- b. Available Tax Incremental Funds go toward financing 100 percent of the costs to oversize a specific Public Improvement, in compliance with the Developer Participation Contract statutes currently found in Subchapter C in Chapter 212 of the Local Government Code; or

- c. in the event the City creates a Local Government Corporation to manage the TIRZ, pursuant to the provisions of Chapter 431, Subchapter D, Texas Transportation Code.

Should the Developer not competitively bid all or a portion of a Public Improvement, the Developer must obtain written approval by the City in order to be eligible for partial reimbursement of those Project Costs not competitively bid pursuant to the regulations set forth in Chapters 252 and 212 of the Local Government Code. Partial reimbursements to the Developer in that event can be up to 100% of the portion of the Project Costs that were competitively bid, but no more than 30% of the portion of the Project Costs that were not competitively bid.

3.3 Private Financing. The cost of the Public Improvements and all other improvement expenses associated with the Project shall be funded through the use of the Developer's own capital or through commercial or private loans/lines of credit secured solely by the Developer. The Developer may use any or all of the Property as collateral for the construction loan or loans as required for the financing of the Project; however, no property with a lien still attached may be offered to the City for dedication. The City and the Board pledge to use Available Tax Increment Funds, up to the maximum amount provided in this Agreement, to reimburse the Developer for eligible Project Costs it has expended. These Available Tax Increment Fund reimbursements made to the Developer are not intended to reimburse the Developer for all its costs incurred in connection with constructing the Public Improvements within the Project.

3.4 Reimbursement. The parties to this Agreement agree that neither the City, County nor the Board can guarantee that Available Tax Increment Funds shall completely reimburse the Developer, but that Available Tax Increment Funds shall constitute the only source of reimbursement to the Developer for the construction of the Public Improvements under this Agreement. The parties further agree that the Developer is eligible for reimbursement for Project Costs as of the date the TIRZ was established and for funds already expended in the TIRZ. Developer understands that reimbursement may be limited to partial reimbursement per Section 3.2 if competitive bidding is not used and an LGC is not created by the City to manage the TIRZ.

ARTICLE IV. TERM

4.1 The term of this Agreement shall commence on the Effective Date and end on the date which is the earlier to occur of the following: (i) the date the Developer receives the final reimbursement available under the Financing Plan for completing the Public Improvements; (ii) the date this Agreement is terminated as provided in Article X; (iii) as provided in the Financing Plan; or (iv) September 30, 2045, provided that all existing warranties on the Public Improvements which were reimbursed with Available Tax Increment Funds shall survive termination of this Agreement.

ARTICLE V. DUTIES AND OBLIGATIONS OF DEVELOPER

5.1 **Compliance with Laws and Ordinances.** The Developer agrees to retain and exercise supervision over the construction of all Public Improvements and private improvements of the

Project, and shall comply and require its contractors to comply with all applicable provisions of the Act, the 2006 Guidelines, the City Code (including the Unified Development Code as amended by the Form-Based zoning adopted by the City, as applicable, and Universal Design and Construction Requirements as provided in Section 5.15), the City Charter, all City ordinances, and state and federal law, as they may be amended from time to time. As to private improvements with respect to which no reimbursement from Available Tax Increment Funds is sought, Developer's duty to retain and exercise supervision over construction of such private improvements as set forth above is fulfilled by ensuring that the initial construction of such private improvements is in compliance with any requirements applicable to such private improvements as provided by this Agreement.

5.2 Duty to Complete. Subject to Article VII, "Compensation to the Developer," the Developer agrees to complete, or cause to be completed, the Public Improvements described in the Project Plan, the Financing Plan, and this Agreement. The Developer agrees to provide, or cause to be provided, all materials, labor, and services for completing the Public Improvements. The Developer also agrees to obtain or cause to be obtained, all necessary permits and approvals from the City and/or all other governmental agencies having jurisdiction over the construction of the Public Improvements.

5.3 Commencement of Construction. From the Effective Date of this Agreement forward, the Developer shall not commence construction on any Public Improvements in any Plat or Phase of the Project until the plans and specifications for such improvements have been approved in writing by the appropriate departments of the City, and all federal and state law requirements have been met. For purposes of this Section, letters of certification or acceptance issued by the City shall constitute written approval of the City.

5.4 Payment and Performance Bonds for Public Improvements. The Developer must ensure that its contractors constructing Public Improvements obtain payment and performance bonds before beginning construction, as required by Chapter 2253 of the Texas Government Code, and must deliver Chapter 2253 Performance and Payment Bonds to the Developer, who must provide a copy of the Bonds to the City as required in the Unified Development Code and a copy to the Tax Increment Reinvestment Zone Board of Directors as defined in Section 17.1. Failure to meet the City's minimum standards for these Bonds prior to the commencement of construction for each Plat or Phase will be considered a breach of contract. The Bonds shall name both the City and Developer as beneficiaries or obligees of the Bonds. The Bonds for each Plat or Phase shall be in an amount sufficient to cover the entire contract cost of the Public Improvements for that Plat or Phase.

The City's Risk Management Department shall determine whether the bonds meet the minimum standards. Without limiting other material breaches, failure of the Developer to ensure the compliance of its contractor with this paragraph or Chapter 2253 of the Texas Government Code is a material breach of this Agreement, and the City may exercise the full range of legal remedies available to the City, including but not limited to: terminating this Agreement, exercising its rights under Article X, and/or removing the value of Phases and lots which are ineligible for reimbursement, in each case if such failure is not cured within 45 days after written notice of such failure is given to Developer.

5.5 No Vesting of Rights. In exchange for receiving reimbursements from Available Tax Increment Funds, the Developer agrees that it has no vested rights under any regulations, City Ordinances or laws, and waives any claim to be exempt from applicable provisions of the current and future City Charter, City Code (including the Unified Development Code as amended by the Form-Based zoning adopted by the City, as applicable, and Universal Design and Construction Requirements as provided in Section 5.15), City Ordinances, and state or federal laws and regulations.

5.6 Payment of Applicable Fees. The Developer shall be responsible for paying, or causing to be paid, to the City and all other governmental agencies the cost of all applicable permit fees and licenses, which have not been waived and are required for construction of the Project.

5.7 Delays. The Developer agrees to use Developer's commercially reasonable efforts to commence and complete the Public Improvements in accordance with the Construction Schedule. If commencement or completion of the Public Improvements is delayed by reason of war, civil commotion, acts of God, changes in market or economic conditions impacting the Project, changes in interest rates or capital markets, inclement weather, governmental restrictions, regulations, fire or other casualty, court injunction, necessary condemnation proceedings, interference by third parties, or any circumstances reasonably beyond the Developer's control, then at the City's reasonable discretion (or in the City's sole and absolute discretion as to delays caused by changes in market or economic conditions impacting the Project, changes in interest rates or capital markets), the deadlines set forth in the Construction Schedule may be extended by the period of each such delay. If such an extension of the Construction Schedule is warranted, then Developer shall notify the City within one month of the incident causing the delay and describe the cause for the delay and the extension of time that is requested by the Developer. If Developer fails to notify the City within such one month, then the period of delay claimed by Developer shall be deemed to commence no earlier than 30 days prior to the date Developer notifies the City, regardless of when the delay actually began. In the event that the Developer does not complete the Public Improvements substantially in accordance with the Construction Schedule, then the parties, in accordance with Section 23.2 below, may extend the deadlines set forth in the Construction Schedule, but not past the expiration of the TIRZ. If the parties cannot reach an agreement on the extension of the Construction Schedule, or if the Developer continues to fail to complete the Public Improvements in accordance with the revised Construction Schedule, then the City may exercise its termination remedies under Article X, below.

5.8 Litigation against the City. Developer acknowledges that it is aware that the City's policy on litigation is that, except to the extent prohibited by law, persons who are engaged in litigation related to TIF or TIRZ, or adversarial proceedings related to TIF or TIRZ, against the City are ineligible to obtain or continue the use of TIF as principals or participants for the duration of the litigation. A principal or participant includes the Developer, the Developer's contractors, affiliates, sponsors, payroll employees, or relatives of the first degree of consanguinity. Accordingly, the City shall not consider a project proposing the use of TIF, designate a TIRZ, enter into any TIF contracts or agreements with, or authorize or make any TIF payments to persons engaged in litigation related to TIF or TIRZ, or adversarial proceedings related to TIF or TIRZ, with the City. Ineligible persons shall be excluded from participating as

either participants or principals in all TIF projects during the term of their litigation. "Person" includes an individual, corporation, organization, government or governmental subdivision or agency, business trust, estate, partnership, association, and any other legal entity. This TIRZ may not be terminated for violations of this policy that occurred more than sixty days prior to the execution of this Agreement.

5.9 [INTENTIONALLY DELETED]

5.10 **Tree Ordinance.** In accordance with Section 5.1 above, the Developer shall comply and shall cause its contractors and subcontractors to comply with the City Code provisions for tree preservation, located in Chapter 35, Article IV of the City's Unified Development Code, as it may be amended from time to time.

5.11 **Date of Rendering to Appraisal District.** The Developer shall render, or cause to be rendered, all new or completed residential buildings and commercial buildings owned by Developer to the Bexar Appraisal District before December 31 of each year of this Agreement if the buildings were completed prior to December 31 of that year.

5.12 **Maintenance and Repair of Public Improvements.**

- a. The Developer shall, at its own cost and expense, maintain or cause to be maintained all Public Improvements, until acceptance by the City as evidenced by written acceptance required by subsections 1.9.a.(1) or 1.9.b.(2), and for one year after Completion.
- b. Upon acceptance of a street or drainage improvement for maintenance by the City, Developer or its contractor shall deliver to the City a one-year extended warranty bond, naming the City as the obligee, in conformity with Chapter 35 of the City's Unified Development Code. The cost of repair, replacement, re-construction, and maintenance for defects discovered during the first year after Completion shall be paid by the Developer, its contractor or the bond company and shall not be paid out of Available Tax Incremental Funds.
- c. After the expiration of the one-year extended warranty bond, the cost of the repair, replacement and re-construction of the Public Improvement shall be the responsibility of the City; and the City shall be reimbursed from the TIF Fund for those costs it must incur including, but not limited to: demolition, rebuilding, engineering, design, re-construction or any other cost necessitated by the failure without regard to fault or degree of any Public Improvement which is discovered within the second through fifth years after Completion of said Public Improvement.
- d. Payment to the City under this Section shall take priority over reimbursement of the Developer, as set out in Section 7.1, below.
- e. The TIF Unit shall report any City reimbursements for the re-construction or repair to the Board in a timely manner.

- f. It shall be no defense to the City's reimbursement of itself out of the TIF Fund that the City or its agents have inspected, accepted or approved the Public Infrastructure. Approval or acceptance of Public Improvement is not a waiver of claims under this subparagraph. The City may affect multiple repairs on the same Public Improvement and reimburse itself for each repair, provided that the subsequent failure was not caused solely by the City's actions.
- g. The Developer, its agents, employees, and contractors will not interfere with reasonable use of all the Public Improvements by the general public, except for drainage retention improvements. In accordance with the Construction Schedule, the Developer shall use its best efforts to dedicate (or grant a public easement) to the Public Improvements where applicable to the appropriate public entity (as determined by the City), at no additional cost or expense to the City or any other public entity within sixty days after Completion and acceptance of the improvements.
- h. Subsection 5.12a, Subsection 5.12b and Subsection 5.12g above concerning maintenance of Public Improvements, warranty bonds, and dedication of Public Improvements do not apply to improvements constructed and work performed on the roadways known as University Way and Verano Parkway prior to the date of this Agreement, or to improvements constructed or work performed prior to the date of this Agreement pursuant to the Utility Services Agreement dated October 15, 2009, by and among Verano Land Group, L.P., VTLM, the San Antonio Water System, and The Texas A&M University System (the "Prior Utilities Services Agreement").

5.13 Utility Payments. The Developer shall pay, or cause to be paid, monthly rates and charges for all utilities (such as water, electricity, and sewer services) used by the Developer in regard to the development of the Property for all areas owned by the Developer during construction of the Project, and for so long as the Developer owns those areas. The Project shall be subject to Section 5.501 et seq. of the San Antonio City Code (impact fees) and the Developer shall not be prohibited from applying for the benefits of any impact fee credits allowed by that section.

5.14 Duty to Cooperate. The Developer shall cooperate with the City, County, and the Board in providing all necessary information to the City, County and to the Board in order to assist the City, County, and the Board in determining Developer's compliance with this Agreement.

5.15 Universal Design and Determination of Tax Increment Portion. Developer shall comply and by contract shall cause contractors constructing new single-family homes, duplexes, or triplexes to comply with the City's Universal Design policy as required by Chapter 6, Article XII of the City Code. The City and/or Board shall provide written notice to Developer of the noncompliance with Universal Design requirements. Developer has ninety days from date of notice to address and cure noncompliance. If Developer fails to cure noncompliance issues within the ninety-day period, the City and County may, each in its sole discretion, and without Board action, deduct non-compliant units from the captured appraised value in every year of their existence, and reduce its tax increment payment to the TIF Fund accordingly. The TIF Unit

shall report any deductions to the Board in a timely manner. This Section 5.15 only applies with respect to compliance of initial construction of single-family homes, duplexes and triplexes with such Universal Design policy.

5.16 Quarterly Status and Compliance Reports. The Developer agrees to provide reports on the progress of construction on the public and private improvements within the Project and of compliance with applicable laws and ordinances to the City, County and the Board using the form attached as **Exhibit B**, as it may be amended from time to time, starting no later than thirty days following the beginning of construction of the Project, and on the 15th day of January, April, July and October thereafter until all the Project is completed, or until the TIRZ terminates, whichever event occurs first. Without limiting other material breaches, failure of the Developer to comply with this paragraph is a material breach of this Agreement, and the City and/or County, after reasonable notice and cure times, may exercise its rights in accordance with Article X. This Section 5.16 does not apply to any failures to comply with such requirements that may have occurred prior to the date of this Agreement.

ARTICLE VI. DUTIES AND OBLIGATIONS OF CITY, COUNTY AND BOARD

6.1 No TIF Bonds. Except as provided for in this Agreement, neither the City, the Board, nor any participating taxing entity shall sell or issue any TIF bonds to pay or reimburse the Developer or any third party for any improvements to the Property performed under the Project Plan, Financing Plan, or this Agreement.

6.2 Pledge of Funds. Subject to the terms and conditions of this Agreement, the City, County, and Board pledge all Available Tax Increment Funds as reimbursement to the Developer, up to the maximum total amount specified in this Agreement, excluding those taxes that became due after September 1, 2015.

6.3 Obligation Accrues as Increment is Collected. The City's and County's obligation to contribute its Tax Increment Payment to the Tax Increment Fund shall accrue as the City and County collects their respective Tax Increment. The City agrees to deposit its Tax Increment Payment to the Tax Increment Fund on or before May 1 and October 1 (or the first business day thereafter) of each year. No Participating Taxing Entity is required to continue participation in the TIRZ once it has reached its maximum contribution.

6.4 Collection Efforts.

- a. The City, County and the Board shall use reasonable efforts to cause each Participating Taxing Entity which levies real property taxes in the TIRZ to levy and collect their ad valorem taxes due on the Property and to contribute their portion of Available Tax Increment Funds towards reimbursing the Developer for the construction of the Public Improvements required under the Project Plan, Financing Plan and this Agreement.
- b. In the event there is a conflict between the parties to this Agreement regarding to the amount of the Tax Increment owed by a Participating Taxing Entity, the parties to this Agreement agree that each Participating Taxing Entity will make a

reasonable determination as to the amount of any Tax Increment it may owe under this Agreement, and its respective interlocal agreement, and each Participating Taxing Entity will be responsible for reasonably determining which tax collections will be apportioned for purposes of determining its respective Tax Increment. The annual total appraised value of all real property taxable by each Participating Taxing Entity located in the TIRZ shall be determined through an independent third-party verification obtained from the Bexar Appraisal District. For the County, the Bexar County Tax Office will verify taxes levied and collected in regards to the property contained within the TIRZ. For the City, the City's Tax Assessor Collector will verify taxes levied and collected in regards to the TIRZ property.

6.5 Letters of Acceptance. The City, County, and the Board, where applicable, shall use reasonable efforts to issue, or cause to be issued a field letter of acceptance and a final letter of acceptance for Public Improvements satisfactorily brought to Completion by the Developer.

6.6 Coordination of Board Meetings. The City, County, and the Board agree that all meetings of the Board shall be coordinated through and facilitated by the TIF Unit, and that all notices for meetings of the Board shall be drafted and posted by City staff, in accordance with Chapter 2, Article IX, of the City Code.

ARTICLE VII. COMPENSATION TO DEVELOPER

7.1 Order or Priority of Payment. The Parties agree that the City and the Board may use Available Tax Increment Funds to pay eligible expenses in the following order or priority of payment:

- a. The initial startup Administrative Costs of \$28,279.47 for the City, all reimbursement for which has already been received by the City in Fiscal Years 2009 and 2010;
- b. To pay all other ongoing Administrative Costs to the Participating Taxing Entities for administering the TIF Fund and/or the TIRZ, except that if there are insufficient funds for the full reimbursement of ongoing Administrative Costs to each Participating Taxing Entity, then the ongoing Administrative Costs of each Participating Taxing Entity shall be reimbursed on a pro rata basis based on each Participating Taxing Entity's level of participation in the TIRZ;
- c. To reimburse the City for costs of the repair, replacement, or re-construction of Public Infrastructure and associated costs as described in Section 5.12 of this Agreement;
- d. To reimburse the City maintenance expenses, if any, pursuant to Article III;
- e. To reimburse a Participating Taxing Entity under any reclaim of funds pursuant to Article X;
- f. to reimburse ACCD up to \$150,000.00 for public improvements associated with Palo Alto College Signage Project to the extent that ACCD's tax increment funds are available;

- g. to reimburse the San Antonio Water System for (i) the design and construction of wastewater improvements that have been completed and that were funded by SAWS pursuant to the Prior Utilities Services Agreement (the "SAWS-Funded Wastewater Improvements") up to \$2,131,618.50; (ii) actual costs incurred by SAWS if and to the extent it is necessary for SAWS to repair or reconstruct any wastewater infrastructure designed or constructed by Developer within two (2) years from the date of completion of such infrastructure, as and to the extent set forth in the Utility Services Agreement and contemplated in the Amended and Restated Consent Agreement; and (iii) the actual amount of water and wastewater impact fees attributable to certain water and wastewater capacity reserved and allocated to TAMU-SA in the Utility Services Agreement (i.e., 100 EDUs for water service to the tract identified as the "ITC Tract" in the Prior Utility Services Agreement, and 2,783 EDUs for wastewater service to the tract identified as the "TAMU-SA Tract" in the Prior Utility Services Agreement) until the earlier of (A) August 2034 or (B) such time as the water service EDUs reserved and allocated to TAMU-SA for the ITC Tract under the Utility Services Agreement (i.e., a maximum of 100 EDUs of water service) and the wastewater service EDUs reserved and allocated to TAMU-SA for the TAMU-SA Tract under the Utility Services Agreement (i.e., a maximum of 2,783 EDUs of wastewater service) are committed or utilized, as and to the extent set forth in the Utility Services Agreement and contemplated in the Amended and Restated Consent Agreement.
- h. to reimburse the City up to one million eight hundred eighty-five thousand dollars (\$1,885,000.00) for the value of the Zoning Parcel conveyed to ACCD at a maximum rate of \$1,000,000.00 per year and to the extent that ACCD's tax increment funds are available; and
- i. To reimburse the Developer for Project Costs of Public Improvements, in accordance with this Agreement, any applicable Interlocal Agreements, the Project Plan, and to the extent that funds in the Tax Increment Fund are available for this purpose.

The foregoing notwithstanding, no funds will be paid from the TIF Fund to any party for its financial or legal services in any dispute arising under this Agreement.

7.2 Reimbursement Prerequisites. The Developer understands that no Available Tax Increment Funds will be paid to the Developer for any Plat or Phase until the Storm Water Management Plan for that Plat or Phase of the Project AND any associated modifications to the Master Development Pattern Plan (MDPP) have been approved by the City. No CPPR (as described below) will be approved by the City until the proof of insurance required under Section 8.2 has been approved for a given Plat or Phase.

7.3 CPPR Approval Recommendation. Upon Completion of all Public Improvements in a Plat or Phase, the Developer shall submit to the City a completed Contract Progress Payment Request ("CPPR"), as detailed in **Exhibit D**. The CPPR must be accompanied by (i) the contract with the contractor(s) or subcontractor(s) who performed the work on the Public Improvements being submitted for reimbursement pursuant to Section 16.4 and (ii) evidence of payment of applicable taxes and fees pursuant to Section 20.1. The City shall review the CPPR and if approved, issue a written CPPR Approval Recommendation. The CPPR Approval

Recommendation shall then be presented to the Board for review. If the Board approves, then the Board shall authorize reimbursement of the applicable Project Costs. Reimbursement to the Developer shall not be unreasonably denied provided the Public Improvement has reached Completion.

7.4 Processing of Payment Requests. The sole source of the funds to reimburse the Developer for Project Costs shall be the Available Tax Increment Funds levied and collected on the Property and contributed by the Participating Taxing Entities. Board-authorized reimbursements of Available Tax Increment Funds shall be made to the Developer by the City within thirty (30) days after approval by the Board, if funds are immediately available in the TIF Fund. If Available Tax Increment Funds do not exist in an amount sufficient to make payments in full when the payments are due under this Agreement, partial payment shall be made in the order of priority above. No fees, costs, expenses, or penalties shall be paid to any party on any late payment or partial payment resulting from insufficient funds.

7.5 Repayment of Invalid Payments. If any payment to the Developer is held invalid, ineligible, illegal or unenforceable under present or future federal, state or local laws, including but not limited to the charter, codes, or ordinances of the City, then and in that event it is the intention of the parties to this Agreement that such invalid, ineligible, illegal or unenforceable payment shall be repaid in full by the Developer to the City for deposit in the TIF Fund, and that the remainder of this Agreement shall be construed as if the invalid, illegal or unenforceable payment was never contained in this Agreement.

7.6 Compensation to Developer and Max Contributions of All Participating Taxing Entities.

- a. Following the Board's authorizations and subject to priority of payment, and available TIF Funds, the Developer shall receive reimbursements for Public Improvements in accordance with the Financing Plan and Project Plan, and this Agreement. The maximum Tax Increment to be collected by all Participating Taxing Entities shall be up to but not to exceed the following amounts: (i) One Hundred Eighteen Million, Nine Hundred Ninety-Two Thousand, Four Hundred Seventy-Six and No/100 Dollars (\$118,992,476.00) from the City, (ii) Eighty-one Million, Three Hundred and Ninety-Three Thousand, Six Hundred Ninety-Two and No/100 Dollars (\$81,393,692.00) from Bexar County, and (iii) Fifteen Million and No/100 Dollars (\$15,000,000.00) from Alamo Community College District and (iv) Four Million, Three Hundred Ninety-Seven Thousand, Five Hundred and Sixty-Seven and No/100 Dollars (\$4,397,567.00) from the San Antonio River Authority.
- b. Even though eligible as Project Costs under the Act, the City, the County, the Developer, and the Board agree that no interest calculated on balances of unpaid approved or submitted Contract Progress Payment Requests shall be paid to the Developer.
- c. [intentionally omitted]

- d. In the event any environmental remediation costs are incurred by the Developer, the Developer shall not seek reimbursement of those costs from the TIF Fund or from any Participating Taxing Entity.

ARTICLE VIII. INSURANCE

8.1 **Applicability.** The Developer will require that the insurance requirements contained in this Article be included in all its contracts or agreements for the construction of Public Improvements where Developer is seeking payment under this Agreement, unless specifically exempted in writing by the City.

8.2 **Proof of Insurance.** Prior to the commencement of any work on Public Improvements under this Agreement, Developer shall furnish copies of all required endorsements and an completed Certificate(s) of Insurance to the City Clerk's Office, Attention Risk Management Department; and a copy to both the City's TIF Unit and the County's Community and Development Programs Department, which shall be clearly labeled "**Verano TIRZ, Contract for Plat or Phase No. ___**" in the Description of Operations block of the Certificate. The Certificate(s) shall be completed by an agent and signed by a person authorized by that insurer to bind coverage on its behalf. The City will not accept Memorandum of Insurance or Binders as proof of insurance. The original certificate(s) or form(s) must have the agent's original signature, including the signer's company affiliation, title and phone number, and be mailed, with copies of all applicable endorsements, directly from the insurer's authorized representative to the City and County at the addresses provided in Section 8.5. The City shall have no duty to pay or perform under this Agreement until such certificate and endorsements have been received and approved by the City's Risk Management Department. No officer or employee, other than the City's Risk Manager, shall have authority to waive this requirement. The County shall have no duty to pay or perform under this Agreement until such certificate and endorsements have been received and approved by the County's Community and Development Programs Department. No officer or employee, other than the County's Risk Manager, shall have authority to waive this requirement for the County. The City and County shall timely return proof of approval to Developer.

8.3 **Right to Review.** The City and County reserve the right to review the insurance requirements of this Article during the effective period of this Agreement and any extension or renewal hereof and to modify insurance coverages and their limits when deemed in good faith to be necessary and prudent by City's Risk Manager based upon changes in statutory law, court decisions, or circumstances surrounding this Agreement. In no instance will City or County allow modification whereupon City or County may incur increased risk.

8.4 **Required Types and Amounts.** A Developer's financial integrity is of interest to the City and County; therefore, subject to Developer's right to maintain reasonable deductibles in such amounts as are approved by the City and County, Developer, or the Developer's contractors or subcontractor, shall obtain and maintain in full force and effect for the duration of this Agreement, and any extension hereof, at Developer's or the Developer's contractors' or

subcontractor's sole expense, insurance coverage written on an occurrence basis, by companies authorized and admitted to do business in the State of Texas and with an A.M. Best's rating of no less than A- (VII), in the following types and for an amount not less than the amount listed below:

<u>TYPE</u>	<u>AMOUNTS</u>
1. Workers' Compensation 2. Employers' Liability	Statutory \$1,000,000/\$1,000,000/\$1,000,000
3. Commercial General Liability Insurance to include coverage for the following: a. Premises/Operations b. Products/Completed Operations c. Personal/Advertising Injury *d. Environmental Impairment/ Impact – sufficiently broad to cover disposal liability. *e. Explosion, Collapse, Underground	For <u>Bodily Injury</u> and <u>Property Damage</u> of \$1,000,000 per occurrence; \$2,000,000 General Aggregate, or its equivalent in Umbrella or Excess Liability Coverage
4. Business Automobile Liability a. Owned/leased vehicles b. Non-owned vehicles c. Hired Vehicles	<u>Combined Single Limit</u> for <u>Bodily Injury</u> and <u>Property Damage</u> of \$1,000,000 per occurrence
5. *Builder's Risk	All Risk Policy written on an occurrence basis for 100% replacement cost during construction phase of any new or existing structure.
*if applicable	

8.5 Requests for Changes. The City and County shall be entitled, upon request and without expense, to receive copies of the policies, declaration page and all endorsements thereto as they apply to the limits required by the City, and may require the deletion, revision, or modification of particular policy terms, conditions, limitations or exclusions (except where policy provisions are established by law or regulation binding upon either of the parties hereto or the underwriter of any such policies) when deemed in good faith to be necessary and prudent by City's Risk Manager based upon changes in statutory law, court decisions, or circumstances surrounding this Agreement. Developer and/or Developer's contractors or subcontractor shall be required to comply with any such requests and shall submit a copy of the replacement certificate of insurance to City and County at the addresses provided below within 10 days of the requested change. Developer and/or Developer's contractors or subcontractor shall pay any costs incurred resulting from said changes. All notices under this Article shall be given to City and County at the following addresses:

City Clerk
City of San Antonio
Attn: Risk Management Department
P.O. Box 839966
San Antonio, Texas 78283-3966

City of San Antonio
Department of Planning and Community Development
TIF Unit
1400 South Flores
San Antonio, Texas 78204

and

Bexar County
Office of the County Manager
101 W. Nueva, 10th Floor
San Antonio, Texas 78205

8.6 **Required Provisions and Endorsements.** Developer agrees that with respect to the above-required insurance, all insurance policies are to contain or be endorsed to contain the following provisions:

- a. Name the City and County, their respective officers, officials, employees, volunteers, and elected representatives as an additional insured by endorsement, as respects operations and activities of or on behalf of, the named insured subject to this Agreement, with the exception of the workers' compensation and professional liability policies;
- b. Provide for an endorsement that the "other insurance" clause shall not apply to the City and County where the City and County are additional insured shown on the policy;
- c. Workers' compensation and employers' liability policies will provide a waiver of subrogation in favor of the City and County.
- d. Provide thirty calendar days' advance written notice directly to City and County of any suspension, cancellation, non-renewal, or material change in coverage, and not less than ten (10) calendar days advance notice for nonpayment of premium.

8.7 **Cancellation, Suspension, or Non-Renewal.** Within five calendar days of a suspension, cancellation or non-renewal of coverage, Developer and/or Developer's contractors or subcontractors shall provide a replacement Certificate of Insurance and applicable endorsements to City and County. City and County shall have the option to suspend Developer's and/or Developer's contractors' subcontractors' performance should there be a lapse in coverage at any time during this contract. Failure to provide and to maintain the required insurance shall constitute a material breach of this Agreement.

8.8 **City's and County's Remedies.** In addition to any other remedies City and County may have upon Developer's and/or Developer's contractors' or subcontractors' failure to provide and maintain any insurance or policy endorsements to the extent and within the time herein required, City and County shall have the right to order Developer and/or Developer's contractors or subcontractors to stop work hereunder, and/or withhold any payment(s) which become due to Developer hereunder, until Developer and/or Developer's contractors or subcontractors demonstrates compliance with the requirements hereof.

8.9 **Responsibility for Damages.** Nothing herein contained shall be construed as limiting in any way the extent to which Developer and/or Developer's contractors or subcontractors may be held responsible for payments of damages to persons or property resulting from Developer's or its subcontractors' performance of the work covered under this Agreement. Contractors and any Subcontractors are responsible for all damage to their own equipment and/or property.

8.10 **Primary Insurance.** It is agreed that Developer's insurance shall be deemed primary and non-contributory with respect to any insurance or self-insurance carried by the City of San Antonio for liability arising out of operations under this Agreement.

8.11 **Obligation of Developer.** With respect to any work by Developer on Public Improvements, Developer agrees to require, by written contract, that all contractors and subcontractors providing goods or services hereunder obtain all insurance coverage with minimum limits of not less than those limits delineated in Section 8.4 from each subcontractor and provide a Certificate of Insurance and Endorsement that names the Developer, the City and County as an additional insured. Policy limits of the coverages carried by contractors and subcontractors will be determined as a business decision of Developer. Developer shall provide the CITY and County with said certificate and endorsement prior to the commencement of any work by the Developer's contractors or subcontractors. This provision may be modified by City's Risk Manager, without subsequent City Council approval, when deemed necessary and prudent, based upon changes in statutory law, court decisions, or circumstances surrounding this agreement. Such modification may be enacted by letter signed by City's Risk Manager, which shall become a part of the contract for all purposes. It is understood and agreed that the insurance required is in addition to and separate from any other obligation contained in this Agreement and that no claim or action by or on behalf of the City shall be limited to insurance coverage provided.

8.12 **"All Risk".** Prior to the commencement of any construction by Developer on Public Improvements, and at all times during the performance of such construction, Developer and/or Developer's subcontractors or contractors shall obtain and keep in full force and effect builder's "all risk" insurance policies affording coverage of such construction. The Builder's Risk Policies shall be written on an occurrence basis and on a "replacement cost" basis, insuring one hundred percent (100%) of the insurable value of construction improvements.

ARTICLE IX. WORKERS COMPENSATION INSURANCE COVERAGE

9.1 **Applicability.** This Article is applicable only to construction of Public Improvements, the costs for which the Developer is seeking reimbursement from the City and the Board, and does not apply to the private improvements made by the Developer as part of the Project.

9.2. Definitions:

- a. Certificate of coverage (“certificate”) - A copy of a certificate of insurance, a certificate of authority to self-insure issued by the Texas Workers’ Compensation Commission, or a coverage agreement (TWCC-81, TWCC-82, TWCC-83, or TWCC-84), showing statutory workers’ compensation insurance coverage for the person’s or entity’s employees providing services on the Public Improvements for the duration of the work being done on such Public Improvements.
- b. Duration of the Public Improvements - includes the time from the beginning of the work on a Plat or Phase of the Public Improvements until the Developer’s/contractor’s/person’s work on the Public Improvements has been completed and accepted by the City.
- c. Persons providing services on the Public Improvements (“subcontractor” in §406.096 of the Texas Labor Code) - includes all persons or entities performing all or part of the services the Developer has undertaken to perform on the Public Improvements, regardless of whether that person contracted directly with the Developer and regardless of whether that person has employees. This includes, without limitation, independent contractors, subcontractors, leasing companies, motor carriers, owner-operators, employees of any such entity, or employees of any entity, which furnishes persons to provide services on the Public Improvements. “Services” include, without limitation, providing, hauling, or delivering equipment or materials, or providing labor, transportation, or other service related to the Public Improvements. “Services” does not include activities unrelated to the Public Improvements, such as food/beverage vendors, office supply deliveries, and delivery of portable toilets.

9.3 The Developer’s contractor shall provide coverage, based on proper reporting of classification codes and payroll amounts, and filing of any coverage agreements, which meets the statutory requirements of Texas Labor Code, Section 401.011(44) for all employees of the Developer’s contractor providing services on the Public Improvements, for the duration of the work being done on such Public Improvements.

9.4 The Developer’s contractor must provide a certificate of coverage to the addressees in Section 8.5, above, prior to award of the contract.

9.5 If the coverage period shown on the Developer’s contractor’s current certificate of coverage ends during the duration of the work on the applicable Public Improvements, the Developer’s contractor must, prior to the end of the coverage period, file a new certificate of coverage with the City and County showing that coverage has been extended.

9.6 The Developer’s contractor shall obtain from each person providing services on the Public Improvements, and shall provide to the City and County:

- a. a certificate of coverage, prior to that person beginning work on the Public Improvements, so the City and County will have on file certificates of coverage showing coverage for all persons providing services on the Public Improvements; and

- b. no later than seven days after receipt by the Developer's contractor, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the work on the applicable Public Improvements.

9.7 The Developer's contractor shall retain all required certificates of coverage for the duration of the work on the Public Improvements and for one year thereafter.

9.8 The Developer's contractor shall notify the City and County in writing by certified mail or personal delivery, within ten days after the Developer's contractor knew or should have known, of any change that materially affects the provision of coverage of any person providing services on the Public Improvements.

9.9 The Developer's contractor shall post on the Property a notice, in the text, form and manner prescribed by the Texas Workers' Compensation Commission, informing all persons providing services on the Public Improvements that they are required to be covered, and stating how a person may verify coverage and report lack of coverage.

9.10 The Developer shall contractually require each person with whom it contracts to provide services on the Public Improvements, to:

- a. provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements that meets the statutory requirements of Texas Labor Code, Section 401.01(44), for all of its employees providing services on the Public Improvements, for the duration of the work being done on such Public Improvements;
- b. provide to the Developer, prior to that person beginning work on the Public Improvements, a certificate of coverage showing that coverage is being provided for all employees of the person providing services on the Public Improvements, for the duration of the work being done on such Public Improvements;
- c. provide the Developer, prior to the end of the coverage period, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the project;
- d. obtain from each other person with whom it contracts, and provide to the Developer:
 - (1) a certificate of coverage, prior to the other person beginning work on the Public Improvements; and
 - (2) a new certificate of coverage showing extension of coverage, prior to the end of the coverage period, if the coverage period shown on the current certificate of coverage ends before work on the applicable Public Improvements has been completed;
- e. retain all required certificates of coverage on file for the duration of the work on the Public Improvements and for one year thereafter;

- f. notify the City and County in writing by certified mail or personal delivery, within ten days after the person knew or should have known, of any change that materially affects the provision of coverage of any person providing services on the Public Improvements; and
- g. contractually require each person with whom it contracts with, to perform as required by subparagraphs a-g, the certificates of coverage to be provided to the person for whom they are providing services.

9.11 By signing this Agreement or providing or causing to be provided a certificate of coverage, the Developer is representing to the City that all employees of all contractors of the Developer who will provide services on the Public Improvements will be covered by workers' compensation coverage for the duration of work done on the Public Improvements, that the coverage will be based on proper reporting of classification codes and payroll amounts, and that all coverage agreements will be filed with the appropriate insurance carrier or, in the case of a self-insured, with the Texas Workers' Compensation Commission's Division of Self-Insurance Regulation. Providing false or misleading information may subject the Developer's contractor to administrative penalties, criminal penalties, civil penalties, or other civil actions.

9.12 The Developer's failure to comply with any of these provisions in this Article IX is a breach of contract by the Developer which entitles the City to declare the Agreement void and exercise all legal remedies, and entitles the County to terminate its participation in the Zone and exercise its right to reimbursement under Article X paragraph 10.2, if the Developer does not remedy the breach within ten days after receipt of notice of breach from the City or County without necessity of the ninety-day cure period as set forth in Article X, below; provided, however that if Developer commences diligent efforts to remedy the breach within such ten days, the City and the County will refrain from declaring this Agreement void and from exercising such remedies so long as Developer continues diligent efforts to remedy the breach.

DRAFT

ARTICLE X DEFAULT AND TERMINATION

10.1 City's Right to Terminate

- a. If the County sends notice of breach as provided for herein OR the City determines that Developer has failed to commence construction of the Project, failed to complete construction of the Project, or failed to perform any other obligation pursuant to the Project Plan and Financing Plan or any other term of this Agreement OR Developer initiates, pursues or otherwise engages in litigation related to TIF or TIRZ, or any type of adversarial proceeding related to TIF or TIRZ, against or involving the City, the City may terminate its participation in the TIRZ.
- b. Prior to terminating its participation in the TIRZ, the City shall provide written notice to Developer, the County and the Board (with a copy to any other Participating Taxing Entity still contributing Tax Increment Payments) stating its intent to terminate its participation in the TIRZ and detailing its objection(s) or concern(s).

- c. If the objection and/or concern as set out in the notice is not resolved within ninety (90) calendar days from the date of such notice, the City's participation in the TIRZ shall automatically terminate effective as of the date such notice is sent and the City shall send the Developer a second notice stating that payment is due pursuant to this Section 10.1. The City may extend the ninety-day cure period under this Agreement in its own discretion.
- d. If the City terminates its participation in the TIRZ under this Article X, the City shall hold all money in the TIF Fund, and the Developer shall repay to the City, for deposit into the TIF Fund the following amounts, all of which shall be redistributed on a pro-rata basis, between all Participating Taxing Entities other than the County, if the County elects to pursue its rights under Section 10.2:
 - (1) if the breach occurs during the construction of a Phase or Plat, the Developer shall repay City an amount equal to the funds paid to the Developer for public improvements constructed during that specific Phase or for that specific Plat, if any, and shall not be eligible for reimbursement of costs incurred for construction of public improvements of any portion of said Plat or Phase; or
 - (2) if the breach occurs after all construction of each Phase or Plat is completed, the Developer shall repay to the City an amount equal to the funds the Participating Taxing Entities other than the County, contributed to the TIF Fund and paid to the Developer out of the TIF Fund during the twelve months preceding the date notice of breach is sent pursuant to this Article X.
- e. Funds which become due and owing under this provision shall be paid to the City within ninety calendar days after the Developer receives the second notice from the City under this Section 10.1. The City shall look only to the Developer and the TIF Fund for any reimbursement, contractual claim, damages, or payment of any type.

10.2 County's Right to Terminate.

- a. If the City sends notice as provided for herein OR the County determines that Developer has failed to commence construction of the Project, failed to complete construction of the Project, or failed to perform any other obligation pursuant to the Final Project and Financing Plan or any other term of this Agreement OR Developer initiates, pursues or otherwise engages in litigation related to TIF or TIRZ, or any type of adversarial proceeding related to TIF or TIRZ, against or involving the County, the County may terminate its participation in the TIRZ.
- b. Prior to terminating its participation in the TIRZ, the County shall provide written notice to Developer, the City and the Board (with a copy to any other Participating Taxing Entity still contributing Tax Increment Payments) stating its intent to terminate its participation in the TIRZ and detailing its objection(s) or concern(s).

- c. If the objection and/or concern as set out in the notice is not resolved within ninety calendar days from the date of such notice, the County's participation in the TIRZ shall automatically terminate effective as of the date such notice is sent and the County shall send the Developer a second notice stating that payment is due pursuant to this Section 10.2. The County may extend the ninety-day cure period under this Agreement in its own discretion.
- d. If the County terminates its participation in the TIRZ under this Article X, Developer shall repay to the County the following amounts:
- (1) if the breach occurs during the construction of a Phase or Plat, the Developer shall repay County an amount equal to the County TIF funds utilized to reimburse Developer during that specific Phase or Plat, if any, and Developer shall not be eligible for further reimbursement utilizing any portion of TIF funds contributed by the County which remain in the TIF Fund; or
 - (2) if the breach occurs after all construction of each Phase or Plat is completed, the Developer shall repay to the County an amount equal to funds the County contributed to the TIF Fund which were paid to the Developer out of the TIF Fund during the twelve months preceding the date notice of breach is sent pursuant to this Article X, and any funds contributed by the County and remaining in the TIF Fund but not paid to Developer shall be returned to the County.
- e. Funds which become due and owing under this provision shall be paid to the County within ninety calendar days after Developer receives the second notice from the County under this Section 10.2. The County shall look only to the Developer and the TIF Fund for any reimbursement, contractual claim, damages, or payment of any type.

10.3 Upon either the City or the County sending notice in accordance with paragraphs 10.1 or 10.2 above, neither the City nor the County shall make further payments to the TIF Fund. In addition, the City shall not distribute any TIF Fund money to the Developer until the Developer's breach is cured to the satisfaction of the City and/or the County. If the Developer's breach is not cured within the period provided for herein, either the City or the County or both may exercise their rights under this Article X or extend the cure period, in their sole discretion. If both the City and the County elect to terminate their participation in the TIRZ, the City shall then distribute the remaining TIF Fund money to the County and any other Participating Taxing Entities, without Board approval, and in accordance with Interlocal Agreements.

10.4 Notwithstanding paragraph 10.1 or 10.2 above, in the event the Developer fails to furnish any documentation required in Article XIV (Examination of Records) or Article V, Paragraph 5.16 (Quarterly Status and Compliance Reports) within thirty days following the written request for same, then the Developer shall be in breach of this Agreement without necessity of the ninety day cure period as set forth in this Agreement.

ARTICLE XI. INDEMNIFICATION

11.1 The DEVELOPER covenants and agrees to FULLY INDEMNIFY and HOLD HARMLESS the CITY (and the elected officials, employees, officers, directors, and representatives of the CITY), the BOARD (and the officials, employees, officers, directors, and representatives of the BOARD), the COUNTY (and the elected officials, employees, officers, directors, and representatives of the County) and any PARTICIPATING TAXING ENTITY (and the elected officials, employees, officers, directors, and representatives of any such entity), individually or collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature, including but not limited to, personal injury or death and property damage or environmental claims, made upon the CITY, the COUNTY, BOARD, and/or upon any PARTICIPATING TAXING ENTITY directly or indirectly arising out of, resulting from or related to the DEVELOPER'S activities under this AGREEMENT, including, but not limited to, any acts or omissions of the DEVELOPER, any agent, officer, contractor, subcontractor, director, representative, employee, consultant or subconsultants of the DEVELOPER, and their respective officers, agents, employees, directors and representative while in the exercise or performance of the rights or duties under this AGREEMENT, and in the case of any environmental claim without limitation to whether such claim results from the acts or omissions of the Developer, all without, however, waiving any governmental immunity available to the CITY, the COUNTY, the BOARD, or any PARTICIPATING TAXING ENTITY under Texas Law and without waiving any defenses of the parties under Texas, Federal, or International Law.

The indemnity provided for in the foregoing paragraph shall not apply to any liability resulting from the sole negligence of the CITY, its officers or employees, in instances where such negligence causes personal injury, death, or property damage, except to the extent provided below.

IN THE EVENT DEVELOPER AND CITY ARE FOUND JOINTLY LIABLE BY A COURT OF COMPETENT JURISDICTION, LIABILITY SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO THE CITY UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS, FEDERAL, OR INTERNATIONAL LAW.

The DEVELOPER shall advise the CITY, the COUNTY, the BOARD, and any PARTICIPATING TAXING ENTITY in writing within 24 hours of any claim or demand against the CITY, the COUNTY, the BOARD, or any PARTICIPATING TAXING ENTITY related to or arising out of the DEVELOPER'S activities under this AGREEMENT and shall see to the investigation and defense of such claim or demand at the DEVELOPER'S cost to the extent required under the INDEMNITY in this paragraph.

The provisions of this INDEMNITY are solely for the benefit of the parties hereto and not intended to create or grant any rights, contractual or otherwise, to any other person or entity.

The CITY, the COUNTY, the BOARD, and/or any PARTICIPATING TAXING ENTITY shall have the right, at their option and at their own expense, to participate in such defense without relieving the DEVELOPER of any of its obligations under this paragraph.

11.2 DEVELOPER shall, and does hereby agree to DEFEND, INDEMNIFY and HOLD HARMLESS the CITY, the COUNTY and the BOARD and their respective agents and employees from and against all encumbrances, claims, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, covenants, controversies, agreements, demands, damages, losses, liens, causes of action, suits, judgments, and attorney fees of any kind or nature whatsoever which are asserted by any person or entity for penalties or sums due any worker or agency for services, labor or materials furnished for the PROJECT. DEVELOPER'S INDEMNITY obligations to the CITY under this INDEMNIFICATION shall be limited to all encumbrances, claims, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, covenants, controversies, agreements, demands, damages, losses, liens, causes of action, suits, judgments, and attorney fees of any kind or nature whatsoever by any person or entity for violations of Chapter 258 of the Texas Government Code or for any sums or penalties due any worker or agency for labor furnished for the PROJECT. To the extent that this INDEMNIFICATION conflicts with the INDEMNIFICATION provisions in Section 11.1 above, the provisions in Section 11.1 control over those set forth in this Section. Prior to expending any money that DEVELOPER would be obligated to INDEMNIFY, the CITY the COUNTY or the BOARD shall send written notice to DEVELOPER describing in reasonable detail the claim and allowing DEVELOPER to contest such claim within 15 calendar days of receiving the notice.

ARTICLE XI. SITE INSPECTION AND RIGHT OF ENTRY

12.1 The Developer shall, upon twenty-four (24) hour notice allow the City, County and/or the Board reasonable access to the Property owned or controlled by the Developer for inspections during and upon completion of construction of the Project and to documents and records considered necessary by the City and/or the Board to assess the Developer's compliance with this Agreement. The Developer shall, in each contract with a builder or lot purchaser, retain a right of entry into the properties and structures in favor of the City for the purpose of allowing the City, its staff and its agents to conduct random non-destructive walk-throughs and monitoring of the Project. This Section 12.1 applies with respect to a structure on a particular portion of the Property only until such time the structure has had a Certificate of Occupancy issued for such structure and such structure is occupied, as to structures of a type that the City issues Certificates of Occupancy, and otherwise until such time that the structure has been completed pursuant to the building permit therefor and is occupied.

ARTICLE XIII. RESPONSIBILITY OF THE PARTIES

13.1 **Developer.** As between the City, the Developer, the Board, and any Participating Taxing Entity, the Developer shall be solely responsible for compensation payable to any employee, contractor, or subcontractor of the Developer, and none of the Developer's employees, contractors, or subcontractors will be deemed to be employees, contractors, or subcontractors of the City, the Board, or any Participating Taxing Entity as a result of this Agreement.

13.2 **City, Board, Participating Taxing Entities.** To the extent permitted by Texas law, no director, officer, employee, or agent of the City, the Board, or any other Participating Taxing Entity shall be personally responsible for any liability arising under or growing out of this Agreement.

ARTICLE XIV. EXAMINATION OF RECORDS

14.1 **Right to Review.** The City and County each reserve the right to conduct at its own expense, during regular business hours and following notice to the Board and the Developer, examinations of the books and records related to this Agreement (including such items as contracts, paper, correspondence, copies, books, accounts, billings and other information related to the performance of the Board and/or the Developer's services hereunder) no matter where the books and records are located. The City and County also each reserve the right to perform any and all additional audits relating to the Board's and/or the Developer's services, provided that such audits are related to those services performed by the Board and/or the Developer for the City or County under this Agreement. These examinations shall be conducted at the offices maintained by the Board and/or the Developer.

14.2 **Preservation of Records.** All applicable records and accounts of the Board and/or the Developer relating to this Agreement, together with all supporting documentation, shall be preserved in Bexar County, Texas, by the Board and/or the Developer throughout the term of this Agreement and for twelve months after the termination of this Agreement, and then transferred, upon City request, at no cost to the City, to the City for retention. The City or County, at its own expense, may require that the Board and/or Developer submit any or all of such records and accounts for audit to the City or County or to a Certified Public Accountant selected by the City or County, respectively within ten business days following written request for the records and accounts.

14.3 **Discrepancies.** Should the City or County discover errors in internal controls or in record keeping associated with the Public Improvements, the Board and/or the Developer shall correct such discrepancies either upon discovery or within a reasonable period, not to exceed sixty days after discovery and notification by the City or County to the Board and/or the Developer of such discrepancies. The Board and/or the Developer shall inform the City or County in writing of the action taken to correct such audit discrepancies.

14.4 **Overcharges.** If it is determined as a result of such audit that the Board and/or the Developer has overcharged the TIF Fund for the cost of the Public Improvements, then such overcharges shall be immediately returned to the City for deposit in the TIF Fund, and become due and payable with interest at the maximum legal rate under applicable law from the date the

City paid such overcharges. In addition, if the audit determined that there were overcharges of more than two percent of the greater of the budget or payments to the Developer for the year in which the discrepancy occurred, and the TIF Fund is entitled to a refund as a result of such overcharges, then the Developer shall pay the cost of such audit.

ARTICLE XV. NON-WAIVER

15.1 **Actions or Inactions.** No course of dealing on the part of the City, the County, the Board, or the Developer nor any failure or delay by the City, the County, the Board, or the Developer in exercising any right, power, or privilege under this Agreement shall operate as a waiver of any right, power, or privilege owing under this Agreement.

15.2 **No estoppel.** The requirements of this Agreement cannot be waived or modified in any way by an engineer, employee, or other official of the City or its subordinate agency, or the County, with responsibility for inspecting or certifying Public Improvement. The actions of a city employee or agent do not work an estoppel against the City or County under this Agreement or the Unified Development Code.

15.3 **Receipt of Services.** Except as set forth in Section 16.3 below, the receipt by the City of services from an assignee of the Developer shall not be deemed a waiver of the covenant in this Agreement against assignment or an acceptance of the assignee or a release of the Developer from further observance or performance by the Developer of the covenants contained in this Agreement. No provision of this Agreement shall be deemed waived by the City unless such waiver is in writing, and approved by the City Council of the City in the form of a duly passed ordinance.

ARTICLE XVI. ASSIGNMENT

16.1 **Binding Agreement.** All covenants and agreements contained herein by the City, the County and/or the Board shall bind their successors and assigns and shall inure to the benefit of the Developer and their successors and assigns.

16.2 **Assignment by City.** The City, the County and/or the Board may assign their rights and obligations under this Agreement to any governmental entity the City or County creates without prior consent of the Developer. If the City, the County, and/or the Board assign their rights and obligations under this Agreement then the City, the County and/or the Board shall send the Developer written notice of such assignment within fifteen days of such assignment.

16.3 **Assignment by Developer.** The Developer may sell or transfer its rights and obligations under this Agreement only with the approval of the Board and the written consent of the City which shall not be unreasonably withheld, conditioned or delayed, as evidenced by an ordinance passed and approved by the City Council, when a qualified purchaser or assignee specifically agrees to assume all of the obligations of the Developer under this Agreement. This restriction on the Developer's rights to sell or transfer is subject to the right to assign as provided in Section 16.6 below. Each transfer or assignment to which there has been consent, shall be by instrument in writing, in form reasonably satisfactory to the City, and shall be executed by the transferee or assignee who shall agree in writing for the benefit of the City and the Board to be bound by and

to perform the terms, covenants and conditions of this Agreement. Four executed copies of such written instrument shall be delivered to the City. Failure to first obtain, in writing, the City's consent, or failure to comply with the provisions contained in this Agreement shall operate to prevent any such transfer or assignment from becoming effective. In the event the City approves the assignment or transfer of this Agreement, the Developer shall be released from its duties and obligations in this Agreement. Notwithstanding the foregoing, Developer may transfer and assign its rights and obligations under this Agreement without the approval of the Board or the consent of the City to a wholly-owned subsidiary of the Developer. However, the form of the assignment shall be approved by the City Attorney's Office.

16.4 Work or Services Subject to this Agreement. Any work or services subject to this Agreement on Public Improvements shall be contracted only by written contract or agreement and, unless the City grants specific waiver in writing, shall be subject by its terms, insofar as any obligation of the City is concerned, to each and every provision of this Agreement. Compliance by the Developer's contractors and/or subcontractors with this Agreement shall be the responsibility of the Developer with respect to any work by Developer on Public Improvements. Copies of those written contracts must be submitted with the CPP in order to be considered for eligible Project Costs reimbursement.

16.5 No Third Party Obligations. No Participating Taxing Entity shall in any event be obligated to any third party, including any contractor, subcontractor, or consultant of the Developer, for performance of work or services under this Agreement except as set forth in Section 16.3, above.

16.6 Lending Institutions. Any restrictions in this Agreement on the transfer or assignment of the Developer's interest in this Agreement shall not apply to and shall not prevent the assignment of this Agreement to a lending institution or other provider of capital in order to obtain financing for the Project. In no event, however, shall the City be obligated in any way to said financial institution or other provider of capital.

ARTICLE XVII. NOTICE

17.1 Addresses. Any notice sent under this Agreement shall be written and mailed with sufficient postage, sent by certified mail, return receipt requested, documented facsimile or delivered personally to an officer of the receiving party at the following addresses:

CITY

City of San Antonio
City Manager's Office
P.O. Box 893366
San Antonio, Texas 78283-3966

(210) 207-7032

With a copy to:

BOARD

Board of Directors, Tax Increment
Reinvestment Zone Number Twenty-Eight,
City of San Antonio, Texas
C/O Department of Planning and Community
Development
ATTN: Director
City of San Antonio
1400 S. Flores
San Antonio, Texas 78204

Office of the City Attorney
P.O. Box 893366
San Antonio, Texas 78283-3966
FAX: (210) 207-4004

DEVELOPER

Verano Land Group, LP

COUNTY

Honorable Nelson W. Wolff
County Judge
Paul Elizondo Tower
101 W. Nueva, 10th Floor
San Antonio, Texas 78205

Attn: _____
FAX: () _____

With a copy to:

Office of the County Manager
101 W. Nueva, 10th Floor
San Antonio, Texas 78205

With a copy to:

Attn: _____
FAX: () _____

With a copy to:

Criminal District Attorney's Office
Civil Section
101 W. Nueva, 7th Floor
San Antonio, Texas 78205

With a copy to:

Attn: _____
FAX: () _____

17.2 Change of Address. Each party may change its address by written notice in accordance with this Article. Any communication delivered by facsimile transmission shall be deemed delivered when receipt of such transmission is received if such receipt is during normal business hours or the next business day if such receipt is after normal business hours. Any communication so delivered in person shall be deemed received when receipted for by or actually received by an officer of the party to whom the communication is properly addressed. All notices, requests or consents under this Agreement shall be (a) in writing, (b) delivered to a principal officer or managing entity of the recipient in person, by courier or mail or by facsimile, telegram, telex, cablegram or similar transmission, and (c) effective only upon actual receipt by such person's business office during normal business hours. If received after normal business hours, the notice shall be considered received on the next business day after such delivery. Whenever any notice is required to be given by applicable law or this Agreement, a written waiver of the notice requirement, signed by the person entitled to notice, whether before or after the time stated in the waiver, shall be deemed equivalent to the giving of such notice. Each party shall have the right from time to time and at any time to change its address by giving at least fifteen days written notice to the other party.

ARTICLE XVIII. CONFLICT OF INTEREST

18.1 Charter and Ethics Code Prohibitions. The Board and the Developer each acknowledge that it is informed that the Charter of the City and its Ethics Code prohibit a City officer or

employee, as those terms are defined in Section 2-52 of the Ethics Code, from having a financial interest in any contract with the City or any City agency such as City owned utilities. An officer or employee has a "prohibited financial interest" in a contract with the City or in the sale to the City of land, materials, supplies or service, if any of the following individual(s) or entities is a party to the contract or sale: a City officer or employee; his parent, child or spouse; a business entity in which the officer or employee, or his parent, child or spouse owns ten percent or more of the voting stock or shares of the business entity, or ten percent or more of the fair market value of the business entity; a business entity in which any individual or entity above listed is a subcontractor on a City contract, a partner or a parent or subsidiary business entity.

18.2 **Warrant and Certification.** In accordance with Section 311.0091(h)(1) of the Act, and pursuant to the subsection above, the Board and the Developer each warrants and certifies, and this contract is made in reliance on the warrant and certification, that it, its officers, employees and agents are neither officers nor employees of the City. The Board and the Developer each further warrants and certifies that each member of the Board and that the Developer has tendered to the City a **Discretionary Contracts Disclosure Statement** in compliance with the City's Ethics Code using the form provided at **Exhibit E**.

ARTICLE XIX. INDEPENDENT CONTRACTORS

19.1 **No Agency.** It is expressly understood and agreed by all parties to this Agreement that, in performing their services under this Agreement, the Board and the Developer at no time shall be acting as agents of the City or the County, and that all consultants or contractors engaged by the Board and/or the Developer respectively shall be independent contractors of the Board and/or the Developer. The parties to this Agreement understand and agree that neither the City nor the County shall be liable for any claims that may be asserted by any third party occurring in connection with services performed by the Board and/or the Developer respectively, under this Agreement, unless any such claims are due to the fault of the City and/or the County, respectively.

19.2 **No Authority.** The parties to this Agreement further understand and agree that no party has authority to bind the others or to hold out to third parties that it has the authority to bind the others.

ARTICLE XX. TAXES

20.1 **Duty to Pay.** The Developer shall pay, on or before their respective due dates, to the appropriate collecting authority all Federal, State, and local taxes and fees which are now or may be levied upon the Property owned by Developer or upon the Developer or upon the business conducted on the Property by Developer or upon any of the Developer's property used in connection with the Property, including employment taxes with respect to Developer's employees; and the Developer shall maintain in current status all Federal, State, and local licenses and permits required for the operation of the business conducted by the Developer.

ARTICLE XXI. COMPLIANCE WITH SBEDA AND EEO POLICIES

21.1 **Agreement to Not Discriminate.** The Board and the Developer are each advised that it is the policy of the City that business enterprises eligible as Small, Minority, or Woman-owned Business Enterprises shall have the maximum practical opportunity to participate in the performance of public contracts. Except for those Public Improvements commenced prior to the creation of the TIRZ, the Board and the Developer each agrees for itself that the Board and the Developer will not discriminate against any individual or group on account of race, color, sex, age, religion, national origin or disability and will not engage in employment practices which have the effect of discriminating against employees or prospective employees because of race, color, religion, national origin, sex, age or disability. The Developer further agrees that with respect to the Public Improvements undertaken after the Effective Date of this Agreement, the Developer will make a good faith effort to comply with the applicable terms and provisions of the City's Non-Discrimination Policy, the City's Small, Minority or Woman-owned Business Advocacy Policy and the City's Equal Opportunity Affirmative Action Policy, these policies being available in the City's Department of Economic Development, Division of Internal Review and the City's Office of the City Clerk.

ARTICLE XXII. PREVAILING WAGES

22.1 The TIF program is a discretionary program, and the Board and the Developer are each advised that it is the policy of the City that the requirements of Chapter 2258 of the Texas Government Code, entitled "Prevailing Wage Rates," shall apply to TIF Development Agreements. In accordance with the provisions of Chapter 2258, the city passed Ordinance No. 2008-11-20-1045, included as Exhibit C, which details the City's wage and hour labor standard provisions for City of San Antonio construction projects. The Developer shall require its subcontractors to comply with each applicable schedule of the general prevailing rates in effect at the time the Developer or the Developer's contractor calls for bids for construction of a given Public Improvement. The Developer is further required to cause the latest prevailing wage determination decision to be included in bids and contracts with the Developer's general contractor and all subcontractors for construction by Developer of Public Improvements in each Phase. The Developer shall forfeit as a penalty to the City sixty dollars (\$60.00) for each laborer, workman, or mechanic employed, for each calendar day, or portion of each calendar day, that such laborer, workman or mechanic is paid less than the said stipulated rates for any work done on Public Improvements. The establishment of prevailing wage rates in accordance with Chapter 2258, Texas Government Code shall not be construed to relieve the Developer from his obligation under any Federal or State Law regarding the wages to be paid to or hours worked by laborers, workmen or mechanics insofar as applicable to the work to be performed under this Agreement.

ARTICLE XXIII. CHANGES AND AMENDMENTS

23.1 **Ordinance Required.** Except when the terms of this Agreement expressly provide otherwise, any alterations, additions, or deletions to the terms of this Agreement shall be by amendment in writing executed by the City, the County, the Board, and the Developer and evidenced by passage of a City Ordinance, as to the City's approval.

23.2 **Construction Schedule.** Notwithstanding the above, the Construction Schedule may be amended by approval of the Board and the City, as evidenced by an agreement in writing between the Board and the Director of the Department overseeing the TIF Unit (the "TIF Director"), as long as the overall Project Plan and Financing Plan are not materially changed by such amendment. In the event an amendment to the phasing of the Construction Schedule will result in a material change to the overall Project Plan or Financing Plan, then such amendment shall comply with the requirements of Section 23.1, above. No change under this section may result in an increase in the maximum contribution of the City or any other Participating Taxing Entity. The Developer may rely on the determination of the TIF Director whether a proposed change in the phasing of the Construction Schedule would result in a material change to the overall Project Plan and Financing Plan.

23.3 **Automatic Incorporation of Laws.** It is understood and agreed by the parties to this Agreement that changes in local, state and federal rules, regulations or laws applicable to the Board's and the Developer's services under this Agreement may occur during the term of this Agreement and that any such changes shall be automatically incorporated into this Agreement without written amendment to this Agreement, and shall become a part of this Agreement as of the effective date of the rule, regulation or law.

ARTICLE XXIV. SEVERABILITY

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

ARTICLE XXV. LITIGATION EXPENSES

25.1 **Attorney Fees.** Under no circumstances will the Available Tax Increment Funds received under this Agreement be used, either directly or indirectly, to pay costs or attorney fees incurred in any adversarial proceeding regarding this Agreement against the City or any other public entity. Each party to this Agreement shall bear its own costs, including, but not limited to, attorneys' fees, for any action at law or in equity brought to enforce or interpret any provision of this Agreement. Notwithstanding the foregoing, nothing contained in this Section shall affect or otherwise affect the indemnity provisions contained in Article XI above.

25.2 **Mediation.** During the term of this Agreement, if the Board and/or the Developer files and/or pursues an adversarial proceeding against the City and/or the County regarding this Agreement without first engaging in good faith non-binding mediation of the dispute, then, at the City's and/or the County's option, all access to the funding provided for under this Agreement may

be deposited with an escrow agent mutually acceptable to all parties, which escrow agent will deposit such funds in an interest bearing account.

25.3 **Future Funding.** The Board and/or the Developer, at the City's option, could be ineligible for consideration to receive any future funding while any adversarial proceedings regarding this Agreement against the City remains unresolved if it was initiated without first engaging in good faith non-binding mediation of the dispute.

25.4 **Adversarial Proceedings.** For purposes of this Article, "adversarial proceedings" include any cause of action regarding this Agreement filed by the Board and/or the Developer against the City and/or the County in any state or federal court, as well as any state or federal administrative hearing, but does not include Alternate Dispute Resolution proceedings, including arbitration.

ARTICLE XXVI. LEGAL AUTHORITY

26.1 Each person executing this Agreement on behalf of the City, the County, the Board or the Developer, represents, warrants, assures and guarantees that he has full legal authority to (i) execute this Agreement on behalf of the City, the County, the Board and/or the Developer, respectively and (ii) to bind the City, the County, the Board and/or the Developer, respectively, to all of the terms, conditions, provisions and obligations contained in this Agreement.

ARTICLE XXVII. VENUE AND GOVERNING LAW

27.1 **State.** This Agreement shall be governed by the laws of the State of Texas.

27.2 **County.** Venue and jurisdiction arising under or in connection with this Agreement shall lie exclusively in Bexar County, Texas.

ARTICLE XXVIII. PARTIES' REPRESENTATIONS

28.1 This Agreement has been jointly negotiated by the City, the County, the Board, and the Developer and shall not be construed against a party because that party may have primarily assumed responsibility for the drafting of this Agreement.

ARTICLE XXVII. CAPTIONS

29.1 All captions used in this Agreement are only for the convenience of reference and shall not be construed to have any effect or meaning as to the agreement between the parties to this Agreement.

ARTICLE XXVIII. ENTIRE AGREEMENT

30.1 **No Contradictions.** This written Agreement embodies the final and entire agreement between the parties to this Agreement, and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties.

30.2 **Incorporation of Exhibits.** The Exhibits attached to this Agreement are incorporated in and shall be considered a part of this Agreement for the purposes stated in this Agreement, except that if there is a conflict between an Exhibit and a provision of this Agreement, the provision of this Agreement shall prevail over the Exhibit.

[remainder of the page intentionally left blank; signature page follows]

DRAFT

IN WITNESS THEREOF, the parties hereto have caused this instrument to be signed on the date of the each signature below. In accordance with Section 1.15 above, this Agreement will become effective on the date of the last signature below:

CITY OF SAN ANTONIO

BEXAR COUNTY

Sheryl Sculley
City Manager or designee
Date: _____

Nelson W. Wolff
County Judge
Date: _____

ATTEST/SEAL:

ATTEST/SEAL:

City Clerk
Date: _____

Gerard Rickoff
County Clerk
Date: _____

**BOARD OF DIRECTORS
TAX INCREMENT REINVESTMENT
ZONE NUMBER TWENTY EIGHT
CITY OF SAN ANTONIO, TEXAS**

**VERANO LAND GROUP, LP, a Nevada
limited partnership**

By: South San Antonio Management, LLC, a
Nevada limited liability company, its
General Partner

Title: Presiding Officer, Board of Directors
Date: _____

By: _____
Printed Name: _____
Title: _____
Date: _____

DRAFT

APPROVED AS TO FINANCIAL CONTENT BY BEXAR COUNTY:

Susan Yeatts, CPA
County Auditor
Date: _____

David Smith
County Manager
Date: _____

APPROVED AS TO FORM:

APPROVED AS TO FORM:

Criminal District Attorney
County of Bexar

Martha G. Sepeda
Acting City Attorney
Date: _____

Gerard Calderon
Assistant Criminal District Attorney
Civil Section
Date: _____

DRAFT

EXHIBIT A

DRAFT

EXHIBIT B

DRAFT



CITY OF SAN ANTONIO
TAX INCREMENT REINVESTMENT ZONE
Project Status Report

Pursuant to the Development Agreement, the DEVELOPER has agreed to provide periodic reports of construction to the CITY upon reasonable request. The City requests that the Developer submit a TIRZ project status report every quarter every year until the project is complete, due by:

- January 15th, for the first quarter,
- April 15th, for the second quarter,
- July 15th, for the third quarter and
- October 15th, for the fourth quarter

At the completion of the project, the DEVELOPER shall submit a comprehensive final report.

Each quarterly report must include the following information:

- The number of Private Improvements completed (single-family and/or multi-family and commercial when applicable) and year in which they were completed
- The Public Improvements completed and costs incurred to date by year in which improvements were completed
- Indicate whether the construction is on track with the approved Final Project and Finance Plan
- If the project timeline has slipped the Developer is to submit an updated project timeline
- The sale prices of the single-family homes completed (Please obtain and provide sales data for original sales price of every home sold.)
- Photos of: housing and commercial developments; before, during and after construction

In addition, for the City to monitor compliance with insurance requirements of the Development Agreement, the Developer must submit annually the Certificate of Insurance reflecting proof that:

- the City and its officers, employees and elected representatives are additional insureds as respects the operations and activities of, or on behalf of, the named insured contracting with the City, with the exception of the workers' compensation policy;
- the endorsement that the "other insurance" clause shall not apply to the City of San Antonio where the City of San Antonio is an additional insured shown on the policy;
- the Workers' Compensation and employers' liability policy provides a waiver of subrogation in favor of the City of San Antonio; and
- Notification to the City of any cancellation, non-renewal or material change in coverage was given not less than thirty (30) days prior to the change or ten (10) days prior to the cancellation due to non-payment of premiums, accompanied by a replacement Certificate of Insurance.

Attached is a form you may use to fulfill this reporting requirement.

TIRZ Project Progress Report (Construction)

Name of Project:	TIRZ #:
Progress Report #:	TIRZ Term: From: To:
Period Covered by this Report: From: To:	

The number of Private Improvements (single-family and/or multi-family and commercial if applicable) completed and year in which they were done

Phases (year)	Private Improvements									
	start date	end date	Single-Family Units		Multi-family Units		Commercial Units and Square Feet		Other Improvements (example: day care centers)	
			Proposed	Completed	Proposed	Completed	Proposed	Completed	Proposed	Completed
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										

DRAFT

The Public Improvements completed and costs incurred to date by year (phase) in which improvements occurred

Phases (year)	start date	end date	Public Improvements											
			Sidewalks and Approaches	Streets	Drainage	Water	Sewer	Electrical (Line Extension)	Gas	Street Lights	Traffic Signal Light	Landscaping	Other	
			Linear Feet	Li.Ft.	Li.Ft.	Li.Ft.	Li.Ft.	Li.Ft.	Li.Ft.	Li.Ft.	Number	Number/Locati on	Li.Ft.	
1														
2														
3														
4														
5														
6														
7														
8														
9														
10														
TOTALS														

DRAFT

➤ Is Construction on track with the approved Final Project and Finance Plan? If not, please submit an updated timeline with the actual construction and the projected buildout.

K:\TIF UNIT\Procedural Manual\Project Status Report - final 051305.doc

EXHIBIT C

DRAFT

General Decision Number: TX150016 01/02/2015 TX16

Superseded General Decision Number: TX20140016

State: Texas

Construction Types: Heavy and Highway

Counties: Atascosa, Bandera, Bastrop, Bell, Bexar, Brazos, Burlleson, Caldwell, Comal, Coryell, Guadalupe, Hays, Kendall, Lampasas, McLennan, Medina, Robertson, Travis, Williamson and Wilson Counties in Texas.

HEAVY (excluding tunnels and dams, not to be used for work on Sewage or Water Treatment Plants or Lift / Pump Stations in Bell, Coryell, McClellon and Williamson Counties) and HIGHWAY Construction Projects

Note: Executive Order (EO) 13658 establishes an hourly minimum wage of \$10.10 for 2015 that applies to all contracts subject to the Davis-Bacon Act for which the solicitation is issued on or after January 1, 2015. If this contract is covered by the EO, the contractor must pay all workers in any classification listed on this wage determination at least \$10.10 (or the applicable wage rate listed on this wage determination, if it is higher) for all hours spent performing on the contract. The EO minimum wage rate will be adjusted annually. Additional information on contractor requirements and worker protections under the EO is available at www.dol.gov/whd/govcontracts.

Modification Number	Publication Date
0	01/02/2015

DRAFT

* SUTX2011-006 08/03/2011

	Rates	Fringes
CEMENT MASON/CONCRETE FINISHER (Paving and Structures).....	\$ 12.56	
ELECTRICIAN.....	\$ 26.35	
FORM BUILDER/FORM SETTER		
Paving & Curb.....	\$ 12.94	
Structures.....	\$ 12.87	
LABORER		
Asphalt Raker.....	\$ 12.12	
Flagger.....	\$ 9.45	
Laborer, Common.....	\$ 10.50	
Laborer, Utility.....	\$ 12.27	
Pipelayer.....	\$ 12.79	
Work Zone Barricade Servicer.....	\$ 11.85	
PAINTER (Structures).....	\$ 18.34	
POWER EQUIPMENT OPERATOR:		
Agricultural Tractor.....	\$ 12.69	
Asphalt Distributor.....	\$ 15.55	
Asphalt Paving Machine.....	\$ 14.36	
Boom Truck.....	\$ 18.36	
Broom or Sweeper.....	\$ 11.00	
Concrete Pavement Finishing Machine.....	\$ 15.48	
Crane, Hydraulic 80 tons or less.....	\$ 18.36	
Crane, Lattice Boom tons or less.....	\$ 15.87	
Crane, Lattice Boom over 80 tons.....	\$ 19.38	
Crawler Tractor.....	\$ 15.67	
Directional Drilling Locator.....	\$ 11.67	
Directional Drilling Operator.....	\$ 17.24	
Excavator 50,000 lbs or Less.....	\$ 12.88	
Excavator over 50,000 lbs...\$	17.71	
Foundation Drill, Truck Mounted.....	\$ 16.93	
Front End Loader, 3 CY or Less.....	\$ 13.04	
Front End Loader, Over 3 CY.\$	13.21	
Loader/Backhoe.....	\$ 14.12	
Mechanic.....	\$ 17.10	
Milling Machine.....	\$ 14.18	
Motor Grader, Fine Grade....\$	18.51	
Motor Grader, Rough.....\$	14.63	
Pavement Marking Machine....\$	19.17	

DRAFT

Reclaimer/Pulverizer.....	\$ 12.88
Roller, Asphalt.....	\$ 12.78
Roller, Other.....	\$ 10.50
Scraper.....	\$ 12.27
Spreader Box.....	\$ 14.04
Trenching Machine, Heavy....	\$ 18.48
Servicer.....	\$ 14.51
Steel Worker	
Reinforcing.....	\$ 14.00
Structural.....	\$ 19.29
TRAFFIC SIGNAL INSTALLER	
Traffic Signal/Light Pole	
Worker.....	\$ 16.00
TRUCK DRIVER	
Lowboy-Float.....	\$ 15.66
Off Road Hauler.....	\$ 11.88
Single Axle.....	\$ 11.79
Single or Tandem Axle Dump	
Truck.....	\$ 11.68
Tandem Axle Tractor w/Semi	
Trailer.....	\$ 12.81
WELDER.....	\$ 15.77

WELDERS - Receive rate prescribed for craft performing
operation to which welding is incidental
=====

Unlisted classifications needed for work not included within
the scope of the classifications listed may be added after
award only as provided in the labor standards contract clauses
(29CFR 5.5 (a) (1) (ii))

The body of each wage determination lists the classification
and wage rates that have been found to be prevailing for the
cited type(s) of construction in the area covered by the wage
determination. The classifications are listed in alphabetical
order of "identifiers" that indicate whether the particular
rate is a union rate (current union negotiated rate for local),
a survey rate (weighted average rate) or a union average rate
(weighted union average rate).

Union Rate Identifiers

A four letter classification abbreviation identifier enclosed
in dotted lines beginning with characters other than "SU" or

"UAVG" denotes that the union classification and rate were prevailing for that classification in the survey. Example: PLUM0198-005 07/01/2014. PLUM is an abbreviation identifier of the union which prevailed in the survey for this classification, which in this example would be Plumbers. 0198 indicates the local union number or district council number where applicable, i.e., Plumbers Local 0198. The next number, 005 in the example, is an internal number used in processing the wage determination. 07/01/2014 is the effective date of the most current negotiated rate, which in this example is July 1, 2014.

Union prevailing wage rates are updated to reflect all rate changes in the collective bargaining agreement (CBA) governing this classification and rate.

Survey Rate Identifiers

Classifications listed under the "SU" identifier indicate that no one rate prevailed for this classification in the survey and the published rate is derived by computing a weighted average rate based on all the rates reported in the survey for that classification. As this weighted average rate includes all rates reported in the survey, it may include both union and non-union rates. Example: SULA2012-007 5/13/2014. SU indicates the rates are survey rates based on a weighted average calculation of rates and are not majority rates. LA indicates the State of Louisiana. 2012 is the year of survey on which these classifications and rates are based. The next number, 007 in the example, is an internal number used in producing the wage determination. 5/13/2014 indicates the survey completion date for the classification and rates under that identifier.

Survey wage rates are not updated and remain in effect until a new survey is conducted.

Union Average Rate Identifiers

Classification(s) listed under the UAVG identifier indicate that no single majority rate prevailed for those classifications; however, 100% of the data reported for the classifications was union data. EXAMPLE: UAVG-OH-0010 08/29/2014. UAVG indicates that the rate is a weighted union average rate. OH indicates the state. The next number, 0010 in the example, is an internal number used in producing the wage determination. 08/29/2014 indicates the survey completion date for the classifications and rates under that identifier.

A UAVG rate will be updated once a year, usually in January of each year, to reflect a weighted average of the current negotiated/CBA rate of the union locals from which the rate is based.

WAGE DETERMINATION APPEALS PROCESS

1.) Has there been an initial decision in the matter? This can be:

- * an existing published wage determination
- * a survey underlying a wage determination
- * a Wage and Hour Division letter setting forth a position on a wage determination matter
- * a conformance (additional classification and rate) ruling

On survey related matters, initial contact, including requests for summaries of surveys, should be with the Wage and Hour Regional Office for the area in which the survey was conducted because those Regional Offices have responsibility for the Davis-Bacon survey program. If the response from this initial contact is not satisfactory, then the process described in 2.) and 3.) should be followed.

With regard to any other matter not yet ripe for the formal process described here, initial contact should be with the Branch of Construction Wage Determinations. Write to:

Branch of Construction Wage Determinations
Wage and Hour Division
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

2.) If the answer to the question in 1.) is yes, then an interested party (those affected by the action) can request review and reconsideration from the Wage and Hour Administrator (See 29 CFR Part 1.8 and 29 CFR Part 7). Write to:

Wage and Hour Administrator
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

The request should be accompanied by a full statement of the interested party's position and by any information (wage payment data, project description, area practice material, etc.) that the requestor considers relevant to the issue.

3.) If the decision of the Administrator is not favorable, an interested party may appeal directly to the Administrative Review Board (formerly the Wage Appeals Board). Write to:

Administrative Review Board
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

4.) All decisions by the Administrative Review Board are final.

=====

END OF GENERAL DECISION

EXHIBIT D

DRAFT



CITY OF SAN ANTONIO Contract Progress Payment Request (CPPR) Form and Requirements

Prior to submitting an invoice to request reimbursement, the developer must submit to the TIF Unit:

- All approved Master Development Plans (MDPs), recorded plats, City approved construction plans and Inspections
- Copies of the payment and performance bond in accordance with executed Development Agreement
- Proof of compliance of the Bidding Policies must accompany the invoices submitted to include, but is not limited to: Publication of request for proposals, list of bidders, rating of bidders, and reason for choosing bidder (*Please refer to City's policy on Bidding Requirements.*)
- Letters of acceptance from City departments or other agencies certifying the public infrastructure was constructed and accepted in accordance with all applicable rules, regulations and codes.

When submitting an invoice for reimbursement, a summary page (refer to Sample Packet, page 2) must accompany all invoices to include related project name, invoice number, period covered by invoices and phase covered by invoices. Invoices must be submitted in the categories listed in the approved Final Finance Plan Sources and Uses page. The Sources and Uses page is broken down into phases and categories on a forecasted maximum allowable cost.

Each category should have their own separate summary page (refer to Sample Packet, page 2) itemizing invoices submitted in each appropriate category. The summary page will need to include maximum allowable cost, actual invoice amount, Plat, MDP number (if applicable) and method of payment. This maximum allowable cost is the forecasted amount that was projected for each category in the phase.

A receipt and/or a cancelled check must accompany each invoice to qualify for reimbursement. The invoice must refer to the related project. The dates and amount on invoices must coincide with receipt or cancelled checks. The invoice total must calculate correctly and tie to the summary page.

Each column is defined below (refer to Sample Packet, page 2)

- **Column A** is the category from the Sources and Uses page for projected expenses
- **Column B** is the forecasted maximum allowable cost per the Final Finance Plan
- **Column C** is the actual developer's expense
- **Column D** is the amount of prior requests
- **Column E** is the balance column. The balance is the difference between the projected expenses and the actual developer's expenses. (The balance column will be used for internal tracking purposes only.)

*** All invoice Payments must be accompanied by:**

- **Receipt or Cancelled Check**
- **Must Reference the Project**

*** Only those categories outlined in the approved Final Finance Plan are eligible expenses for reimbursement.**

(SAMPLE) Reimbursement for TIRZ Expenses

Project Name: NAD Residential TIRZ		Period covered by this invoice: 12/02--8/03			
Invoice#: One (1)		Phase(s) covered by this invoice: Phases 1, 2, & 3			
Section	A Activity	B Maximum Allowable from Final Finance Plan	C Invoices Amount	D Prior Requests	E **Balance
1	Construction Management	44,200	40,624	0	3,576
2	Contingency	192,500	199,215	0	-6,715
3	Driveway Approach	20,000	22,972	0	-2,972
4	Engineering Survey	50,050	50,000	0	50
5	Formation Fees	150,150	200,000	0	-49,850
6	Gas	144,375	100,000	0	44,375
7	Green Belt/Green Space	26,950	21,000	0	5,950
8	Infrastructure Cost	61,600	60,000	0	1,600
9	Legal Fees	10,000	11,500	0	-1,500
10	Organizational Cost	20,800	35,000	0	-14,200
11	Official Traffic Control Device	15,000	10,000	0	5,000
12	Parking Facilities	10,000	8,250	0	1,750
13	Project Cost	86,100	86,100	0	63
14	Public Schools	10,000	11,000	0	-1,000
15	Recreational Park Area	105,940	105,940	0	2
16	Regional Storm Water Improvements	73,344	73,444	0	-100
17	Relocation Cost	40,747	55,474	0	-14,727
18	Sanitary Sewer	35,000	65,000	0	-30,000
19	Sidewalks	47,500	67,587	0	-20,087
20	Streetscape Planting	20,000	20,000	0	0
21	Street Lights	25,000	25,105	0	-105
22	Water	19,500	19,500	0	0
	TOTAL	1,286,321	1,365,211	0	-78,890

Financing Cost does not accrue interest
 **The Balance Column is used for Tracking purposes only
 All Invoice Payments must be accompanied by:
 Receipt or Cancelled Check
 Must Reference the Project

The City of San Antonio recommends having a CPA and the Project Engineer certify invoices submitted by developers.

CERTIFICATION: I certify that to the best of my knowledge and belief the data above and supporting documentation attached are correct and that all outlays were made in accordance with the terms of the Development Agreement, plats, & construction plans; and that payment is due and has not been previously reimbursed.	Signature of Certifying Financial Official	Signature of Certifying Engineer
	_____ Typed or printed Name and Title	_____ Typed or printed Name & Title
	John Doe, CPA	John Smith, Engineer
	DATE: _____	DATE: _____

Reimbursement for TIRZ Expenses

Project Name:		Period covered by this invoice:			
Invoice#:		Phase(s) covered by this invoice:			
Section	A Activity	B Maximum Allowable from Final Finance Plan	C Invoices Amount	D Prior Requests	E **Balance
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
TOTAL					

DRAFT

Financing Cost does not accrue interest.
 **The Balance Column is used for Tracking purposes only
 All Invoice Payments must be accompanied by:
 Receipt or Cancelled Check
 Must Reference the Project

The City of San Antonio recommends having a CPA and the Project Engineer certify invoices submitted by developers.

CERTIFICATION: I certify, that to the best of my knowledge and belief, the data above and supporting documentation attached are correct and that all outlays were made in accordance with the terms of the Development Agreement, plats, & construction plans; and that payment is due and has not been previously reimbursed.	Signature of Certifying Financial Official _____ Typed or printed Name and Title: _____ Signature: _____ DATE: _____	Signature of Certifying Engineer _____ Typed or printed Name & Title: _____ Signature: _____ DATE: _____
--	---	---

(SAMPLE) Reimbursement for TIRZ Expenses

Project Name: NAD Residential TIRZ	Period covered by this invoice: 12/02—8/03
Invoice #: One (1)	Phase covered by this invoice: Phases 1,2, & 3

Section 1 Site Work	Plat and/or MDP #	Maximum Allowable from Final Finance Plan	Invoice #(s)	Invoice Amount(s)	Balance	Method of Payment
Dirt Movers Inc.	00451364		1520	10,000		Ck# 2140
Dirt Movers Inc.	145246		1555	22,000		Ck# 2141
Dirt Movers Inc.	783581		1600	2,500		Ck# 2142
Dirt Movers Inc.	891771		1680	1,124		Ck# 2142
Dirt Movers Inc.	157863146		1685	5,000		Ck# 2144
Total		44,200		40,624	3,576	

Reimbursement for TIRZ Expenses

Project Name:	Period covered by this invoice:
Invoice #:	Phase covered by this invoice:

Section 1 Site Work	Plat and/or MDP #	Maximum Allowable from Final Finance Plan	Invoice #(s)	Invoice Amount(s)	Balance	Method of Payment
Total						

(SAMPLE) Reimbursement for TIRZ Expenses

Project Name: NAD Residential TIRZ	Period covered by this invoice: 12/02--8/03
Invoice #: One (1)	Phase covered by this invoice: Phases 1,2, & 3

Section 2 Streets & Approaches	Plat and/or MDP #	Maximum Allowable from Final Finance Plan	Invoice #(s)	Invoice Amount(s)	Balance	Method of Payment
NAD Contractors	00451364		2020	\$165,000		Ck# 2523
Total		\$192,500		\$165,000	\$27,500	

Reimbursement for TIRZ Expenses

Project Name:	Period covered by this invoice:
Invoice #:	Phase covered by this invoice:

Section 2 Streets & Approaches	Plat and/or MDP #	Maximum Allowable from Final Finance Plan	Invoice #(s)	Invoice Amount(s)	Balance	Method of Payment
Total						

(SAMPLE) Reimbursement for TIRZ Expenses

Project Name: NAD Residential TIRZ	Period covered by this invoice: 12/02--8/03
Invoice #: One (1)	Phase covered by this invoice: Phases 1,2, & 3

Section 3 Parkway	Plat and/or MDP #	Maximum Allowable from Final Finance Plan	Invoice #(s)	Invoice Amount(s)	Balance	Method of Payment
Fast City Contractors	3574216		123	\$10,000		Ck# 8989
			456	\$4,500		Ck# 8989
			789	\$5,500		Ck# 8989
Total		\$20,000		\$20,000	\$0.00	

Reimbursement for TIRZ Expenses

Project Name: NAD Residential TIRZ	Period covered by this invoice: 12/02--8/03
Invoice #: One (1)	Phase covered by this invoice: Phases 1,2, & 3

Section 3 Parkway	Plat and/or MDP #	Maximum Allowable from Final Finance Plan	Invoice #(s)	Invoice Amount(s)	Balance	Method of Payment
Total						

EXHIBIT E

DRAFT

City of San Antonio
Discretionary Contracts Disclosure

*For use of this form, see Section 2-59 through 2-61 of the City Code (Ethics Code)
Attach additional sheets if space provided is not sufficient.*

(1) Identify any individual or business entity¹ that is a **party** to the discretionary contract:

--

(2) Identify any individual or business entity which is a **partner, parent** or **subsidiary** business entity, of any individual or business entity identified above in Box (1):

No partner, parent or subsidiary; or

List partner, parent or subsidiary of each party to the contract and identify the corresponding party:

--

(3) Identify any individual or business entity that would be a **subcontractor** on the discretionary contract.

No subcontractor(s); or

List subcontractors:

--

(4) Identify any **lobbyist** or **public relations firm** employed by any party to the discretionary contract for purposes related to seeking the discretionary contract.

No lobbyist or public relations firm employed; or

List lobbyists or public relations firms:

--

¹ A *business entity* means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law. A sole proprietor should list the name of the individual and the d/b/a, if any.

(5) Political Contributions

List all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made to any *current* or *former member* of City Council, any *candidate* for City Council, or to any *political action committee* that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under Box (1), (2), (3) or (4) above, or by the officers, owners of any business entity listed in Box (1), (2) or (3):

No contributions made; If contributions made, list below:

By Whom Made:	To Whom Made:	Amount:	Date of Contribution:

(6) Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city must disclose any known facts which, reasonably understood, raise a question² as to whether any city official or employee would violate _____, ("conflicts of interest") by participating in official action relating to the discretionary contract.

Party not aware of facts which would raise a "conflicts-of-interest" issue under Section 2-43 of the City Code; or

Party aware of the following facts:

DRAFT

This form is required to be supplemented in the event there is any change in the information before the discretionary contract is the subject of council action and no later than five (5) business days after any change about which information is required to be filed, whichever occurs first.

Signature:	Title: Company or D/B/A:	Date:
------------	-----------------------------	-------

² For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.

EXHIBIT C

THE STATE OF TEXAS

§ VERANO TIRZ

COUNTY OF BEXAR

§
§ BEXAR COUNTY

THIRD AMENDMENT TO INTERLOCAL AGREEMENT

AN INTERLOCAL AGREEMENT (the "Agreement") was made by and between the CITY OF SAN ANTONIO, TEXAS (the "City"), a Texas Municipal Corporation, acting through its City Manager pursuant to Ordinance No. 2008-11-20-1016 passed and approved by the City Council on the 20th day of November, 2008, BEXAR COUNTY (the "County"), a political subdivision of the State of Texas, acting through its County Judge pursuant to authority granted by the Bexar County Commissioners Court on the 16th day of December, 2008, and by the BOARD OF DIRECTORS FOR TAX INCREMENT REINVESTMENT ZONE NUMBER TWENTY-EIGHT, CITY OF SAN ANTONIO, TEXAS (the "Board"), on the 5th day of December, 2008 and whom together may be referred to as the "Parties." This Agreement was subsequently amended twice, pursuant to Ordinance 2008-11-20-1016 and Ordinance 2010-06-24-0621, passed and approved by City Council on the November 20, 2008 and June 24, 2010 respectively, the County acting through its County Judge pursuant to authority granted by Bexar County Commissioners Court on the June 2, 2009 and August 10th 2010 respectively, and by the Board on April 14, 2009 and June 9, 2010 respectively.

NOW THE FOLLOWING THIRD AMENDMENT TO THE Agreement is made by and between the City, acting through its City Manager pursuant to Ordinance No. 2016-__-__-__ passed and approved by the City Council on _____ 2016, the County, acting through its County Judge pursuant to authority granted by the Bexar County Commissioners Court on the _____ 2016, and by the Board on _____ 2016.

RECITALS

WHEREAS, by Ordinance 2007-12-06-1257, dated December 6, 2007, the City created Reinvestment Zone Number Twenty-Eight (the "TIRZ") in accordance with the Act to promote development and redevelopment within the TIRZ through the use of tax increment financing, in which development and redevelopment would not otherwise occur solely through private investment in the reasonably foreseeable future, and established a Board of Directors for the TIRZ, and authorized the Board to exercise all rights, powers, and duties as provided to such boards under the Act; and

WHEREAS, City, Board, and County entered into an Interlocal Agreement, an Amendment to Interlocal Agreement, and a Second Amendment to Interlocal Agreement (the "Agreement") authorized by City of San Antonio Ordinance No. 2008-11-20-1016, and Ordinance No. 2010-06-24-0621 passed and approved on November 20, 2008, and June 24, 2010 respectively and attached hereto as EXHIBIT A.; and

WHEREAS, the City and the Board seek to extend the term of the TIRZ; and

WHEREAS, prior to this THIRD AMENDMENT, the Agreement was in full effect and, subject to the terms of this THIRD AMENDMENT, all parties were in compliance with all terms and conditions of the Agreement; and

WHEREAS, the Parties, now seek to amend the terms and conditions of the Agreement as stated in this Third Amendment and affirm that all other provisions of the Agreement remain in full force and effect; and

NOW THEREFORE, in consideration of the mutual promises, covenants, obligations, and benefits contained in the Agreement, the City, the Board, and the County hereby agree to amend the Agreement as follows except as herein modified or amended, the recitals, provisions, conditions and terms of the Agreement are hereby ratified and confirmed and shall remain in full force and effect as of the date hereof:

AMENDMENT

1. Amendment. The Parties hereby mutually agree to amend the Agreement as follows:

(A) Under “**AGREEMENT**”, the Agreement is amended by deleting the first paragraph and replacing it with the following:

“**THIS INTERLOCAL AGREEMENT** (“the Agreement”), pursuant to Ordinance No. 2008-11-20-1016 passed and approved by the City Council on the 20th day of November, 2008, and subsequently amended pursuant to Ordinances Nos. 2010-06-24-0621 and 2016-__-__-__, passed and approved by the City Council on the ___ day of _____, 2016, is made by and between the **CITY OF SAN ANTONIO, TEXAS** (hereafter referred to as “City”), a Texas Municipal Corporation, acting through its City Manager or her designee, **BEXAR COUNTY** (hereafter referred to as “County”), a political subdivision of the State of Texas, acting through its County Judge pursuant to authority granted by the Bexar County Commissioners Court on the 16th day of December, 2008, June 1st, 2009, August 2nd 2010 and for the third amendment approved on the ___ day of _____, 2016, and by the **BOARD OF DIRECTORS FOR TAX INCREMENT REINVESTMENT ZONE NUMBER TWENTY-EIGHT, CITY OF SAN ANTONIO, TEXAS** (hereafter referred to as “Board”) on the 5th day of December, 2008 and for the amendment on the ___ day of _____, 2016, a reinvestment zone created by the City pursuant to Chapter 311, Texas Tax Code (hereafter referred to as “the Act”). The City, the County, and the Board may be referred to singularly as a “Party” or collectively as “Parties.” This Agreement is made pursuant to Chapter 311, Texas Tax Code for the participation of the City and the County in the Verano TIRZ.

(B) Under “**RECITALS**” the Agreement is amended by deleting the first and second **WHEREAS** lines and substituting the following in its place respectively:

“WHEREAS, by Ordinance Number 2007-12-06-1257, dated December 6, 2007, the City created Reinvestment Zone Number Twenty-Eight (the “TIRZ”) in accordance with the Act, and subsequently extended the boundary of the TIRZ and the term by Ordinance Number 2008-11-20-1015 and Ordinance Number 2016-__-__-____ respectively, to promote development and redevelopment within the TIRZ through the use of tax increment financing, in which development and redevelopment would not otherwise occur solely through private investment in the reasonably foreseeable future, and established a Board of Directors for the TIRZ, and authorized the Board to exercise all the rights, powers, and duties as provided to such boards under the Act; and

“WHEREAS, the Board and the County support the City in development activities within the TIRZ, and the County intends to participate in the TIRZ by contributing seventy percent (70%) of the maintenance and operations portion of its respective Tax Increments for tax years 2008-2044 up to a total of Eighty-One Million Three Hundred Ninety-three Thousand Six Hundred and Ninety-two Dollars (\$81,393,692.00).”

(C) Under Article I, Subsection B., “Parts Incorporated”, the Agreement is amended by adding the following:

“4. The Development Agreement between the City, the County, the Developer, and the Board, approved and all subsequent amendments and future amendments approved by City Ordinances Nos. 2008-11-20-1016, and 2010-06-24-0621, and Ordinance No. 2016-__-__-____ and effective on the ____ day of _____ 2016.”

(C-1) Under Article I, Subsection B., “Parts Incorporated”, the Agreement is amended adding a subsection 5 as follows:

“5. City of San Antonio Ordinance No. 2016-__-__-____, dated _____, 2016, which extended the term of the TIRZ, and adopted the amended Project and Financing Plans.”

(D) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting the third, fourth and fifth lines of subsection 1., and Subsection A and B, and substituting the following in its place respectively:

“The initial startup Administrative Cost for the City is Twenty-eight thousand two hundred and seventy-nine and forty-seven cents (\$28,279.47) of which the City has received and Bexar County has agreed to waive its initial startup Administrative Costs as well as its annual Administrative Costs until Fiscal Year 2016. .”

“The Parties also agree that the ongoing annual Administrative Costs for the City and the County starting in Fiscal Year 2016 shall be as follows:

“A. The City: (\$120,000.00) per year

“B. The County: (\$5,388.00) per year

“The total Administrative Costs including City startup Administrative Costs to be paid out of the Tax Increment Fund to the City and the County are estimated to be Three Million Seven Hundred and Eighty-Nine Thousand Nine Hundred and Nineteen Dollars and Forty-Seven Cents (\$3,789,919.47) in the aggregate for the life of the TIRZ.”

(E) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 2, and substituting the following in its place:

“The “Board” means the Board of Directors of the TIRZ established to to manage, and/or operate the TIRZ pursuant to Sections 311.0091 and 311.010 of the Act, as well as to implement the Project, as described in City of San Antonio Ordinance No. 2007-12-06-1257, dated December 6, 2007, as amended by Ordinance No. 2008-11-20-1016, dated November 20, 2008, and as amended by Ordinance No. 2016-__-__-__.

(F) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 5, and substituting the following in its place:

““The Developer’ means Verano Land Group, LP”

(G) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 6, and substituting the following in its place:

““The Development Agreement’ means the agreement entered into between the City, Bexar County, the Developer and the Board which was approved by the Board on the 19th day of November, 2008, by the City Council on the 20th day of November, 2008, and by the County on the __th day of December, 2008, the First Amendment to the Development Agreement approved by the Board on _____, by City Council on _____, and the County on _____, the Second Amendment to the Development Agreement approved by the Board on _____, by the City on _____, and the County on _____, and the Amended and Restated Development Agreement approved by the Board on _____, by City Council on _____, and by the County on _____.”

(H) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 7 in its entirety.

(I) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 8, and substituting the following in its place:

“‘Financing Plan’ means the Reinvestment Zone Financing Plan for the TIRZ as adopted by the Board on the 19th day of November and by the City Council on the 20th day of November, 2008, and as amended and approved by the Board on _____ and by the City Council on _____, the 2010 amended Financing Plan approved by the Board on _____ and the City Council on _____, the 2016 amended Financing Plan approved by the Board on _____ and the City Council on _____, and all future amendments as approved by the Board and the City.”

(J) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 10, and substituting the following in its place:

“‘Participating Taxing Entity’ or ‘Participating Taxing Entities’ means, singularly, a taxing unit participating in the TIRZ, and collectively, all taxing units participating in the TIRZ, and shall include the City, Bexar County, Alamo Colleges and the River Authority.”

(K) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 11, and substituting the following in its place:

“‘Project’ means a mixed-use community to be built on property within the TIRZ owned or controlled by the Donor based on the concept of a walkable, integrated urban village surrounding a major institution of higher learning and designed using Form-Based zoning in part. The Project is projected to include a town center, 2,500 multi-family apartment units, 2,461 single-family residences and 750 condominiums/townhomes within urban settings and master-planned hamlets. In addition, there are projected to be 925,000 square feet of office space, 665,000 square feet of retail, restaurants, and other commercial structures, a 1,225,000 square foot industrial area and 200,000 square feet of Institutional support structures including day care, active living facilities and assisted living centers. The project may include various sports facilities, trails, pocket parks and a linear park, all as described in more detail in the Project Plan. Public Improvements within the Project include streets, streetscapes, streetscape enhancements, drainage/retention, water, sewer, telecom, gas, non-potable water, drainage & detention facilities, streetlights, street signs, dry utilities, electric utilities, linear parks, parks/plazas, public parking garages, drainage, off site drainage, and associated engineering, surveying,

geotechnical, architect/landscape, construction management, environmental review, storm water pollution plans, storm water pollution prevention, park fees, planning/zoning fees, impact fees, sewer/water impact fees, and environmental support, and contingency, all as described in more detail in or contemplated by the Financing Plan and Construction Schedule or all other approved Project Costs as per the TIF Act.”

(L) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting the last sentence of subsection 12, and substituting the following in its place:

“The Project Costs for public improvements made by the Developer are estimated at Four Hundred and Fifty-Six Million Five Hundred and Twenty-Three Thousand Six Hundred and Twenty-Two Dollars and Eighty-Three Cents (\$456,523,622.83) for the life of the TIRZ. The total Project Costs for public improvements including those public improvements made by the Developer are estimated at Four Hundred and Sixty-Four Million Eight Hundred and Forty-Five Thousand One Hundred and Five Dollars and Thirty-Three Cents (\$464,845,105.33).”

(M) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 13, and substituting the following in its place:

“‘Project Plan’ means the Reinvestment Zone Project Plan for the TIRZ as adopted by the Board on the 19th day of November and by the City Council on the 20th day of November, 2008, and as amended and approved by the Board on _____ and by the City Council on _____ the 2010 amended Project Plan approved by the Board on _____ and the City Council on _____, the 2016 amended Project Plan approved by the Board on _____ and the City Council on _____, and all and all future amendments as approved by the Board and the City.”

(N) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 18, and substituting the following in its place:

“TIRZ means Reinvestment Zone Number Twenty-Eight (28), City of San Antonio, Texas, created by the City on December 6, 2007, by Ordinance No. 2007-12-06-1257, boundary extended by the City on November 20, 2008, by Ordinance No. 2008-11-20-1015 and extended the term by the City on _____, 2016, by Ordinance No. 2016-__-__-____.”

(O) Under Article II, “DEFINITIONS”, the Agreement is amended by adding a new subsection 19, as follows:

“‘Palo Alto College Entrance Signage Project’ means the option of the District to design and construct entrance signage for Palo Alto College. The Palo Alto College Entrance Signage Project Costs reimbursable from the TIRZ shall not exceed \$150,000.00.”

(P) Under Article II, “DEFINITIONS”, the Agreement is amended by adding a new subsection 20, as follows:

“‘Utility Service Agreement’ means the Agreement between the San Antonio Water System and the Developer as recognized by the City, the Board, the San Antonio Water System and the Developer in the Consent Agreement and the amended Consent Agreement executed pursuant to Ordinance No. 2009-08-20-0662 and Ordinance No. 2016-__-__-__.”

(Q) Under Article II, “DEFINITIONS”, the Agreement is amended by adding a new subsection 21, as follows:

“‘Palo Alto College Entrance Signage Project’ means the option of the District to design and construct entrance signage for Palo Alto College. The Palo Alto College Entrance Signage Project Costs reimbursable from the TIRZ shall not exceed \$150,000.00.”

(R) Under Article II, “DEFINITIONS”, the Agreement is amended by adding a new subsection 22, as follows:

“22. ‘Zachary Parcel’ means the approximately 23.626 acre parcel to be conveyed to Alamo Colleges inclusive of Loop 410 frontage. The actual property to be conveyed will be subject to a survey to be produced at Alamo Colleges cost and accurately identifying the complete property being conveyed and including an insurable legal description.”

(S) Under Article III, “BACKGROUND”, the Agreement is amended by adding to the end of first paragraph in Subsection A. “City Action” the following:

“On _____ 2016 the City extended the term of the TIRZ until September 30, 2045 by Ordinance No. 2016-__-__-__.”

(T) Under Article III, “BACKGROUND”, the Agreement is amended by deleting the first paragraph in Subsection C. “TIRZ Value” and replacing it with the following:

“After the 2008 expansion of the boundaries and the 2016 term extension of the TIRZ, the Tax Increment Base for the TIRZ as determined by the Bexar Appraisal District is Twelve Million Eight Hundred and Ninety-One Thousand Six Hundred and Two Dollars (\$12,891,602.00) and the

projected Captured Appraised Value net of exemptions of all taxable real property in the TIRZ at the end of the Agreement term is estimated to be Two Billion Seven Hundred and Eighty Million Five Hundred and Ninety-Two Thousand Four Hundred and Thirty-One Dollars and Thirteen Cents (\$2,780,592,431.13).”

(U) Under Article III, “TIRZ Phasing and Duration”, the Agreement is amended by deleting the first paragraph in Subsection D. “TIRZ Phasing and Duration” and substituting the following in its place:

“The Project includes the construction of approximately 2,461 single-family detached homes, 2,500 multi-family units, 750 condominiums or town homes, 3,015,000 square feet of commercial development, Construction will be carried out in (13) phases as specified in the Development Agreement. The TIRZ is projected to terminate on September 30, 2045.

(V) Under Article IV, “RIGHTS AND OBLIGATIONS OF THE COUNTY”, the Agreement is amended by deleting the first sentence in Subsection A. 1. “Tax Increment Participation by the County” and substituting the following in its place:

“Subject to the limitations set out in this Agreement, the County agrees to participate in the TIRZ by contributing to the Tax Increment Fund seventy percent (70%) of the maintenance and operation portion of the County’s general fund on the Captured Appraised Value for each tax year, beginning with 2008 tax year, and ending with the 2044 tax year.”

(W) Under Article IV, “RIGHTS AND OBLIGATIONS OF THE COUNTY”, the Agreement is amended by deleting the second and third sentence in Subsection A. 2. “Tax Increment Participation by the County” and substituting the following in its place:

“The County’s contributions to the Tax Increment Fund shall end when it has contributed the maximum total contribution of Eighty-One Million Three Hundred Ninety-three Thousand Six Hundred and Ninety-two Dollars (\$81,393,692.00), on the TIRZ termination date of September 30, 2045, upon earlier termination of the TIRZ, or termination of this Agreement or the Development Agreement by any party, whichever occurs first.”

“Notwithstanding anything herein to the contrary, the total County Tax Increment Payments to the Tax Increment Fund shall not exceed Eighty-One Million Three Hundred Ninety-three Thousand Six Hundred and Ninety-two Dollars (\$81,393,692.00).”

(X) Under Article IV, “RIGHTS AND OBLIGATIONS OF THE COUNTY”, the Agreement is amended by deleting all of the Subsection D. 2. “Management of the TIRZ” and substituting the following in its place:

“The Board shall be composed of thirteen (13) members, as provided by Section 311.0091(b) of the Texas Tax Code. Accordingly, The County shall have the right to appoint four (4) members to the Board. The Parties acknowledge and agree that the City is entitled to appoint eight (8) members but shall waive its right to appoint one member for seven (7) total appointees. Upon Alamo Colleges waiving its right to appoint a Board member, the City shall be entitled to appoint eight (8) members to the Board.”

(Y) Under Article V. “RIGHTS AND OBLIGATIONS OF CITY AND BOARD”, the Agreement is amended by deleting the first sentence in Subsection A. 1. “Tax Increment Participation by City” and substituting the following in its place respectively:

“Subject to limitations set out in this Agreement, the City agrees to participate in the TIRZ by contributing to the Tax Increment Fund seventy-five percent (75%) of the City’s Tax Increment for each tax year beginning with the 2008 tax year and ending with the 2044 tax year.”

(Z) Under Article V. “RIGHTS AND OBLIGATIONS OF CITY AND BOARD”, the Agreement is amended by deleting the second and third sentences in Subsection A. 2. “Tax Increment Participation by City” and substituting the following in its place respectively:

“The City’s Contributions to the Tax Increment Fund shall end when the City has contributed the maximum total contribution of One Hundred and Eighteen Million Nine Hundred and Ninety-Two Thousand Four Hundred and Seventy Six Dollars (\$118,992,476.00) or on the TIRZ termination date of September 30, 2045, whichever occurs first.”

“Notwithstanding anything herein to the contrary, the total City Tax Increment Payments to the Tax Increment Fund shall not exceed One Hundred and Eighteen Million Nine Hundred and Ninety-Two Thousand Four Hundred and Seventy Six Dollars (\$118,992,476.00) in the aggregate.”

(AA) Under Article V. “RIGHTS AND OBLIGATIONS OF CITY AND BOARD”, the Agreement is amended by deleting all of Subsection D. 3. “Disbursement of Funds in the Tax Increment Fund”, and substituting the following in its place:

“The County further agrees that the City and Board may disburse funds in the Tax Increment Fund to pay expenditures in the following order or priority of payment:

- (i) The initial startup Administrative Costs of \$28,279.47 for the City, all reimbursement for which has been received by the city in Fiscal Years 2009 and 2014;
- (ii) to pay all other ongoing Administrative Costs to the Participating Taxing Entities for administering the Tax Increment Fund and or the TIRZ, except that if there are insufficient funds to reimburse of ongoing Administrative Costs to the Participating Taxing Entity, then the ongoing Administrative Costs of each Participating Taxing Entity shall be reimbursed on a pro rata basis based on each Participating Taxing Entity’s level of participation in the TIRZ;
- (iii) to reimburse the City for costs of repair, replacement, or re-construction of public infrastructure and associated costs as described in Section 5.12 of the Development Agreement;
- (iv) to reimburse the City maintenance expenses, if any, pursuant to Article III of the Development Agreement;
- (v) to reimburse a Participating Taxing Entity under any reclaim of funds pursuant to Article X of the Development Agreement;
- (vi) to reimburse Alamo Community College District up to \$150,000.00 for public improvements associated with Palo Alto College Signage Project to the extent that Alamo Community College District’ tax increment funds are available;
- (vii) to reimburse the San Antonio Water System (“SAWS”) for (i) for the design and construction of wastewater improvements that have been completed and that were funded by SAWS pursuant to the Prior Utilities Services Agreement (the “SAWS-Funded Wastewater Improvements”) up to \$2,131,618.50; (ii) actual costs incurred by SAWS if and to the extent it is necessary for SAWS to repair or reconstruct any wastewater infrastructure designed or constructed by Developer within two (2) years from the date of completion of such infrastructure, as and to the extent set forth in the Utility Services Agreement and contemplated in the Amedned and Restated Consent Agreement; and (iii) the actual amount of water and wastewater impact fees attributable to certain water and wastewater capacity reserved and allocated to TAMU-SA in the Utility Service Agreement (i.e., 100 EDUs for water service to the tract identified as the

“ITC Tract” in the Prior Utility Services Agreement, and 2,783 EDUs for wastewater service to the tract identified as the “TAMU-SA Tract” in the Prior Utility Services Agreement) until the earlier of (A) August 2034 or (B) such time as the water service EDUs reserved and allocated to TAMU-SA for the ITC Tract under the Utility Services Agreement (i.e., a maximum of 100 EDUs of water service) and the wastewater service EDUs reserved and allocated to TAMU-SA for the TAMU-SA Tract under the Utility Services Agreement (i.e., a maximum of 2,783 EDUs of wastewater service) are committed or utilized, as and to the extent set forth in the Utility Services Agreement and contemplated in the Amended and Restated Consent Agreement.

- (viii) to reimburse the City up to one million eight hundred eighty-five thousand dollars (\$1,885,000.00) for value of the Zachary Parcel conveyed to Alamo Community College District at a maximum rate of \$1,000,000.00 per year and to the extent that Alamo Community college Districts’ tax increment funds are available;
- (ix) to reimburse the Developer for Project Costs of Public Improvements, in accordance with the Development Agreement, this Agreement, any applicable interlocal agreement, the Project Plan, and to the extent that funds in the Tax Increment Fund are available for this purpose. .

The foregoing notwithstanding, no funds will be paid from the Tax Increment Fund to a Participating Taxing Entity for its financial or legal services in any dispute arising under this Agreement with another Participating taxing Entity or Participating Taxing Entities.”

(BB) Under Article VI. “TERM AND TERMINATION”, the Agreement is amended by deleting any reference to September 30, 2037 in Subsection A. “Agreement Term and Termination” and replacing it with the following:

“September 30, 2045”

2. Effective Date. This Third Amendment shall be effective after the passage of a duly authorized ordinance of the City Council of the City of San Antonio which shall be attached hereto and made a part of this Third Amendment and upon the Effective Date listed on the signature page.

3. No Other Changes. Except as specifically set forth in this Third Amendment, all of the terms and conditions of the Agreement shall remain the same and are hereby ratified and confirmed. The Agreement shall continue in full force and effect and with this Third Amendment shall be read and construed as one instrument.

4. Choice of Law. This Third Amendment shall be construed in accordance with and governed by the laws of the State of Texas.

5. Counterparts. This Third Amendment may be executed in any number of counterparts, but all such counterparts shall together constitute but one instrument. In making proof of this Third Amendment it shall not be necessary to produce or account for more than one counterpart signed by each party hereto by and against which enforcement hereof is sought.

WITNESS HEREOF, the parties hereto have executed in triplicate originals this Third Amendment on the _____ day of _____ 2016. (the "Effective Date")

**CITY OF SAN ANTONIO,
a Texas municipal corporation**

**BOARD OF DIRECTORS OF
TAX INCREMENT
REINVESTMENT ZONE #28,
CITY OF SAN ANTONIO,
TEXAS**

Sheryl L. Sculley
City Manager or designee

Chairman, Board of Directors

Date: _____

Date: _____

ATTEST:

ATTEST:

Leticia Vacek
City Clerk

Name:
Title:

COUNTY:
Bexar County

By _____,
Name:
Title:

ATTEST (if required):

Name:
Title:

APPROVED AS TO FORM:

Martha G. Sepeda
Acting City Attorney

Date: _____

EXHIBIT A

THE STATE OF TEXAS

§ VERANO TIRZ

COUNTY OF BEXAR

§
§ BEXAR COUNTY

INTERLOCAL AGREEMENT

THIS INTERLOCAL AGREEMENT (the "Agreement") is made by and between the **CITY OF SAN ANTONIO, TEXAS** (hereafter referred to as "City"), a Texas Municipal Corporation, acting through its City Manager pursuant to Ordinance No. 2008-11-20-1016 passed and approved by the City Council on the 20th day of November, 2008, **BEXAR COUNTY** (hereafter referred to as "County"), a political subdivision of the State of Texas, acting through its County Judge pursuant to authority granted by the Bexar County Commissioners Court on the 16th day of December, 2008, and by the **BOARD OF DIRECTORS FOR TAX INCREMENT REINVESTMENT ZONE NUMBER TWENTY-EIGHT, CITY OF SAN ANTONIO, TEXAS** (hereafter referred to as "Board") on the 5th day of December, 2008, a reinvestment created by the City pursuant to Chapter 311, Texas Tax Code (hereafter referred to as "the Act"). The City, the County, and the Board may be referred to singularly as a "Party" or collectively as "Parties." This Agreement is made pursuant to Chapter 311, Texas Tax Code for the participation of the City and the County in the Verano TIRZ.

RECITALS:

WHEREAS, by Ordinance Number 2007-12-06-1257, dated December 6, 2007, the City created Reinvestment Zone Number Twenty-Eight (the "TIRZ") in accordance with the Act, to promote development and redevelopment within the TIRZ through the use of tax increment financing, in which development and redevelopment would not otherwise occur solely through private investment in the reasonably foreseeable future, and established a Board of Directors for the TIRZ, and authorized the Board to exercise all the rights, powers, and duties as provided to such boards under the Act; and

WHEREAS, the Board and the County support the City in development activities within the TIRZ, and the County intends to participate in the TIRZ by contributing seventy percent (70%) of the maintenance and operations portion of its respective Tax Increments for tax years 2008-2037 up to a total of ninety-four million eight hundred seventy-four thousand one hundred eight dollars (\$94,874,108.00); and

WHEREAS, pursuant to said authority above, the Board, the City and the County each hereby enters into a binding agreement with the others to develop and/or redevelop the TIRZ as specified in the Project Plan, Financing Plan, the Development Agreement, and the District Development Agreement; and

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

I. CONTENTS

A. Table

This Agreement consists of the following articles:

<u>Article</u>	<u>Description</u>	<u>Page</u>
I.	Contents	2
II.	Definitions	2
III.	Background	5
IV.	Rights and Obligations of the County	6
V.	Rights and Obligations of the City and the Board	9
VI.	Term and Termination	12
VII.	Miscellaneous	13

B. Parts Incorporated

The following documents and their future amendments are hereby incorporated into this Agreement by this reference for all purposes:

1. City of San Antonio Ordinance No. 2007-12-06-1257, dated December 6, 2007, which designated the TIRZ;
2. City of San Antonio Ordinance No. 2008-11-20-1016, dated November 20, 2008, which among other things expanded the boundary of the TIRZ, adopted the Project and Financing Plans; and
3. The Development Agreement between the City, the County, the Developer and the Board, approved by Ordinance No. 2008-11-20-1016 and effective on the __th, day of _____, 2008.

II. DEFINITIONS

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

1. "Administrative Costs" means reasonable costs directly incurred by a Participating Taxing Entity (as hereinafter defined) related to its agreement to participate in the development of the TIRZ, as described in this Agreement. These costs include, but are not limited to, reasonable costs and expenses for legal review and financial analysis related to the TIRZ incurred prior to entering into this Agreement, as well as any such costs and expenses incurred after this Agreement becomes effective. The initial startup Administrative Costs for the City is forty-three thousand one hundred seventy-six dollars (\$43,176.00) and for the County is twenty-eight thousand eight hundred twenty-four dollars (\$28,824.00). The Parties also agree that

the minimum Administrative Costs during the life of the TIRZ are anticipated to be as follows:

- A. The City: Three million six hundred twenty-five thousand dollars
(\$3,625,000.00)
- B. The County: One hundred fifty-six thousand two hundred fifty-two dollars
(\$156,252.00)

The total Administrative Costs to be paid out of the Tax Increment Fund to the City and the County are estimated to be a minimum of three million eight hundred fifty-six thousand two hundred fifty-one dollars and ninety-three cents (\$3,856,251.93) in the aggregate for the life of the TIRZ. The minimum total Administrative Costs do not include any escalation in the City's or the County's Administrative Costs due to changes in the Consumer Price Index.

2. The "Board" means the Board of Directors of the TIRZ established to manage, and/or operate the TIRZ pursuant to Sections 311.0091 and 311.010 of the Act, as well as to implement the Project, as initially described in City of San Antonio Ordinance No. 2007-12-06-1257, dated December 6, 2007.
3. "Captured Appraised Value" means the captured appraised value of the TIRZ, as defined by Section 311.012(b), Texas Tax Code (and as said Code may be amended from time to time).
4. "Construction Schedule" means the timetable for constructing the public improvements specified in the Project Plan, Financing Plan and the Development Agreement, which timetable is more particularly set forth as "Exhibit A" to the Development Agreement, attached and incorporated in this Agreement for all purposes and which timetable may be amended by the parties from time to time in accordance with this Agreement and the Development Agreement.
5. The Developer means VTLM Texas, LP, a Texas limited partnership.
6. "Development Agreement" means the agreement entered into between the City, Bexar County; the Developer and the Board which was approved by the Board on the 19th day of November, 2008, by the City Council on the 20th day of November, 2008, and by the County on the ___th day of December, 2008.
7. "District Development Agreement" means a future agreement entered into between the City, the Alamo Community College District and the Board concerning the construction undertaken by the Alamo Community College District within the TIRZ.
8. "Financing Plan" means the Final Reinvestment Zone Financing Plan for the TIRZ as adopted by the Board on the 19th day of November, 2008 and by the City Council on the 20th day of November, 2008, and as amended.

9. "Material Change" means any change in the phasing of the Construction Schedule which would result in an increase to the maximum contribution of the City or any other Participating Taxing Entity or any change deemed a Material Change by the director of the City department overseeing the TIRZ ("Director").
10. "Participating Taxing Entity" or "Participating Taxing Entities" means, singularly, a taxing unit participating in the TIRZ, and collectively, all taxing units participating in the TIRZ, and shall include the City, the County, the San Antonio River Authority, and the Alamo Community College District.
11. "Project" means a mixed-use community to be built on property within the TIRZ surrounding a major institution of higher learning and designed using Form-Based zoning. The Project is projected to include a town center, 3,375 multi-family apartment units, 2,542 single-family residences and 1,021 condominiums/townhomes, 1,395,440 square feet of office space, 1,245,439 square feet of retail, restaurants, and other commercial structures, a 3,136,321 square foot industrial area and 200,000 square feet of institutional support structures including day care, active living facilities, assisted living centers, sports facilities, trails, pocket parks, a linear park and related public improvements including streets, streetscape enhancements, drainage/retention, water, sewer, telecom, gas, drainage & detention facilities, streetlights, street signs, electric utilities, storm water pollution prevention, and associated engineering, surveying, geotechnical, and environmental support, all as more specifically set forth in the Financing Plan, Construction Schedule, Project Plan, the Development Agreement, and/or any other agreement or future agreement related to the Project (as defined herein).
12. "Project Costs" means the items set forth and described in Section 311.002(1) of the Act (which may be amended from time to time), which are included in the Project Plan. The Project Costs include public infrastructure improvements and related capital costs including: fees (platting, drainage impact, water impact, and sewer impact), surveying and engineering, geo-technical, architect, storm water pollution prevention plan, streets, drainage, water, non-potable water, sewer, dry utilities, streetscape, linear parks, parks/plazas, construction management, and contingency. The Project Costs for public improvements made by the Developer are estimated at five hundred one million four hundred forty-one thousand six hundred sixty-nine dollars (\$501,441,669.00) for the life of the TIRZ.
13. "Project Plan" means the Final Reinvestment Zone Project Plan for the TIRZ as adopted by the Board on the 19th day of November, 2008 and by the City Council on the 20th day of November, 2008, and as amended.
14. "Tax Increment" means the total amount of ad valorem taxes levied and collected each year by a Participating Taxing Entity on the Captured Appraised Value of taxable real property in the TIRZ. The Parties also acknowledge and agree that this Agreement is entered into subject to the rights of the holders of any outstanding bonds of the County, and the County is not obligating any portion of the County's ad valorem taxes which are dedicated to any

outstanding bond indebtedness or are otherwise excluded pursuant to the terms of this Agreement.

15. "Tax Increment Base" has the meaning assigned by section 311.012 of the Texas Tax Code, and means the total appraised value of all real property taxable by a Participating Taxing Entity and located in the TIRZ as of January 1, 2007, the year in which the TIRZ was designated.
16. "Tax Increment Fund" means the tax increment fund created by the City for the deposit of the Tax Increment for the TIRZ, entitled "Reinvestment Zone Number Twenty-Eight (28), City of San Antonio, Texas Tax Increment Fund."
17. "Tax Increment Payment" means the amount of the Tax Increment that a Participating Taxing Entity agrees to deposit annually into the Tax Increment Fund in accordance with this Agreement, the Project Plan and the Financing Plan.
18. "TIRZ" means Reinvestment Zone Number Twenty-Eight (28), City of San Antonio, Texas, created by the City on December 6, 2007, by Ordinance No. 2007-12-06-1257.

III. BACKGROUND

A. City Action

On September 6, 2007 the City Council approved a Memorandum of Understanding as part of Ordinance 2007-09-06-0947 that expressed the City's intent to investigate the creation of a tax increment reinvestment zone in accordance with Chapter 311, Texas Tax Code, to support development of the Verano project. On December 6, 2007, the City Council of the City passed and approved Ordinance No. 2007-12-06-1257, which created the TIRZ. On June 19, 2008, the City further resolved to participate in the financing of public improvements in Tax Increment Reinvestment Zone Number Twenty-Eight, City of San Antonio, Texas through Resolution No. 2008-06-19-0031R.

B. TIRZ Location

The TIRZ is located in the southern sector of the City of San Antonio, abutting Interstate Highway SW Loop 410, including the Palo Alto College campus and some adjacent parcels north of Loop 410, as well as, 2700 acres south of Loop 410 bounded on the west by Zarzamora Road, on the east by Pleasanton Road and/or the Missouri Pacific Railroad right of way, and by Mauremann Road to the south. The TIRZ is in parts of four Independent School Districts: Harlandale, South San Antonio, Southside, and Southwest and encompasses approximately 3,100 acres or 4.8 square miles.

C. TIRZ Value

After the 2008 expansion of the TIRZ, the Tax Increment Base for the TIRZ as determined by the Bexar Appraisal District is forty-six million five hundred sixty-four three hundred twelve dollars (\$46,564,312.00) and the projected Captured Appraised Value net of exemptions of all the taxable real property in the TIRZ at the end of the Agreement term is estimated to be three billion three hundred twenty million nine hundred thirty-three thousand thirty-four dollars (\$3,320,933,034.00).

D. TIRZ Phasing and Duration

The Project includes the construction of approximately 2,542 single-family detached homes, 3,375 multi-family units, 1,021 condominiums or town homes, 5,977,200 square feet of commercial development, Construction will be carried out in thirteen (13) phases as specified in the Development Agreement. The TIRZ is projected to terminate on September 30, 2037.

E. Mutual Agreement

The City and the County agree to participate in the TIRZ, and to deposit their respective Tax Increment Payments to the Tax Increment Fund, in accordance with the terms, and in consideration of the agreements, set forth herein. The County hereby acknowledges receipt of notice of the initial creation of the TIRZ. No Tax Increment Payment contributed by the County will be used to reimburse the Alamo Community College District for either the reconstruction of Villaret Boulevard or new entry signage for Palo Alto College.

The Parties hereto agree that the Project does not include the issuance of tax increment bonds. The Parties hereto further agree that no tax-supported public debt instrument will be issued by any Participating Taxing Entity or the Board to finance any costs or improvements of the Project with the exception of City issued certificates of obligation as authorized under Ordinances 2007-12-06-1258 and 2008-11-20-1017 to reimburse Developer for design and construction of certain public improvements within the TIRZ, as more specifically detailed in the Developer Participation Contract for North-South Connector Road Construction Project entered into and effective as of November ____, 2008 providing for University Way (the north/south boulevard). Further the City anticipates entering into a future funding agreement with the Developer for the major thoroughfare street running east/west, only to the extent there is an unused balance in the fourteen million five hundred thousand dollars (\$14,500,000.00) of the certificates of obligation initially issued for University Way, as the City will not issue any additional tax supported debt for the Project.

IV. RIGHTS AND OBLIGATIONS OF THE COUNTY

A. Tax Increment Participation by the County

1. Subject to the limitations set out in this Agreement, the County agrees to participate in the TIRZ by contributing to the Tax Increment Fund seventy percent (70%) of the

maintenance and operation portion of the County's general fund on the Captured Appraised Value for each tax year, beginning with the 2008 tax year, and ending with the 2037 tax year. The County specifically excludes from its Tax Increment Payment any other tax, including Bexar County Hospital District taxes, Flood Control District taxes and the debt service portion of taxes collected by County.

2. The Parties agree that the County's contribution to the Tax Increment Fund shall only be used to fund public improvements to support the development and revitalization efforts in the TIRZ, limited to eligible Project Costs of the Developer. The County's contributions to the Tax Increment Fund shall end when it has contributed the maximum total contribution provided for herein, on the TIRZ termination date of September 30, 2037, or upon termination of this Agreement or the Development Agreement by any party, whichever occurs first. Notwithstanding anything herein to the contrary, the total County Tax Increment Payments to the Tax Increment Fund, including recoverable Administrative Costs, shall not exceed ninety-four million eight hundred seventy-four thousand one hundred eight dollars (\$94,874,108.00).

B. Tax Increment Payment

1. The County's obligation to contribute its Tax Increment Payment to the Tax Increment Fund, as provided in Article IV, Paragraph A.1 of this Agreement, shall accrue as the County collects its Tax Increment. The Parties hereto agree that all real property taxes collected each year by the County that are attributable to real property in the TIRZ shall first constitute taxes on the Tax Increment Base and after the total amount of taxes on the Tax Increment Base have been collected, shall then, except as may be excepted herein, constitute the Tax Increment. The County agrees to deposit its Tax Increment Payments to the Tax Increment Fund on or before April 15 and September 15 (or the first business day thereafter) of each year. The amount of the first Tax Increment Payment shall be based on the Tax Increments that were received from January 1, 2008 through January 31, 2009. The amount of each subsequent Tax Increment Payment shall be based on the Tax Increments that were received by the County, and not previously deposited, during the semi-annual periods preceding each deposit date (For example, the deposit on September 15, 2009 shall be for Tax Increments received, and not previously deposited, through June 30, 2009.)
2. One month prior to a payment required under Article IV, paragraph B.1 of this Agreement, the City shall provide to the County an updated fact sheet that includes detail as to what portion of the Project has been completed to date, a schedule of what portion of the Project is to be completed in the following year and a current roster of the TIRZ board members, including the term of each board member, the entity that appointed the board member and the date for the annual meeting. The update shall also include a summary of requests for reimbursements that have been submitted to the City and a report showing Board or City approved expenses. Also prior to the County's payment, the City shall provide to the County a statement of Tax Increment Fund activity, including a tally of requests for reimbursement, City and Board approved payments, payments not

approved by the City or the Board, outstanding balance due, or if the maximum contribution has been reached, the pro-rata balance due to each Participating Taxing Entity.

3. In the event there is a conflict between the Parties in regards to the amount of the Tax Increment owed by the County, the Parties agree that the County will make a reasonable determination as to the amount of any Tax Increment owed by the County under this Agreement and the County will be responsible for reasonably determining which tax collections will be apportioned for purposes of determining the County Tax Increment. The annual total appraised value of all real property taxable by the County located in the TIRZ shall be determined through an independent third-party verification obtained from the Bexar Appraisal District. For the City, the City Tax Assessor will verify taxes levied and collected in regards to the property contained within the TIRZ.
4. The Parties expressly agree that the County shall not owe any penalty or interest on Tax Increments that have been levied, but not received, by the County. In addition, the County shall not be obligated to contribute its Tax Increment Payments from any non-Tax Increment revenue source. Furthermore, the County shall have no further obligation to contribute its Tax Increment Payment to the Tax Increment Fund if any Participating Taxing Entity, other than the County, discontinues its required contribution (except as otherwise agreed to in this Agreement) or fails to fully contribute its entire contribution to the Tax Increment Fund during the term of this Agreement unless the discontinuance is in compliance with and authorized by a written amendment to this Agreement.
5. The City and the Board agree to the extent permitted by law to comply with the Project Plan and any development agreements. The City and the Board agree to provide prior written notice to all Participating Taxing Entities of any proposed change to the Construction Schedule ("Notice") and such Notice shall indicate whether a proposed change constitutes a Material Change as defined herein. The Participating Taxing Entities shall have a period of thirty (30) calendar days from the date of receipt of Notice to provide comment(s) and objection(s) to the proposed change and:
 - (a) for non-Material Changes, the Parties will attempt to address any written objections or comments raised during the thirty (30) calendar day review period. At the conclusion of the thirty (30) calendar day review period, the Construction Schedule may be amended by approval of the Board and the City, as evidenced by an agreement in writing between the Board and the Director.
 - (b) for Material Changes, if there are no written objections or comments during the thirty (30) calendar day review period from any Participating Taxing Entity, the Construction Schedule may be amended by approval of the Board and the City, as evidenced by an agreement in writing between the Board and the Director. If a Participating Taxing Entity provides written notice to the City that it objects to the proposed material change and the objection, as set out in the notice, is not resolved within forty-five (45) business days from the date of such notice and the

City approves such Material Change, then the Participating Taxing Entity providing the objection may thereafter discontinue its Tax Increment Payments and terminate its participation in the TIRZ.

The absence of written objections or comments by a Participating Taxing Entity to the City shall constitute approval of the proposed change by that Participating Taxing Entity.

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

C. School District Provisions

The County understands that the TIRZ is located in parts of four (4) Independent School Districts: Harlandale, South San Antonio, Southside and Southwest. The County further understands that no school district is participating in the TIRZ.

D. Management of the TIRZ

1. The City is the only Participating Taxing Entity with any responsibility for managing or administering the TIRZ. The Participating Taxing Entities, during the term of this Agreement, may inspect the Project site and review Project plans and drawings upon reasonable notice.
2. The Board shall be composed of thirteen (13) members, as provided by Section 311.0091(c) of the Texas Tax Code. Accordingly, the County shall have the right to appoint four (4) members to the Board.

E. Expansion of the TIRZ

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

V. RIGHTS AND OBLIGATIONS OF CITY AND BOARD

A. Tax Increment Participation by City

1. Subject to the limitations set out in this Agreement, the City agrees to participate in the TIRZ by contributing to the Tax Increment Fund seventy five percent (75%) of the City's

Tax Increment for each tax year beginning with the 2008 tax year and ending with the 2037 tax year.

2. The Parties agree that the City's contribution to the Tax Increment Fund shall be used to fund public improvements to support the development and revitalization efforts in the TIRZ, limited to eligible Project Costs. The City's contributions to the Tax Increment Fund shall end when the City has contributed the maximum total contribution provided for herein or on the TIRZ termination date of September 30, 2037, whichever occurs first. Notwithstanding anything herein to the contrary, the total City Tax Increment Payments to the Tax Increment Fund to reimburse Developer shall not exceed one hundred thirty-five million dollars (\$135,000,000.00) in the aggregate.

B. Tax Increment Payment

1. The City's obligation to contribute its Tax Increment Payment to the Tax Increment Fund as provided above in Article V, paragraph A.1 of this Agreement shall accrue as the City collects its Tax Increment. The City agrees to deposit its Tax Increment Payment to the Tax Increment Fund on or before April 15 and September 15 (or the first business day thereafter) of each year. The amount of the first Tax Increment Payment shall be based on the Tax Increments that were received from January 1, 2008 through January 31, 2009. The amount of each subsequent Tax Increment Payment shall be based on the Tax Increments that were received by the City, and not previously deposited, during the semi-annual periods preceding each deposit date (For example, the deposit on September 15, 2009 shall be for Tax Increments received, and not previously deposited, through June 30, 2009.)
2. The Parties expressly agree that the City shall not owe any penalty or interest on Tax Increments that have been levied, but not received by the City. In addition, the City shall not be obligated to contribute its Tax Increment Payments from any non-Tax Increment revenue sources.
3. The Parties agree that payment for the performance of governmental functions or services under this Agreement shall only be made from current revenues available to the paying Party. In other words, a Party is not obligated to perform said services or functions if said Party lacks current revenues to pay for said services or functions.
4. With the exception of City issued certificates of obligations as authorized under Ordinances 2007-12-06-1258 and 2008-11-20-1017 to reimburse Developer for design and construction of certain public improvements within the TIRZ., the City shall not have any obligation or responsibility for any costs or expenses associated with the development of the TIRZ or the implementation of the Project Plan, including, without limitation, any obligation to pay or repay any debt issued by another Participating Taxing Entity, the TIRZ, or Board relating to the TIRZ or any costs associated with the operation of the TIRZ, the Project, or any other projects relating thereto.

C. Financing of Project Costs

Each Participating Taxing Entity shall participate in the payment of Project Costs only to the extent described herein. The City and the Board shall be entitled to enter into any other agreements to pay Project Costs and other reasonable expenses from the Tax Increments paid into the Tax Increment Fund by the City without the consent of any other Participating Taxing Entity, but will provide written notice of such agreement(s) when entered into (and upon written request, will provide copies of such agreement(s) and all applicable exhibits) to each Participating Taxing Entity. However neither the Board nor the City shall ever use any Tax Increment Payments contributed by a Participating Taxing Entity, other than that contributed by the City, to make payments on bonds, certificates of obligations, or other similar debt instruments without the prior written authorization by, and consent of, all Participating Taxing Entities.

D. Disbursement of Funds in the Tax Increment Fund

1. Each Participating Taxing Entity agrees that the City shall administer the Tax Increment Fund on behalf of the Board, pursuant to Ordinance No. 94468, passed and approved by the City Council on August 30, 2001. No funds shall be disbursed from the Tax Increment Fund without the prior written approval of the Board and the City; EXCEPT if the City or County is entitled to reclaim of funds pursuant to Article X of the Development Agreement, then no approval is necessary.
2. The Parties agree that the City and the Board may, to the extent funds are available in the Tax Increment Fund and to the extent allowed by law, use such funds to reimburse the City and the County for their Administrative Costs, if the City and the County provide an invoice for Administrative Costs with their requests to the Board for reimbursement. If it is determined during the term of this Agreement that reimbursement of Administrative Costs is not allowed under law, the Parties agree that the Board shall set the amount which the City and the County may withhold as Administrative Costs from their respective Tax Increment Payment based on the best evidence available to the Board to make such projections, including but not limited to invoices reflecting Administrative Costs incurred by the City and the County. The Parties agree and understand that Administrative Costs, in the aggregate, may exceed the amount set out and described in Article II, paragraph 1 of this Agreement because Administrative Costs for the City and County may escalate in relation to the Consumer Price Index as noted in the Finance Plan.
3. The County further agrees that the City and the Board may disburse funds in the Tax Increment Fund to pay expenditures in the following order or priority of payment:
 - (i) to fully reimburse eligible startup Administrative Costs incurred by each Participating Taxing Entity;

- (ii) to pay all other ongoing Administrative Costs to the Participating Taxing Entities for administering the Tax Increment Fund and/or the TIRZ, except that if there are insufficient funds for the full reimbursement of ongoing Administrative Costs to the Participating Taxing Entity, then the ongoing Administrative Costs of each Participating Taxing Entity shall be reimbursed on a pro rata basis based on each Participating Taxing Entity's level of participation in the TIRZ;
- (iii) to reimburse the City for costs of repair, replacement, or re-construction of public infrastructure and associated costs as described in Section 5.12 of the Development Agreement;
- (iv) to reimburse the City maintenance expenses, if any, pursuant to Article III of the Development Agreement;
- (v) to reimburse a Participating Taxing Entity under any reclaim of funds pursuant to Article X of the Development Agreement;
- (vi) to reimburse the Alamo Community College District for public improvements as provided in the District Development Agreement and in the Project Plan in accordance with the limitations set forth in this Agreement;
- (vii) to reimburse the City \$5,500,000.00 in the event the Texas A&M University System (TAMUS) announces it will not build TAMU-SA or the TAMU-SA site reverts to its donor in accordance with the controlling Memorandum of Understanding; and
- (viii) to reimburse Developer for public improvements as provided in the Development Agreement and in the Project Plan to the extent that funds in the Tax Increment Fund are available for this purpose.

The foregoing notwithstanding, no funds will be paid from the Tax Increment Fund to a Participating Taxing Entity for its financial or legal services in any dispute arising under this Agreement with another Participating Taxing Entity or Participating Taxing Entities.

VI. TERM AND TERMINATION

A. Agreement Term and Termination

This Agreement shall become effective as of the last date of execution by the Parties hereto, and shall remain in effect until September 30, 2037, unless earlier terminated as provided herein. Subject to the terms of this Agreement, the County agrees to participate under this Agreement, beginning with the 2008 tax year and ending in accordance with the terms provided herein. The Parties agree and understand that Tax Increment Payments will not be made after September 30, 2037, as set out in Article IV, paragraph A.2 and Article V, paragraph A.2 of this Agreement.

B. Early Termination

1. The City may terminate the TIRZ for any of the reasons listed in the Development Agreement. The termination of the Development Agreement also terminates this Interlocal Agreement. No Party shall be required to pay any Tax Increment into the Tax Increment Fund of the TIRZ unless the conditions of Section 311.013(d) of the Act are met. Either party may terminate this Agreement for a breach of contract.
2. After giving any required notice, with subsequent failure to cure as provided for below, the County may terminate its participation in the TIRZ and shall not be required to deposit any further Tax Increment Payment into the Tax Increment Fund as required by this Agreement if: (i) a Party breaches a term, covenant, condition or representation contained in this Agreement; (ii) the County determines that a breach of a term, covenant, condition or representation contained in the Development Agreement has occurred; (iii) the City and/or TIRZ Board declares that a breach of a term, covenant, condition or representation contained in the Development Agreement has occurred; (iv) pursuant to Article IV, paragraph B.4 of this Agreement; or (v) a party to this Agreement or the Development Agreement initiates, pursues or otherwise engages in litigation or any type of adversarial proceeding related to the TIRZ and against or involving the County.
3. Prior to terminating its participation in the TIRZ, the County shall provide written notice to the Developer, the TIRZ Board and any other Participating Taxing Unit still contributing Tax Increment Payments, stating its intent to terminate its participation in the TIRZ and detailing its objection(s) or concern(s). If the objection and/or concern as set out in the County's notice is not resolved within ninety (90) calendar days from the date of such notice, then the County may terminate its participation in the TIRZ.
4. All Parties acknowledge that the County may seek repayment from the Developer for Tax Increment contributed by the County pursuant to Article X of the Development Agreement, and in the amounts set forth therein, in the event of an uncured Developer breach or, to the extent any County Tax Increment remains in the Tax Increment Fund, from the Tax Increment Fund.

C. Disposition of Tax Increments

Upon expiration or termination of the TIRZ, any money remaining in the Tax Increment Fund shall be paid to the Participating Taxing Entities on a pro rata basis in accordance with Section 311.014(d) of the Act, in the order of priority described above. In addition, any payments returned to the City by a developer pursuant to a development agreement shall also be distributed to Participating Taxing Entities on a pro rata basis.

VII. MISCELLANEOUS

A. Understanding

1. Any and all costs incurred by the Developer are not, and shall never become, general obligations or debts of any Participating Taxing Entity. The eligible public improvement infrastructure costs incurred by a developer shall be payable solely from the Tax Increment Fund in the manner and priority provided in this Agreement and only to the extent that tax increment funds become available. The Parties agree and understand that under no circumstance shall the eligible costs exceed the maximum specified in the Project Plan nor shall the County ever be required to contribute Tax Increment in excess of its stated maximum contribution. No Participating Taxing Entity shall be obligated above and beyond what is actually collected as tax increment funds.
2. The City and the Board each represent and the Developer and the County understand and agree that:
 - (a) the Project Plan does not forecast sufficient tax revenues in the Tax Increment Fund to reimburse the Developer for all estimated contributions or costs; and
 - (b) the City, per the Development Agreement, will only process payments to the Developer based on submittal of receipts per Phase or Plat, as defined in the Development Agreement. The City will not recommend approval of Developer reimbursement for a Plat or Phase until the Phase or Plat is complete in its entirety and Developer has submitted all the required paperwork relevant to that specific Phase or Plat.

B. Severability

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

C. Entire Agreement

This Agreement, which shall include the Project Plan, Financing Plan, and the Development Agreement as incorporated hereinabove, merges the prior negotiations and understandings of

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

D. Written Amendment

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

E. Notices

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

CITY

Sheryl Sculley
City Manager
City of San Antonio
100 Military Plaza
San Antonio, Texas 78205
Re: Verano TIRZ

THE DISTRICT

Honorable Nelson W. Wolff
The County Judge
Bexar County Courthouse
100 Dolorosa Street
San Antonio, Texas 78221-9614
Re: Verano TIRZ

With copies to:

David G. Garza
Director
Housing and Neighborhood Services
and Development Programs
1400 So. Flores St.
San Antonio, Texas 78204
Re: Verano TIRZ

Attorney's Office – Civil Section
Criminal Justice Center
300 Dolorosa Street
San Antonio, Texas, 78205
Re: Verano TIRZ

Aurora M. Sanchez
Executive Director, Bexar County Department of
Community Investment
233 N. Pecos, Suite 590
San Antonio, Texas 78207
Re: Verano TIRZ

And:

BOARD

Presiding Officer/Chairperson
"Reinvestment Zone Number Twenty-Eight,
City of San Antonio, Texas"
c/o Housing and Neighborhood Services Department
1400 So. Flores St.
San Antonio, Texas 78204

2. All notices required or permitted hereunder shall be in writing and shall be deemed delivered the earlier of (i) when actually received by personal delivery or facsimile if received during normal business hours and on the next business day if received after normal business hours; or (ii) on the third business day following deposit in a United States Postal Service post office or receptacle with proper postage affixed; or (iii) on the date of receipt if mailed by certified mail, return receipt requested, addressed to the respective other Party at the address prescribed in Article VII, paragraph E.1 of this Agreement, or at such other address as the receiving Party may have theretofore prescribed by notice to the sending Party.

F. Non-Waiver

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

G. Assignment

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

H. Successors

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

I. Project Plan

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

J. No Waiver of Immunity

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

K. Access to Financial Information

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

L. Development Agreement

1. The City, the County, and the Board have entered into a written Development Agreement with the Developer related to the Project and the development of the TIRZ and may enter into future development agreements. The City hereby represents that it will enforce the provisions of the Development Agreement, as required, including, to the extent contained in the Development Agreement, the Developer's compliance with (i) applicable building codes and ordinances, including but not limited to flood, subdivision, building, electrical, plumbing, fire, and life safety codes and ordinances, as amended; all applicable federal, state, and local laws, rules, regulations, statutes, ordinances, orders, and codes, as amended; and rules and codes that govern development over the Edwards Aquifer Recharge Zone (if applicable); (ii) the 2006 Tax Increment Financing Program Policy and Implementation Manual and the Construction Schedule, as may be amended; and (iii) to the extent applicable, competitive bidding processes, payment of prevailing wages, payment and performance bonding procedures and use of minority/small businesses. The City and the Board agree to provide the County with a copy of any notice that is delivered or sent to any Party under this Agreement or the any development agreement as soon as reasonably practical.

- For any City-controlled construction contracts for new development or public improvements in the TIRZ advertised for bid after the effective date of this Agreement, the City agrees that, to the extent allowed by law, it will include in the bid specifications for said construction contracts a statement encouraging both general contractors and subcontractors to provide access to some form of affordable basic health insurance for permanent fulltime employees and their dependents.

M. TIRZ Designation

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

IN WITNESS HEREOF, THE CITY OF SAN ANTONIO; BEXAR COUNTY; AND REINVESTMENT ZONE NUMBER TWENTY-EIGHT (28), CITY OF SAN ANTONIO, TEXAS have made and executed this Agreement in triplicate originals on the date of the last signature below.

CITY OF SAN ANTONIO

Sheryl Scibley
City Manager

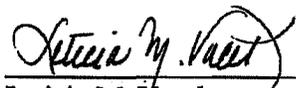
Date: 12/9/08

BEXAR COUNTY

Nelson W. Wolff
County Judge

Date: 12/10/08

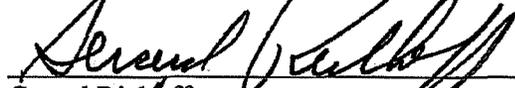
ATTEST/SEAL:



Leticia M. Vacek
City Clerk

Date: 12-10-08

ATTEST/SEAL:



Gerard Rickoff
County Clerk

Date: 12/17/08

APPROVED AS TO FINANCIAL CONTENT BY BEXAR COUNTY:



David Smith, Budget Officer and
Executive Director of Planning and
Resource Management

Date: _____



Tommy Tompkins,
County Auditor

Date: 12/12/08

APPROVED AS TO FORM:

APPROVED AS TO FORM:

for Agathe Wacke
Michael D. Bernard
City Attorney
Date: 30 DECEMBER 2008

Larry Roberson
Larry Roberson
Assistant Criminal District Attorney
Civil Section
Date: 12/4/08

BOARD OF DIRECTORS
Verano TIRZ

S. Marcus Jahns
Name: S. Marcus Jahns
Presiding Officer, Board of Directors
Date: 12/12/2008

THE STATE OF TEXAS

§ VERANO TIRZ

COUNTY OF BEXAR

§

§ BEXAR COUNTY

SECOND AMENDMENT TO INTERLOCAL AGREEMENT

AN INTERLOCAL AGREEMENT (the "Agreement") was made by and between the **CITY OF SAN ANTONIO, TEXAS** (hereafter referred to as "City"), a Texas Municipal Corporation, acting through its City Manager pursuant to Ordinance No. 2008-11-20-1016 passed and approved by the City Council on the 20th day of November, 2008, **BEXAR COUNTY** (hereafter referred to as "County"), a political subdivision of the State of Texas, acting through its County Judge pursuant to authority granted by the Bexar County Commissioners Court on the 16th day of December, 2008, and by the **BOARD OF DIRECTORS FOR TAX INCREMENT REINVESTMENT ZONE NUMBER TWENTY-EIGHT, CITY OF SAN ANTONIO, TEXAS** (hereafter referred to as "Board") on the 5th day of December, 2008, a reinvestment zone created by the City pursuant to Chapter 311, Texas Tax Code (hereafter referred to as "the Act"). This Agreement was subsequently amended, also pursuant to Ordinance No. 2008-11-20-1016, passed and approved by City Council on the 20th day of November, 2008, the County acting through its County Judge pursuant to authority granted by the Bexar County Commissioners Court on the 21st day of JUNE, 2009, and by the Board on the 25th day of March, 2009. The City, the County, and the Board may be referred to singularly as a "Party" or collectively as "Parties." The Agreement was made pursuant to Chapter 311, Texas Tax Code for the participation of the City and the County in the Verano TIRZ.

NOW THE FOLLOWING AMENDMENT TO THE Agreement is made by and between the City, acting through its City Manager pursuant to Ordinance No. 2010-06-24-0621 passed and approved by the City Council on the 24th day of June, 2010, the County, acting through its County Judge pursuant to authority granted by the Bexar County Commissioners Court on the 10 th day of AUGUST, 2010, and by the Board on the 9th day of June 2010.

RECITALS:

WHEREAS, by Ordinance Number 2007-12-06-1257, dated December 6, 2007, the City created Reinvestment Zone Number Twenty-Eight (the "TIRZ") in accordance with the Act, to promote development and redevelopment within the TIRZ through the use of tax increment financing, in which development and redevelopment would not otherwise occur solely through private investment in the reasonably foreseeable future, and established a Board of Directors for the TIRZ, and authorized the Board to exercise all the rights, powers, and duties as provided to such boards under the Act; and

WHEREAS, pursuant to said authority above, the Board, the City and the County each hereby entered into a binding agreement with the others to develop and/or redevelop the TIRZ as specified in the Project Plan, Financing Plan, the Development Agreement, and the District Development Agreement; and

WHEREAS, the Parties seek consistency between the Project Plan, the Financing Plan, the Development Agreement, the District Development Agreement, and the other two Interlocal Agreements necessary for advancement of the Project;

NOW, THEREFORE, in consideration of the mutual promises, covenants, obligations, and benefits contained in the Agreement, the City, the Board, and the County hereby agree to amend the Agreement as follows except as herein modified or amended, the recitals, provisions, conditions and terms of the Agreement are hereby ratified and confirmed and shall remain in full force and effect as of the date thereof;

Add the following text at the end of Article III.E:

Notwithstanding the Parties agreement not to finance any costs or improvements of the Project with a tax-supported public debt instrument, the Parties agree to allow the construction and operation of a soccer complex on approximately thirty-five (35) acres of the Project which may be financed from County's issuance of tax-exempt bonds and taxable bonds or from a short term vehicle rental tax.

Eliminate the text of Article V Paragraph D.3 and replace with the following text:

The County further agrees that the City and the Board may disburse funds in the Tax Increment Fund to pay expenditures in the following order or priority of payment:

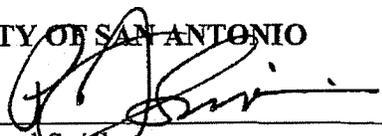
- (i) to fully reimburse eligible startup Administrative Costs incurred by each Participating Taxing Entity;
- (ii) to pay all other ongoing Administrative Costs to the Participating Taxing Entities for administering the Tax Increment Fund and/or the TIRZ, except that if there are insufficient funds for the full reimbursement of ongoing Administrative Costs to the Participating Taxing Entity, then the ongoing Administrative Costs of each Participating Taxing Entity shall be reimbursed on a pro rata basis based on each Participating Taxing Entity's level of participation in the TIRZ;
- (iii) to reimburse the City for costs of repair, replacement, or re-construction of public infrastructure and associated costs: 1) as described in Section 5.12 of the Development Agreement, and 2) those same costs as detailed in the District Development Agreement;
- (iv) to reimburse the City maintenance expenses, if any, pursuant to Article III of the Development Agreement;
- (v) to reimburse a Participating Taxing Entity under any reclaim of funds pursuant to Article X of the Development Agreement;

- (vi) to reimburse the Alamo Community College District for public improvements as provided in the District Development Agreement and in the Project Plan in accordance with the limitations set forth in this Agreement;
- (vii) to reimburse the San Antonio Water System for water and wastewater infrastructure and related impact fees due the San Antonio Water System under its Utility Service Agreement with the Developer as recognized by the City, the Board, the San Antonio Water System and the Developer in the Consent Agreement executed pursuant to Ordinance No. 2009-08-20-0662;
- (viii) to reimburse the City up to one million eight hundred eighty-five thousand dollars (\$1,885,000.00) for the value of the Zachry Parcel conveyed to the District at a maximum rate of \$1,000,000.00 per year should the District choose not to reconstruct Villaret Boulevard by October 1, 2018 ; and
- (ix) to reimburse Developer for public improvements as provided in the Development Agreement and in the Project Plan to the extent that funds in the Tax Increment Fund are available for this purpose.

The foregoing notwithstanding, no funds will be paid from the Tax Increment Fund to a Participating Taxing Entity for its financial or legal services in any dispute arising under this Agreement with another Participating Taxing Entity or Participating Taxing Entities.

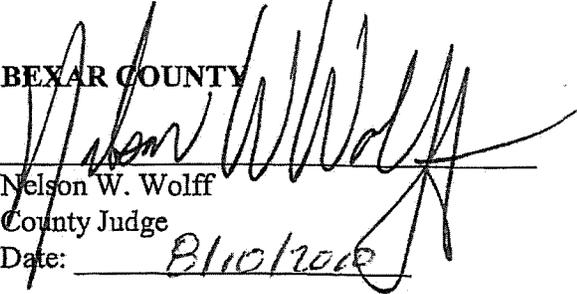
IN WITNESS HEREOF, THE CITY OF SAN ANTONIO; BEXAR COUNTY; AND REINVESTMENT ZONE NUMBER TWENTY-EIGHT (28), CITY OF SAN ANTONIO, TEXAS have made and executed this amendment to the original Agreement in triplicate originals on the date of the last signature below.

CITY OF SAN ANTONIO



 Sheryl Sculler
 City Manager
 Date: _____

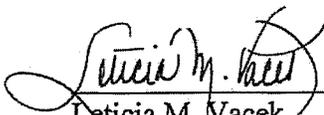
BEXAR COUNTY



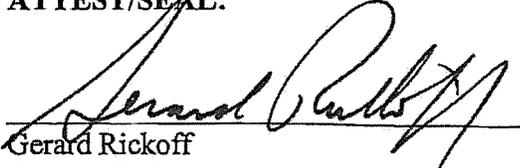
 Nelson W. Wolff
 County Judge
 Date: 8/10/2010

ATTEST/SEAL:

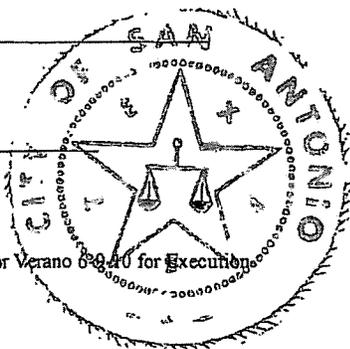
ATTEST/SEAL:



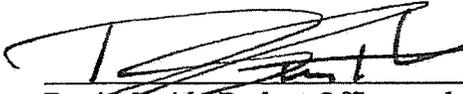
 Leticia M. Vacek
 City Clerk
 Date: 7-30-10



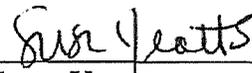
 Gerard Rickoff
 County Clerk
 Date: 8/11/2010



APPROVED AS TO FINANCIAL CONTENT BY BEXAR COUNTY:

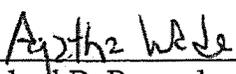

David Smith, Budget Officer and
Executive Director of Planning and
Resource Management *MCS*

Date: 8.6.10


Susan Yeatts,
County Auditor

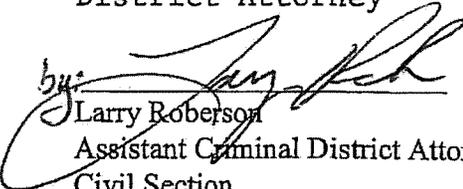
Date: 8.4.2010

APPROVED AS TO FORM:

for 
Michael D. Bernard
City Attorney

Date: 7/16/2010

**APPROVED AS TO FORM:
SUSAN D. REED, Crininal
District Attorney**

by: 
Larry Roberson
Assistant Criminal District Attorney
Civil Section

Date: 8/2/10

**BOARD OF DIRECTORS
Verano TIRZ**


Marcus Jahns
Presiding Officer, Board of Directors

Date: 7/30/2010

EXHIBIT D

THE STATE OF TEXAS

§ VERANO TIRZ

COUNTY OF BEXAR

§ SAN ANTONIO RIVER AUTHORITY

AMENDMENT TO INTERLOCAL AGREEMENT

AN INTERLOCAL AGREEMENT (the "Agreement") was made by and between the CITY OF SAN ANTONIO, TEXAS (the "City"), a Texas Municipal Corporation, acting through its City Manager pursuant to Ordinance No. 2008-11-20-1016 passed and approved by the City Council on the 20th day of November, 2008, SAN ANTONIO RIVER AUTHORITY (hereafter referred to as "River Authority"), a political subdivision of the State of Texas, acting through its General Manager pursuant to authority granted by the Board of Directors of the San Antonio River Authority on the 20th day of August, 2008, and by the BOARD OF DIRECTORS FOR TAX INCREMENT REINVESTMENT ZONE NUMBER TWENTY-EIGHT, CITY OF SAN ANTONIO, TEXAS (the "Board"), on the 25th day of March, 2009, a reinvestment zone and whom together may be referred to as the "Parties." This Agreement was subsequently amended once, pursuant to Ordinance No. 2010-06-24-0621, passed and approved by City Council on June 24, 2010, the River Authority, acting through its General Manager pursuant to authority granted by the Board of Directors of San Antonio River Authority on August 20, 2010, and the Board on June 9, 2010.

NOW THE FOLLOWING AMENDMENT TO THE Agreement is made by and between the City, acting through its City Manager pursuant to Ordinance No. 2016-__ - __ passed and approved by the City Council on _____ 2016, the River Authority, acting through its General Manager pursuant to authority granted by the Board of Directors of the San Antonio River Authority on the _____ 2016, and by the Board on _____ 2016.

RECITALS

WHEREAS, by Ordinance 2007-12-06-1257, dated December 6, 2007, the City created Reinvestment Zone Number Twenty-Eight (the "TIRZ") in accordance with the Act to promote development and redevelopment within the TIRZ through the use of tax increment financing, in which development and redevelopment would not otherwise occur solely through private investment in the reasonably foreseeable future, and established a Board of Directors for the TIRZ, and authorized the Board to exercise all rights, powers, and duties as provided to such boards under the Act; and

WHEREAS, City, Board, and River Authority entered into an Interlocal Agreement, and a subsequent Amendment (the "Agreement") authorized by City of San Antonio Ordinance No. 2008-11-20-1016 and 2010-06-24-0621, and attached hereto as EXHIBIT A; and

WHEREAS, the City and the Board seek to extend the term of the TIRZ; and

WHEREAS, prior to this AMENDMENT, the Agreement was in full effect and, subject to the terms of this AMENDMENT, all parties were in compliance with all terms and conditions of the Agreement; and

WHEREAS, the Parties, now seek to amend the terms and conditions of the Agreement as stated in this Third Amendment and affirm that all other provisions of the Agreement remain in full force and effect; and

NOW THEREFORE, in consideration of the mutual promises, covenants, obligations, and benefits contained in the Agreement, the City, the Board, and the River Authority hereby agree to amend the Agreement as follows except as herein modified or amended, the recitals, provisions, conditions and terms of the Agreement are hereby ratified and confirmed and shall remain in full force and effect as of the date hereof:

AMENDMENT

1. Amendment. The Parties hereby mutually agree to amend the Agreement as follows:

(A) Under “**AGREEMENT**”, the Agreement is amended by deleting the first paragraph and replacing it with the following:

“**THIS INTERLOCAL AGREEMENT** (“the Agreement”), pursuant to Ordinance No. 2008-11-20-1016 passed and approved by the City Council on the 20th day of November, 2008, and subsequently amended the pursuant Ordinance No. 2010-06-24-0621 and 2016-__-__-____-, passed and approved by the City Council on the 24th day of June 2010 and _____, 2016 respectively, is made by and between the **CITY OF SAN ANTONIO, TEXAS** (hereafter referred to as “City”), a Texas Municipal Corporation, acting through its City Manager or her designee, **SAN ANTONIO RIVER AUTHORITY** (hereafter referred to as “River Authority”), a political subdivision of the State of Texas, acting through its General Manager pursuant to authority granted by the Board of Directors of the San Antonio River Authority on the 20th day of August, 2008, and for the subsequent amendments approved on August 20, 2008 and ___ day of _____, 2016, and by the **BOARD OF DIRECTORS FOR TAX INCREMENT REINVESTMENT ZONE NUMBER TWENTY-EIGHT, CITY OF SAN ANTONIO, TEXAS** (hereafter referred to as “Board”) on the 25th day of March, 2009 and for the amendments on June 9, 2010 and ___ day of _____, 2016, a reinvestment zone created by the City pursuant to Chapter 311, Texas Tax Code (hereafter referred to as “the Act”). The City, the River Authority, and the Board may be referred to singularly as a “Party” or collectively as “Parties.” This Agreement is made pursuant to Chapter 311, Texas Tax Code for the participation of the City and the River Authority in the Verano Tax Increment Reinvestment Zone.

(B) Under “**RECITALS**”, the Agreement is amended by deleting the first, and second WHEREAS lines and substituting the following in its place respectively:

“WHEREAS, by Ordinance Number 2007-12-06-1257, dated December 6, 2007, the City created Reinvestment Zone Number Twenty-Eight (the “TIRZ”) in accordance with the Act, and subsequently extended the boundary of the TIRZ and the term by Ordinance No. 2008-11-20-1015 and Ordinance No. 2016-__-__-____ respectively, to promote development and redevelopment within the TIRZ through the use of tax increment financing, in which development and redevelopment would not otherwise occur solely through private investment in the reasonably foreseeable future, and established a Board of Directors for the TIRZ, and authorized the Board to exercise all the rights, powers, and duties as provided to such boards under the Act; and

“WHEREAS, the Board and the River Authority support the City in development activities within the TIRZ, and the River Authority intends to participate in the TIRZ by contributing sixty percent (60%) of its respective Tax Increments for tax years 2008-2044 up to a total of Four Million Three Hundred Ninety-Seven Thousand Five Hundred Sixty-Seven Dollars and Zero cents (\$4,397,567.00).

(C) Under Article I, Subsection B., “Parts Incorporated”, the Agreement is amended by adding the following:

“4. The Development Agreement, between the City, the County, the Developer, and the Board, and all subsequent amendments and future amendments approved by the City Ordinances Nos. 2008-11-20-1016, and 2010-06-24-0621, and 2016-__-__-____ and effective on the ____ day of _____ 2016.”

(C-1) Under Article I, Subsection B., “Parts Incorporated”, the Agreement is amended adding a subsection 5 as follows:

“5. City of San Antonio Ordinance No. 2016-__-__-____, dated _____, 2016, which extended the term of the TIRZ, and adopted the amended Project and Financing Plans.”

(D) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting the third, fourth, and fifth lines of subsection 1., and subsection A and B, and substituting the following in its place respectively:

“The initial startup Administrative Cost for the City is Twenty-eight thousand two hundred and seventy-nine and forty-seven cents (\$28,279.47) of which the City has received and the River Authority have agreed to waive its initial startup Administrative Costs as well as its annual Administrative Costs until .”

“The Parties also agree that the ongoing administrative costs for the City and the River Authority starting in calendar year 2016 shall be as follows:

“A. The City: (\$120,000.00) per year

“B. The River Authority: (\$1,000.00) per year

“The total Administrative Costs including City startup Administrative Costs to be paid out of the Tax Increment Fund to the City and the River Authority are estimated to be Three Million Six Hundred and Fifty-Eight Thousand Two Hundred and Seventy-Nine Dollars and Forty-Seven Cents (\$3,658,279.47) in the aggregate for the life of the TIRZ.”

(E) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 2, and substituting the following in its place:

“The “Board” means the Board of Directors of the TIRZ established to manage, and/or operate the TIRZ pursuant to Sections 311.0091 and 311.010 of the Act, as well as to implement the Project, as described in City of San Antonio Ordinance No. 2007-12-06-1257, dated December 6, 2007, as amended by Ordinance No. 2008-11-20-1016, dated November 20, 2008, and as amended by Ordinance No. 2016-__-__-_____.

(F) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 5, and substituting the following in its place:

““The Developer’ means Verano Land Group, LP”

(G) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 6, and substituting the following in its place:

““The Development Agreement’ means the agreement entered into between the City, Bexar County, the Developer and the Board which was approved by the Board on the 19th day of November, 2008, by the City Council on the 20th day of November, 2008, and by the County on the ___th day of December, 2008, the First Amendment to the Development Agreement approved by the Board on _____, by City Council on _____, and the County on _____ the Second Amendment to the Development Agreement approved by the Board on _____, by the City on _____, and the County on _____, and the Amended and Restated Development Agreement approved by the Board on _____, by City Council on _____, and by the County on _____.”

(H) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 7 in its entirety.

(I) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 8, and substituting the following in its place:

“Financing Plan’ means the Reinvestment Zone Financing Plan for the TIRZ as adopted by the Board on the 19th day of November and by the City Council on the 20th day of November, 2008, and as amended and approved by the Board on _____ and by the City Council on _____ the 2010 amended Financing Plan approved by the Board on _____ and the City Council on _____, the 2016 amended Financing Plan approved by the Board on _____ and the City Council on _____, and all future amendments as approved by the Board and the City.”

(J) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 10, and substituting the following in its place:

“Participating Taxing Entity” or “Participating Taxing Entities” means, singularly, a taxing unit participating in the TIRZ, and collectively, all taxing units participating in the TIRZ, and shall include the City, Bexar County, Alamo Colleges and the River Authority.”

(K) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 11, and substituting the following in its place:

“Project’ means a mixed-use community to be built on property within the TIRZ owned or controlled by the Donor based on the concept of a walkable, integrated urban village surrounding a major institution of higher learning and designed using Form-Based zoning in part. The Project is projected to include a town center, 2,500 multi-family apartment units, 2,461 single-family residences and 750 condominiums/townhomes within urban settings and master-planned hamlets. In addition, there are projected to be 925,000 square feet of office space, 665,000 square feet of retail, restaurants, and other commercial structures, a 1,225,000 square foot industrial area and 200,000 square feet of Institutional support structures including day care, active living facilities and assisted living centers. The project may include various sports facilities, trails, pocket parks and a linear park, all as described in more detail in the Project Plan. Public Improvements within the Project include streets, streetscapes, streetscape enhancements, drainage/retention, water, sewer, telecom, gas, non-potable water, drainage & detention facilities, streetlights, street signs,

dry utilities, electric utilities, linear parks, parks/plazas, public parking garages, drainage, off site drainage, and associated engineering, surveying, geotechnical, architect/landscape, construction management, environmental review, storm water pollution plans, storm water pollution prevention, park fees, planning/zoning fees, impact fees, sewer/water impact fees, and environmental support, and contingency, all as described in more detail in or contemplated by the Financing Plan and Construction Schedule or all other approved Project Costs as per the TIF Act.”

(L) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting the last sentence of subsection 12, and substituting the following in its place:

“The Project Costs for public improvements made by the Developer are estimated at Four Hundred and Fifty-Six Million Five Hundred and Twenty-Three Thousand Six Hundred and Twenty-Two Dollars and Eighty-Three Cents (\$456,523,622.83) for the life of the TIRZ. The total Project Costs for public improvements including those public improvements made by the Developer are estimated at Four Hundred and Sixty-Four Million Eight Hundred and Forty-five Thousand One Hundred and Five Dollars and Thirty-three Cents (\$464,845,105.33).”

(M) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 13, and substituting the following in its place:

“‘Project Plan’ means the Reinvestment Zone Project Plan for the TIRZ as adopted by the Board on the 19th day of November and by the City Council on the 20th day of November, 2008, and as amended and approved by the Board on _____ and by the City Council on _____ the 2010 amended Project Plan approved by the Board on _____ and the City Council on _____, the 2016 amended Project Plan approved by the Board on _____ and the City Council on _____, and all future amendments as approved by the Board and the City.”

(N) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 18, and substituting the following in its place:

“‘TIRZ means Reinvestment Zone Number Twenty-Eight (28), City of San Antonio, Texas, created by the City on December 6, 2007, by Ordinance No. 2007-12-06-1257, boundary extended by the City on November 20, 2008, by Ordinance No. 2008-11-20-1016 and extended by the City on _____, 2016, by Ordinance No. 2016-_-_-_____.”

(O) Under Article II, "DEFINITIONS", the Agreement is amended by adding a new subsection 19, as follows:

"'Palo Alto College Entrance Signage Project' means the option of the District to design and construct entrance signage for Palo Alto College. The Palo Alto College Entrance Signage Project Costs reimbursable from the TIRZ shall not exceed \$150,000.00."

(P) Under Article II, "DEFINITIONS", the Agreement is amended by adding a new subsection 20, as follows:

"'Utility Services Agreement' means the Agreement between the San Antonio Water System and the Developer as amended which were recognized by the City, the Board, the San Antonio Water System and the Developer in the Consent Agreement and the Amended and Restated Consent Agreement executed pursuant to Ordinance No. 2009-08-20-0662 and Ordinance No. 2016-__-__-__."

(Q) Under Article II, "DEFINITIONS", the Agreement is amended by adding a new subsection 21, as follows:

"'Palo Alto College Entrance Signage Project' means the option of the District to design and construct entrance signage for Palo Alto College. The Palo Alto College Entrance Signage Project Costs reimbursable from the TIRZ shall not exceed \$150,000.00."

(R) Under Article II, "DEFINITIONS", the Agreement is amended by adding a new subsection 22, as follows:

"22. 'Zachary Parcel' means the approximately 23.626 acre parcel to be conveyed to Alamo Colleges inclusive of Loop 410 frontage. The actual property to be conveyed will be subject to a survey to be produced at Alamo Colleges cost and accurately identifying the complete property being conveyed and including an insurable legal description."

(S) Under Article III, "BACKGROUND", the Agreement is amended by adding to the end of first paragraph in Subsection A. "City Action" the following:

"On _____ 2015 the City extended the term of the TIRZ until September 30, 2045 by Ordinance No. 2016-__-__-__."

(T) Under Article III, "BACKGROUND", the Agreement is amended by deleting the first paragraph in Subsection C. "TIRZ Value" and replacing it with the following:

“After the 2008 expansion of the boundaries and the 2016 term extension of the TIRZ, the Tax Increment Base for the Zone as determined by the Bexar Appraisal District is Twelve Million Eight Hundred Ninety-One Thousand Six Hundred and Two Dollars (\$12,891,602.00) and the projected Captured Appraised Value net of exemptions of all taxable real property in the TIRZ at the end of the Agreement term is estimated to be Two Billion Seven Hundred and Eighty Million Five Hundred and Ninety-Two Thousand Four Hundred and Thirty-One Dollars and Thirteen Cents (\$2,780,592,431.13).”

(U) Under Article III, “TIRZ Phasing and Duration”, the Agreement is amended by deleting the first paragraph in Subsection D. “TIRZ Phasing and Duration” and substituting the following in its place:

“The Project includes the construction of approximately 2,461 single-family detached homes, 2,500 multi-family units, 750 condominiums or town homes, 3,015,000 square feet of commercial development, Construction will be carried out in (13) phases as specified in the Development Agreement. The TIRZ is projected to terminate on September 30, 2045.

(V) Under Article IV, “RIGHTS AND OBLIGATIONS OF THE RIVER AUTHORITY”, the Agreement is amended by deleting the first sentence in Subsection A. 1. “Tax Increment Participation by the River Authority” and substituting the following in its place:

“Subject to the limitations set out in this Agreement, the River Authority agrees to participate in the TIRZ by contributing to the tax Increment Fund sixty percent (60%) of its respective Tax Increment for each tax year, beginning with 2008 tax year, and ending with the 2044 tax year.”

(W) Under Article IV, “RIGHTS AND OBLIGATIONS OF THE RIVER AUTHORITY”, the Agreement is amended by deleting the second and third sentence in Subsection A. 2. “Tax Increment Participation by the River Authority” and substituting the following in its place respectively:

“The River Authority’s contributions to the Tax Increment Fund shall end when it has contributed the maximum total contribution of Four Million Three Hundred and Ninety-seven Thousand Five Hundred and Sixty-seven Dollars (\$4,397,567.00), on the TIRZ termination date of September 30, 2045, upon earlier termination of the TIRZ, or upon termination of this Agreement or the Development Agreement by any party, whichever occurs first.”

“Notwithstanding anything herein to the contrary, the total River Authority Tax Increment Payments to the Tax Increment Fund shall not

exceed Four Million Three Hundred and Ninety-seven Thousand Five Hundred and Sixty-seven Dollars (\$4,397,567.00).”

(X) Under Article IV, “RIGHTS AND OBLIGATIONS OF THE RIVER AUTHORITY”, the Agreement is amended by deleting all of the Subsection D. 2. “Management of the TIRZ” and substituting the following in its place:

“The Board shall be composed of thirteen (13) members, as provided by Section 311.0091(b) of the Texas Tax Code. Accordingly, The River Authority shall have the right to appoint one (1) member to the Board. The Parties acknowledge and agree that the City is entitled to appoint eight (8) members but shall waive its right to appoint one member for seven (7) total appointees. Upon Alamo Colleges waiving its right to appoint a Board member, the City shall be entitled to appoint eight (8) members to the Board.”

(Y) Under Article V. “RIGHTS AND OBLIGATIONS OF CITY AND BOARD”, the Agreement is amended by deleting the first sentence in Subsection A. 1. “Tax Increment Participation by City” and substituting the following in its place respectively:

“Subject to limitations set out in this Agreement, the City agrees to participate in the TIRZ by contributing to the Tax Increment Fund seventy-five percent (75%) of the City’s Tax Increment for each tax year beginning with the 2008 tax year and ending with the 2044 tax year.”

(Z) Under Article V. “RIGHTS AND OBLIGATIONS OF CITY AND BOARD”, the Agreement is amended by deleting the second and third sentence in Subsection A. 2. “Tax Increment Participation by City” and substituting the following in its place respectively:

“The City’s Contributions to the Tax Increment Fund shall end when the City has contributed the maximum total contribution of One Hundred and Eighteen Million Nine Hundred and Ninety-Two Thousand Four Hundred and Seventy Six Dollars (\$118,992,476.00) provided for herein or on the TIRZ termination date of September 20, 2045, whichever occurs first.”

“Notwithstanding anything herein to the contrary, the total City Tax Increment Payments to the Tax Increment Fund shall not exceed One Hundred and Eighteen Million Nine Hundred and Ninety-Two Thousand Four Hundred and Seventy Six Dollars (\$118,992,476.00) in the aggregate.”

(AA) Under Article V. “RIGHTS AND OBLIGATIONS OF CITY AND BOARD”, the Agreement is amended by deleting all of Subsection D. 3.

“Disbursement of Funds in the Tax Increment Fund”, and substituting the following in its place:

“The River Authority further agrees that the City and Board may disburse funds in the Tax Increment Fund to pay expenditures in the following order or priority of payment:

- (i) The initial startup Administrative Costs of \$28,279.47, for the City, all reimbursement for which has already been received by the City in Fiscal Years 2009 and 2014;
- (ii) to pay all other ongoing Administrative Costs to the Participating Taxing Entities for administering the Tax Increment Fund and or the TIRZ, except that if there are insufficient funds to reimburse of ongoing Administrative Costs to the Participating Taxing Entity, then the ongoing Administrative Costs of each Participating Taxing Entity shall be reimbursed on a pro rata basis based on each Participating Taxing Entity’s level of participation in the TIRZ;
- (iii) to reimburse the City for costs of repair, replacement, or re-construction of public infrastructure and associated costs as described in Section 5.12 of the Development Agreement;
- (iv) to reimburse the City maintenance expenses, if any, pursuant to Article III of the Development Agreement;
- (v) to reimburse a Participating Taxing Entity under any reclaim of funds pursuant to Article X of the Development Agreement;
- (vi) to reimburse Alamo Community College District up to \$150,000.00 for public improvements associated with Palo Alto College Signage Project to the extent that Alamo Colleges’ tax increment funds are available;
- (vii) to reimburse the San Antonio Water System (“SAWS”) for **(i)** for the design and construction of wastewater improvements that have been completed and that were funded by SAWS pursuant to the Prior Utilities Services Agreement (the “SAWS-Funded Wastewater Improvements”) up to \$2,131,618.50; **(ii)** actual costs incurred by SAWS if and to the extent it is necessary for SAWS to repair or reconstruct any wastewater infrastructure designed or constructed by Developer within two (2) years from the date of completion of such infrastructure, as and to the extent set forth in the Utility Services Agreement and contemplated in the Amended and restated Consent Agreement; and **(iii)** the actual amount of water and wastewater impact fees attributable to certain water and wastewater capacity reserved and allocated to TAMU-SA in the Utility Services

Agreement (i.e., 100 EDUs for water service to the tract identified as the “ITC Tract” in the Prior Utility Services Agreement, and 2,783 EDUs for wastewater service to the tract identified as the “TAMU-SA Tract” in the Prior Utility Services Agreement) until the earlier of (A) August 2034 or (B) such time as the water service EDUs reserved and allocated to TAMU-SA for the ITC Tract under the Utility Services Agreement (i.e., a maximum of 100 EDUs of water service) and the wastewater service EDUs reserved and allocated to TAMU-SA for the TAMU-SA Tract under the Utility Services Agreement (i.e., a maximum of 2,783 EDUs of wastewater service) are committed or utilized, as and to the extent set forth in the Utility Services Agreement and contemplated in the Amended and Restated Consent Agreement.

- (viii) to reimburse the City up to one million eight hundred eighty-five thousand dollars (\$1,885,000.00) for value of the Zachary Parcel conveyed to Alamo Community College District at a maximum rate of \$1,000,000.00 per year and to the extent that Alamo Community College Districts’ tax increment funds are available;
- (ix) to reimburse the Developer for Project Costs of Public Improvements, in accordance with the Development Agreement, this Agreement, the Project Plan, and to the extent that funds in the Tax Increment Fund are available for this purpose.

The foregoing notwithstanding, no funds will be paid from the Tax Increment Fund to a Participating Taxing Entity for its financial or legal services in any dispute arising under this Agreement with another Participating taxing Entity or Participating Taxing Entities.”

(BB) Under Article VI. “TERM AND TERMINATION”, the Agreement is amended by deleting any reference to September 30, 2037 in Subsection A. “Agreement Term and Termination” and replacing it with the following:

“September 30, 2045”

2. Effective Date. This Amendment shall be effective after the passage of a duly authorized ordinance of the City Council of the City of San Antonio which shall be attached hereto and made a part of this Amendment and upon the Effective Date listed on the signature page.

3. No Other Changes. Except as specifically set forth in this Amendment, all of the terms and conditions of the Agreement shall remain the same and are hereby ratified and confirmed. The Agreement shall continue in full force and effect and with this Amendment shall be read and construed as one instrument.

4. Choice of Law. This Amendment shall be construed in accordance with and governed by the laws of the State of Texas.

5. Counterparts. This Amendment may be executed in any number of counterparts, but all such counterparts shall together constitute but one instrument. In making proof of this Amendment it shall not be necessary to produce or account for more than one counterpart signed by each party hereto by and against which enforcement hereof is sought.

WITNESS HEREOF, the parties hereto have executed in triplicate originals this Amendment on the _____ day of _____ 2016. (the "Effective Date")

**CITY OF SAN ANTONIO,
a Texas municipal corporation**

**BOARD OF DIRECTORS OF
TAX INCREMENT
REINVESTMENT ZONE #28,
CITY OF SAN ANTONIO,
TEXAS**

Sheryl L. Sculley
City Manager or designee

Chairman, Board of Directors

Date: _____

Date: _____

ATTEST:

ATTEST:

Leticia Vacek
City Clerk
Date: _____

Name:
Title:
Date: _____

SAN ANTONIO RIVER AUTHORITY:

By _____,
Name:
Title:

ATTEST (if required):

Name:
Title:
Date:_____

APPROVED AS TO FORM:

Martha G. Sepeda, Acting City Attorney
Acting City Attorney

Date:_____

EXHIBIT A

THE STATE OF TEXAS

§ VERANO TIRZ

COUNTY OF BEXAR

§
§ SAN ANTONIO RIVER AUTHORITY

AGREEMENT

THIS AGREEMENT (the "Agreement") is made by and between the **CITY OF SAN ANTONIO, TEXAS** (hereafter referred to as "City"), a Texas Municipal Corporation, acting through its City Manager pursuant to Ordinance No. 2008-11-20-1016 passed and approved by the City Council on the 20th day of November, 2008, the **SAN ANTONIO RIVER AUTHORITY** (hereafter referred to as "River Authority"), a political subdivision of the State of Texas, acting through its General Manager pursuant to authority granted by the Board of Directors of the San Antonio River Authority on the 20th day of August, 2008, and by the **BOARD OF DIRECTORS FOR TAX INCREMENT REINVESTMENT ZONE NUMBER TWENTY-EIGHT, CITY OF SAN ANTONIO, TEXAS** (hereafter referred to as "the Board") on the 25th day of March, 2009, a reinvestment zone created by the City pursuant to Chapter 311, Texas Tax Code (hereafter referred to as "the Act"). The City, the River Authority, and the Board may be referred to singularly as a "Party" or collectively as "Parties." This Agreement is made pursuant to Chapter 311, Texas Tax Code for the participation of the City and the River Authority in the Verano Tax Increment Reinvestment Zone.

RECITALS:

WHEREAS, by Ordinance Number 2007-12-06-1257, dated December 6, 2007, the City created Reinvestment Zone Number Twenty-Eight (the "TIRZ") in accordance with the Act, to promote development and redevelopment within the TIRZ through the use of tax increment financing, in which development and redevelopment would not otherwise occur solely through private investment in the reasonably foreseeable future, and established a Board of Directors for the TIRZ, and authorized the Board to exercise all the rights, powers, and duties as provided to such boards under the Act; and

WHEREAS, the Board and the River Authority support the City in development activities within the TIRZ, and the River Authority intends to participate in the TIRZ by contributing sixty percent (60%) of its respective Tax Increments for tax years 2008-2036 up to a total of five million one hundred twenty-five thousand eight hundred ninety-two dollars (\$5,125,892.00); and

WHEREAS, pursuant to said authority above, the Board, the City and the River Authority each hereby enters into a binding agreement with the others to develop and/or redevelop the TIRZ as specified in the Project Plan, Financing Plan, the Development Agreement, and the District Development Agreement; and

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

I. CONTENTS

A. Table

This Agreement consists of the following articles:

<u>Article</u>	<u>Description</u>	<u>Page</u>
I.	Contents	2
II.	Definitions	2
III.	Background	5
IV.	Rights and Obligations of the River Authority	6
V.	Rights and Obligations of the City and the Board	9
VI.	Term and Termination	12
VII.	Miscellaneous	13

B. Parts Incorporated

The following documents and their future amendments are hereby incorporated into this Agreement by this reference for all purposes:

1. City of San Antonio Ordinance No. 2007-12-06-1257, dated December 6, 2007, which designated the TIRZ; and
2. City of San Antonio Ordinance No. 2008-11-20-1016, dated November 20, 2008, which among other things expanded the boundary of the TIRZ, adopted the Project and Financing Plans; and
3. The Development Agreement between the City, Bexar County, the Developer and the Board, approved by Ordinance No. 2008-11-20-1016 and executed on the 17th day of December, 2008.

II. DEFINITIONS

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

1. "Administrative Costs" means reasonable costs directly incurred by a Participating Taxing Entity (as hereinafter defined) related to its agreement to participate in the development of the TIRZ, as described in this Agreement. These costs include, but are not limited to, reasonable costs and expenses for legal review and financial analysis related to the TIRZ incurred prior to entering into this Agreement, as well as any such costs and expenses incurred after this Agreement becomes effective. The initial startup Administrative Costs for the City is forty-six thousand one hundred seventy-six dollars (\$46,176.00) and for the River Authority is one

thousand dollars (\$1,000.00). The Parties also agree that the minimum Administrative Costs during the life of the TIRZ are anticipated to be as follows:

A. The City:	Three million six hundred twenty-five thousand dollars (\$3,625,000.00)
B. The River Authority:	Twenty-nine thousand dollars (\$29,000.00)

The total Administrative Costs to be paid out of the Tax Increment Fund to the City and the River Authority are estimated to be a minimum of three million seven hundred one thousand one hundred seventy-six dollars (\$3,701,176.00) in the aggregate for the life of the TIRZ. The minimum Total Administrative Costs do not include any planned escalation in the City's Administrative Costs due to changes in the Consumer Price Index.

2. The "Board" means the Board of Directors of the TIRZ established to manage, and/or operate the TIRZ pursuant to Sections 311.0091 and 311.010 of the Act, as well as to implement the Project, as described in City of San Antonio Ordinance No. 2007-12-06-1257, dated December 6, 2007, and as amended by Ordinance No. 2008-11-20-1016, dated November 20, 2008.
3. "Captured Appraised Value" means the captured appraised value of the TIRZ, as defined by Section 311.012(b), Texas Tax Code (and as said Code may be amended from time to time).
4. "Construction Schedule" means the timetable for constructing the public improvements specified in the Project Plan, Financing Plan, and any development agreement, with one such timetable being set forth as "Exhibit A" to the Development Agreement, which may be amended from time to time.
5. The Developer means "VTLM TEXAS, LP, a Texas limited partnership".
6. "Development Agreement" means the agreement entered into between the City, Bexar County, the Developer and the Board which was approved by the Board on the 19th day of November, 2008, by the City Council on the 20th day of November, 2008, and by Bexar County on the 16th day of December, 2008.
7. "District Development Agreement" means a future agreement entered into between the City, the Alamo Community College District and the Board concerning the construction undertaken by the Alamo Community College District within the TIRZ.
8. "Financing Plan" means the Final Financing Plan for the TIRZ as adopted by the Board on the 19th day of November, 2008 and by the City Council on the 20th day of November, 2008, and as amended.

9. "Material Change" means any change in the phasing of the Construction Schedule which would result in an increase to the maximum contribution of the City or any other Participating Taxing Entity or any change deemed a Material Change by the director of the City department overseeing the TIRZ ("Director").
10. "Participating Taxing Entity" or "Participating Taxing Entities" means, singularly, a taxing unit participating in the TIRZ, and collectively, all taxing units participating in the TIRZ, and shall include the City, Bexar County, the River Authority, and the Alamo Community College District.
11. "Project" means a mixed-use community to be built on property within the TIRZ surrounding a major institution of higher learning and designed using Form-Based zoning. The Project is projected to include a town center, 3,375 multi-family apartment units, 2,542 single-family residences and 1,021 condominiums/townhomes, 1,395,440 square feet of office space, 1,245,439 square feet of retail, restaurants, and other commercial structures, a 3,136,321 square foot industrial area and 200,000 square feet of institutional support structures including day care, active living facilities, assisted living centers, sports facilities, trails, pocket parks, a linear park and related public improvements including streets, streetscape enhancements, drainage/retention, water, sewer, telecom, gas, drainage & detention facilities, streetlights, street signs, electric utilities, storm water pollution prevention, and associated engineering, surveying, geotechnical, and environmental support, all as more specifically set forth in the Financing Plan, Construction Schedule, Project Plan, the Development Agreement, and/or any other agreement or future agreement related to the Project (as defined herein).
12. "Project Costs" means the items set forth and described in Section 311.002(1) of the Act (which may be amended from time to time), which are included in the Project Plan. The Project Costs include public infrastructure improvements and related capital costs including: fees (platting, drainage impact, water impact, and sewer impact), surveying and engineering, geo-technical, architect, storm water pollution prevention plan, streets, drainage, water, non-potable water, sewer, dry utilities, streetscape, linear parks, parks/plazas, construction management, and contingency. The Project Costs for public improvements made by the Developer are estimated at five hundred one million four hundred forty-one thousand six hundred sixty-nine dollars (\$501,441,669.00) for the life of the TIRZ.
13. "Project Plan" means the Final Project Plan for the TIRZ as adopted by the Board on the 19th day of November, 2008 and by the City Council on the 20th day of November, 2008, and as amended.
14. "Tax Increment" means the total amount of ad valorem taxes levied and collected each year by a Participating Taxing Entity on the Captured Appraised Value of taxable real property in the TIRZ. The Parties also acknowledge and agree that this Agreement is entered into subject to the rights of the holders of any outstanding bonds of the River Authority, and the River Authority is not obligating any portion of the River Authority's funds which are dedicated to any outstanding bond indebtedness.

15. "Tax Increment Base" has the meaning assigned by section 311.012 of the Texas Tax Code, and means the total appraised value of all real property taxable by a Participating Taxing Entity and located in the TIRZ as of January 1, 2007, the year in which the TIRZ was designated.
16. "Tax Increment Fund" means the tax increment fund created by the City for the deposit of Tax Increments for the TIRZ, entitled "Reinvestment Zone Number Twenty-Eight (28), City of San Antonio, Texas Tax Increment Fund."
17. "Tax Increment Payment" means the amount of the Tax Increment that a Participating Taxing Entity agrees to deposit annually into the Tax Increment Fund in accordance with this Agreement, the Project Plan and the Finance Plan.
18. "TIRZ" means Reinvestment Zone Number Twenty-Eight (28), City of San Antonio, Texas, created by the City on December 6, 2007, by Ordinance No. 2007-12-06-1257.

III. BACKGROUND

A. City Action

On September 6, 2007 the City Council approved a Memorandum of Understanding as part of Ordinance 2007-09-06-0947 that expressed the City's intent to investigate the creation of a tax increment reinvestment zone in accordance with Chapter 311, Texas Tax Code, to support development of the Project. On December 6, 2007, the City Council of the City passed and approved Ordinance No. 2007-12-06-1257, which created the TIRZ. On June 19, 2008, the City further resolved to participate in the financing of public improvements in Tax Increment Reinvestment Zone Number Twenty-Eight, City of San Antonio, Texas through Resolution No. 2008-06-19-0031R.

B. TIRZ Location

The TIRZ is located in the southern sector of the City of San Antonio, abutting Interstate Highway SW Loop 410, including the Palo Alto College campus and some adjacent parcels north of Loop 410, as well as, 2,700 acres south of Loop 410 bounded on the west by Zarzamora Road, on the east by Pleasanton Road and/or the Missouri Pacific Railroad right of way, and by Mauremann Road to the south. The TIRZ is in parts of four Independent School Districts: Harlandale, South San Antonio, Southside, and Southwest and encompasses approximately 3,100 acres or 4.8 square miles.

C. TIRZ Value

After the 2008 expansion of the TIRZ, the Tax Increment Base for the Zone as determined by the Bexar Appraisal District is forty-six million five hundred sixty-four thousand three

hundred twelve dollars (\$46,564,312.00) and the projected Captured Appraised Value net of exemptions of all the taxable real property in the Zone at the end of the Agreement Term is estimated to be three billion three hundred twenty million nine hundred thirty-three thousand thirty-four dollars (\$3,320,933,034.00).

D. TIRZ Phasing and Duration

The Project includes the construction of approximately 2,542 single-family detached homes, 3,375 multi-family units, 1,021 condominiums or town homes, and 5,977,200 square feet of commercial development. Construction will be carried out in thirteen (13) phases as specified in the Development Agreement. The TIRZ is projected to terminate on September 30, 2037.

E. Mutual Agreement

The City and the River Authority agree to participate in the TIRZ, and to deposit their respective Tax Increment Payments to the Tax Increment Fund, in accordance with the terms, and in consideration of the agreements, set forth herein. The River Authority hereby acknowledges receipt of notice of the initial creation of the TIRZ. No Tax Increment Payment contributed by the River Authority will be used to reimburse the Alamo Community College District for either the reconstruction of Villaret Boulevard or new entry signage for Palo Alto College.

The Parties hereto agree that the Project does not include the issuance of tax increment bonds. The Parties hereto further agree that no tax-supported public debt instrument will be issued by any Participating Taxing Entity or the Board to finance any costs or improvements of the Project with the exception of City issued certificates of obligation as authorized under Ordinances 2007-12-06-1258 and 2008-11-20-1017 to reimburse Developer for design and construction of certain public improvements within the TIRZ, as more specifically detailed in the Developer Participation Contract for North-South Connector Road Construction Project entered into and effective as of December 1, 2008 providing for University Way (the north/south boulevard). Further the City anticipates entering into a future funding agreement with the Developer for the major thoroughfare street running east/west, only to the extent there is an unused balance in the fourteen million five hundred thousand dollars (\$14,500,000.00) of the certificates of obligation initially issued for University Way, as the City will not issue any additional tax supported debt for the Project.

IV. RIGHTS AND OBLIGATIONS OF THE RIVER AUTHORITY

A. Tax Increment Participation by the River Authority

1. Subject to the limitations set out in this Agreement, the River Authority agrees to participate in the TIRZ by contributing to the Tax Increment Fund sixty percent (60%) of

its respective Tax Increment for each tax year, beginning with the 2008 tax year, and ending with the 2036 tax year.

2. The Parties agree that the River Authority's contribution to the Tax Increment Fund shall only be used to fund public improvements to support the development and revitalization efforts in the TIRZ, limited to eligible Project Costs. The River Authority's contributions to the Tax Increment Fund shall end when it has contributed the maximum total contribution provided for herein, on the TIRZ termination date of September 30, 2037, or upon termination of this Agreement, whichever occurs first. Notwithstanding anything herein to the contrary, the total River Authority Tax Increment Payments to the Tax Increment Fund shall not exceed five million one hundred twenty-five thousand eight hundred ninety-two dollars (\$5,125,892.00).

B. Tax Increment Payment

1. The River Authority's obligation to contribute its Tax Increment Payment to the Tax Increment Fund, as provided in Article IV, Paragraph A.1 of this Agreement, shall accrue as the River Authority collects its Tax Increment. The Parties hereto agree that all real property taxes collected each year by the River Authority that are attributable to real property in the TIRZ shall first constitute taxes on the Tax Increment Base and after the total amount of taxes on the Tax Increment Base have been collected, shall then, except as may be excepted herein, constitute the Tax Increment. The River Authority agrees to deposit its Tax Increment Payments to the Tax Increment Fund on or before April 15 and September 15 (or the first business day thereafter) of each year. The amount of each Tax Increment Payment shall be based on the Tax Increments that were received by the River Authority, and not previously deposited, during the semi-annual periods preceding each deposit date. (For example, the deposit on September 15, 2009 shall be for Tax Increment received from January 1, 2008, and not previously deposited, through June 30, 2009.)
2. Upon request by the River Authority, the City shall provide the River Authority an updated fact sheet that includes detail as to what portion of the Project has been completed, a schedule of what portion of the Project is to be completed in the following year and a current roster of the TIRZ board members, including the term of each board member, the entity that appointed the board member and the date for the annual meeting. The update shall also include a summary of requests for reimbursements that have been submitted to the City, and a report showing Board or City approved expenses. Also prior to the River Authority's payment, the City shall provide a statement of Tax Increment Fund activity, including a tally of requests for reimbursement, City and Board approved payments, payments not approved by the City or the Board, outstanding balance due, or if the maximum contribution has been reached, the pro-rata balance due to each Participating Taxing Entity.
3. In the event there is a conflict between the Parties in regards to the amount of the Tax Increment owed by the River Authority, the Parties agree that the River Authority will make a reasonable determination as to the amount of any Tax Increment owed by the

River Authority under this Agreement and the River Authority will be responsible for reasonably determining which tax collections will be apportioned for purposes of determining the River Authority's Tax Increment. The annual total appraised value of all real property taxable by the River Authority located in the TIRZ shall be determined through an independent third-party verification obtained from the Bexar Appraisal District. For the City, the City Tax Assessor will verify taxes levied and collected in regards to the property contained within the TIRZ.

4. The Parties expressly agree that the River Authority shall not owe any penalty or interest on Tax Increments that have been levied, but not received, by the River Authority. In addition, the River Authority shall not be obligated to contribute its Tax Increment Payments from any non-Tax Increment revenue source. Furthermore, the River Authority shall not be obligated to contribute its Tax Increment Payment to the Tax Increment Fund if any Participating Taxing Entity, other than the River Authority, discontinues its required contribution (except as otherwise agreed to in this Agreement) or fails to fully contribute its entire contribution to the Tax Increment Fund during the term of this Agreement unless the discontinuance is in compliance with and authorized by a written amendment to this Agreement.
5. The City and the Board agree to the extent permitted by law to comply with the Project Plan and any development agreements. The City and the Board agree to provide prior written notice to all Participating Taxing Entities of any proposed change to the Construction Schedule or any substantial change in the Project which might affect water quality (such as substantial changes in impervious/pervious ground cover, stormwater runoff, development density, etc.) ("Notice") and such Notice shall indicate whether a proposed change constitutes a Material Change as defined herein. The Participating Taxing Entities shall have a period of thirty (30) calendar days from the date of receipt of Notice to provide comment(s) and objection(s) to the proposed change and:

(a) for non-Material Changes, the Parties will attempt to address any written objections or comments raised during the thirty (30) calendar day review period. At the conclusion of the thirty (30) calendar day review period, the Construction Schedule may be amended by approval of the Board and the City, as evidenced by an agreement in writing between the Board and the Director.

(b) for Material Changes, if there are no written objections or comments during the thirty (30) calendar day review period from any Participating Taxing Entity, the Construction Schedule may be amended by approval of the Board and the City, as evidenced by an agreement in writing between the Board and the Director. If a Participating Taxing Entity provides written notice to the City that it objects to the proposed material change and the objection, as set out in the notice, is not resolved within forty-five (45) business days from the date of such notice and the City approves such Material Change, then the Participating Taxing Entity providing the objection may thereafter discontinue its Tax Increment Payments and terminate its participation in the TIRZ.

The absence of written objections or comments by a Participating Taxing Entity to the City shall constitute approval of the proposed change by that Participating Taxing Entity.

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

C. School District Provisions

The River Authority understands that the Project is located in parts of four (4) different Independent School Districts: Harlandale, South San Antonio, Southside and Southwest. The River Authority further understands that no school district is participating in the TIRZ.

D. Management of the TIRZ

1. The City is the only Participating Taxing Entity with any responsibility for managing or administering the TIRZ. The Participating Taxing Entities, during the term of this Agreement, may inspect the Project site and review Project plans and drawings upon reasonable notice.
2. The Board shall be composed of thirteen (13) members, as provided by Section 311.0091(c) of the Texas Tax Code. Accordingly, the River Authority shall have the right to appoint one (1) member to the Board.

E. Expansion of the TIRZ

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

V. RIGHTS AND OBLIGATIONS OF CITY AND BOARD

A. Tax Increment Participation by City

1. Subject to the limitations set out in this Agreement, the City agrees to participate in the TIRZ by contributing to the Tax Increment Fund seventy five percent (75%) of the City's Tax Increment for each tax year beginning with the 2008 tax year and ending with the 2036 tax year.

2. The Parties agree that the City's contribution to the Tax Increment Fund shall be used to fund public improvements to support the development and revitalization efforts in the TIRZ, limited to eligible Project Costs. The City's contributions to the Tax Increment Fund shall end when the City has contributed the maximum total contribution provided for herein or on the TIRZ termination date of September 30, 2037, whichever occurs first. Notwithstanding anything herein to the contrary, the total City Tax Increment Payments to the Tax Increment Fund shall not exceed one hundred thirty-five million dollars (\$135,000,000.00) in the aggregate.

B. Tax Increment Payment

1. The City's obligation to contribute its Tax Increment Payment to the Tax Increment Fund as provided above in Article V, paragraph A.1 of this Agreement shall accrue as the City collects its Tax Increment. The City agrees to deposit its Tax Increment Payment to the Tax Increment Fund on or before April 15 and September 15 (or the first business day thereafter) of each year. Except, the amount of the first Tax Increment Payment shall be based on the Tax Increment that were received from January 1, 2008 through January 31, 2009. The amount of each subsequent Tax Increment Payment shall be based on the Tax Increments that were received by the City, and not previously deposited, during the semi-annual periods preceding each deposit date (For example, the deposit on September 15, 2009 shall be for Tax Increments received, and not previously deposited, through June 30, 2009.)
2. The Parties expressly agree that the City shall not owe any penalty or interest on Tax Increments that have been levied, but not received by the City. In addition, the City shall not be obligated to contribute its Tax Increment Payment from any non-Tax Increment revenue sources.
3. The Parties agree that payment for the performance of governmental functions or services under this Agreement shall only be made from current revenues available to the paying Party. In other words, a Party is not obligated to perform said services or functions if said Party lacks current revenues to pay for said services or functions.
4. With the exception of City issued certificates of obligations as authorized under Ordinances 2007-12-06-1258 and 2008-11-20-1017 to reimburse Developer for design and construction of certain public improvements within the TIRZ, the City shall not have any obligation or responsibility for any costs or expenses associated with the development of the TIRZ or the implementation of the Project Plan, including, without limitation, any obligation to pay or repay any debt issued by another Participating Taxing Entity, the TIRZ, or Board relating to the TIRZ or any costs associated with the operation of the TIRZ, the Project, or any other projects relating thereto.

C. Financing of Project Costs

Each Participating Taxing Entity shall participate in the payment of Project Costs only to the extent described herein. The City and the Board shall be entitled to enter into any other agreements to pay Project Costs and other reasonable expenses from the Tax Increments paid into the Tax Increment Fund by the City without the consent of any other Participating Taxing Entity, but will provide written notice of such agreement(s) when entered into (and upon written request, will provide copies of such agreement(s) and all applicable exhibits) to each Participating Taxing Entity. However neither the Board nor the City shall ever use any Tax Increment Payments contributed by a Participating Taxing Entity, other than that contributed by the City, to make payments on bonds, certificates of obligations, or other similar debt instruments without the prior written authorization by and consent of all Participating Taxing Entities.

D. Disbursement of Funds in the Tax Increment Fund

1. Each Participating Taxing Entity agrees that the City shall administer the Tax Increment Fund on behalf of the Board, pursuant to Ordinance No. 94468, passed and approved by the City Council on August 30, 2001. No funds shall be disbursed from the Tax Increment Fund without the prior written approval of the Board and the City; EXCEPT if the City or the River Authority is entitled to reclaim funds pursuant to Article X of the Development Agreement, then no approval is necessary.
2. The Parties agree that the City and the Board may, to the extent funds are available in the Tax Increment Fund and to the extent allowed by law, use such funds to reimburse the City and the River Authority for their Administrative Costs, if the City and the River Authority provide an invoice for Administrative Costs with their requests to the Board for reimbursement. If it is determined during the term of this Agreement that reimbursement of Administrative Costs is not allowed under law, the Parties agree that the Board shall set the amount which the City and the River Authority may withhold as Administrative Costs from their respective Tax Increment Payment based on the best evidence available to the Board to make such projections, including but not limited to invoices reflecting Administrative Costs incurred by the City and the River Authority. The Parties agree and understand that Administrative Costs, in the aggregate, may exceed the amount set out and described in Article II, paragraph 1 of this Agreement because Administrative Costs for the City may escalate in relation to the Consumer Price Index as noted in the Financing Plan.
3. The River Authority further agrees that the City and the Board may disburse funds in the Tax Increment Fund to pay expenditures in the following order or priority of payment:
 - (i) to fully reimburse eligible startup Administrative Costs incurred by each Participating Taxing Entity;

- (ii) to pay all other ongoing Administrative Costs to the Participating Taxing Entities for administering the Tax Increment Fund and/or the TIRZ, except that if there are insufficient funds for the full reimbursement of ongoing Administrative Costs to the Participating Taxing Entity, then the ongoing Administrative Costs of each Participating Taxing Entity shall be reimbursed on a pro rata basis based on each Participating Taxing Entity's level of participation in the TIRZ;
- (iii) to reimburse the City for costs of repair, replacement, or re-construction of public infrastructure and associated costs : 1) as described in Section 5.12 of the Development Agreement, and 2) those same costs as detailed in the District Development Agreement;
- (iv) to reimburse the City maintenance expenses, if any, pursuant to Article III of the Development Agreement;
- (v) to reimburse a Participating Taxing Entity under any reclaim of funds pursuant to Article X of the Development Agreement;
- (vi) to reimburse the Alamo Community College District for public improvements as provided in the District Development Agreement and in the Project Plan in accordance with the limitations set forth in this Agreement;
- (vii) to reimburse the City \$5,500,000.00 in the event the Texas A&M University System (TAMUS) announces it will not build TAMU-SA or the TAMU-SA site reverts to its donor in accordance with the controlling Memorandum of Understanding; and
- (viii) to reimburse Developer for public improvements as provided in the Development Agreement and in the Project Plan to the extent that funds in the Tax Increment Fund are available for this purpose.

The foregoing notwithstanding, no funds will be paid from the Tax Increment Fund to a Participating Taxing Entity for its financial or legal services in any dispute arising under this Agreement with another Participating Taxing Entity or Participating Taxing Entities.

VI. TERM AND TERMINATION

A. Agreement Term and Termination

This Agreement shall become effective as of the last date of execution by the Parties hereto, and shall remain in effect until September 30, 2037, unless earlier terminated as provided herein. Subject to the terms of this Agreement, the River Authority agrees to participate under this Agreement, beginning with the 2008 tax year and ending in accordance with the terms provided herein. The Parties agree and understand that Tax Increment Payments will

not be made after September 30, 2037, as set out in Article IV, paragraph A.2 and Article V, paragraph A.2 of this Agreement.

B. Early Termination

1. The City may terminate the TIRZ for any of the reasons listed in the Development Agreement. The termination of the Development Agreement also terminates this Agreement. No Party shall be required to pay any Tax Increment into the Tax Increment Fund of the TIRZ unless the conditions of Section 311.013(d) of the Act are met. Either party may terminate this Agreement for a breach of contract.
2. After giving any required notice, with subsequent failure to cure as provided for below, the River Authority may terminate its participation in the TIRZ and shall not be required to deposit any further Tax Increment Payment into the Tax Increment Fund as required by this Agreement if: (i) a Party breaches a term, covenant, condition or representation contained in this Agreement; (ii) the River Authority determines that a breach of a term, covenant, condition or representation contained in the Development Agreement has occurred; (iii) the City and/or TIRZ Board declares that a breach of a term, covenant, condition or representation contained in the Development Agreement has occurred; (iv) pursuant to Article IV, paragraph B.4 of this Agreement; or (v) a Party to this Agreement or the Development Agreement initiates, pursues or otherwise engages in litigation or any type of adversarial proceeding related to the TIRZ and against or involving the River Authority.
3. Prior to terminating its participation in the TIRZ, the River Authority shall provide written notice to the Developer, the TIRZ Board and any other Participating Taxing Unit still contributing Tax Increment Payments, stating its intent to terminate its participation in the TIRZ and detailing its objection(s) or concern(s). If the objection and/or concern as set out in the River Authority's notice is not resolved within ninety (90) calendar days from the date of such notice, then the River Authority may terminate its participation in the TIRZ.

C. Disposition of Tax Increments

Upon expiration or termination of the TIRZ, any money remaining in the Tax Increment Fund shall be paid to the Participating Taxing Entities on a pro rata basis in accordance with Section 311.014(d) of the Act, in the order of priority described above. In addition, any payments returned to the City by a developer pursuant to a development agreement shall also be distributed to Participating Taxing Entities on a pro rata basis.

VII. MISCELLANEOUS

A. Understanding

1. Any and all costs incurred by the Developer are not, and shall never become, general obligations or debts of any Participating Taxing Entity. Any and all costs incurred by the Alamo Community College District are not, and shall never become, general obligations or debts of any other Participating Taxing Entity. The eligible public improvement infrastructure costs incurred by a developer shall be payable solely from the Tax Increment Fund in the manner and priority provided in this Agreement and only to the extent that tax increment funds become available. The Parties agree and understand that under no circumstance shall the eligible costs exceed the maximum specified in the Project Plan nor shall the River Authority ever be required to contribute Tax Increment in excess of its stated maximum contribution. No Participating Taxing Entity shall be obligated above and beyond what is actually collected as tax increment funds.
2. The City and the Board each represent that the Developer and the River Authority understand and agree that:
 - (a) the Project Plan does not forecast sufficient tax revenues in the Tax Increment Fund to reimburse either the Developer for all their estimated contributions or costs; and
 - (b) the City, per the Development Agreement, will only process payments to the Developer based on submittal of receipts per phase or plat, as defined in the Development Agreement. The City will not recommend approval of Developer reimbursement for a plat or phase until the phase or plat is complete in its entirety and Developer has submitted all the required paperwork relevant to that specific phase or plat

B. Severability

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

C. Entire Agreement

This Agreement, which shall include the Project Plan, Financing Plan, and the Development Agreement as incorporated hereinabove, merges the prior negotiations and understandings of the Parties hereto and embodies the entire agreement of the Parties. There are no other agreements, assurances, conditions, covenants (express or implied), or other terms with respect to the covenants, whether written or verbal, antecedent or contemporaneous, with the execution thereof.

D. Written Amendment

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

E. Notices

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

CITY

Sheryl Sculley
City Manager
City of San Antonio
100 Military Plaza
San Antonio, Texas 78205
Re: Verano TIRZ

RIVER AUTHORITY

Suzanne B. Scott
General Manager
San Antonio River Authority
100 E. Guenther
San Antonio, Texas 78204
Re: Verano TIRZ

With copies to:

David G. Garza
Director
Housing and Neighborhood Services
and Development Programs
1400 So. Flores St.
San Antonio, Texas 78204
Re: Verano TIRZ

David W. Ross,
Counsel for the River Authority
Law Offices of Ralph Brown
2008 NW Military Highway
San Antonio, Texas, 78213
Re: Verano TIRZ

Sharon Huber-McCoy
Director of Finance and Administration
San Antonio River Authority
100 E. Guenther
San Antonio, Texas 78204
Re: Verano TIRZ

And:

BOARD

Presiding Officer/Chairperson
"Reinvestment Zone Number Twenty-Eight,
City of San Antonio, Texas"
c/o Housing and Neighborhood Services Department
1400 So. Flores St.
San Antonio, Texas 78204

2. All notices required or permitted hereunder shall be in writing and shall be deemed delivered the earlier of (i) when actually received by personal delivery or facsimile if received during normal business hours and on the next business day if received after normal business hours; or (ii) on the third business day following deposit in a United States Postal Service post office or receptacle with proper postage affixed; or (iii) on the date of receipt if mailed by certified mail, return receipt requested, addressed to the respective other Party at the address prescribed in Article VII, paragraph E.1 of this Agreement, or at such other address as the receiving Party may have theretofore prescribed by notice to the sending Party.

F. Non-Waiver

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

G. Assignment

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

H. Successors

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

I. Project Plan

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

J. No Waiver of Immunity

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

K. Access to Financial Information

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

L. Development Agreements

1. The City, Bexar County, and the Board have entered into a written Development Agreement with the Developer related to the Project and may enter into future development agreements. The City hereby represents that it will enforce the provisions of the Development Agreement, as required, including, to the extent contained in the Development Agreement, the Developer's compliance with (i) applicable building codes and ordinances, including but not limited to flood, subdivision, building, electrical, plumbing, fire, and life safety codes and ordinances, as amended; all applicable federal, state, and local laws, rules, regulations, statutes, ordinances, orders, and codes, as amended; and rules and codes that govern development over the Edwards Aquifer Recharge Zone (if applicable); (ii) the 2006 Tax Increment Financing Policy and Implementation Manual and the Construction Schedule, as may be amended; and (iii) to the extent applicable, competitive bidding processes, payment of prevailing wages, payment and performance bonding procedures and use of minority/small businesses. The City and the Board agree to provide the River Authority with a copy of any notice that is delivered or sent to any Party under this Agreement or the any development agreement as soon as reasonably practical.

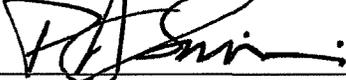
2. For any City-controlled construction contracts for new development or public improvements in the TIRZ advertised for bid after the effective date of this Agreement, the City agrees that, to the extent allowed by law, it will include in the bid specifications for said construction contracts a statement encouraging both general contractors and subcontractors to provide access to some form of affordable basic health insurance for permanent fulltime employees and their dependents.

M. TIRZ Designation

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

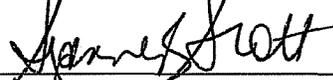
IN WITNESS HEREOF, THE CITY OF SAN ANTONIO; SAN ANTONIO RIVER AUTHORITY; AND REINVESTMENT ZONE NUMBER TWENTY-EIGHT (28), CITY OF SAN ANTONIO, TEXAS have made and executed this Agreement in triplicate originals on the date of the last signature below.

CITY OF SAN ANTONIO



For Sheryl Sculley
City Manager
Date: _____

SAN ANTONIO RIVER AUTHORITY



Suzanne B. Scott
General Manager
Date: 4/30/09

ATTEST/SEAL:

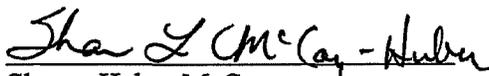
Leticia M. Vacek
City Clerk
Date: _____

ATTEST/SEAL:



Date: 5-14-09

APPROVED AS TO FINANCIAL CONTENT BY THE RIVER AUTHORITY:


Sharon Huber-McCoy
Director of Finance and Administration
San Antonio River Authority
Date: 4/29/09

APPROVED AS TO FORM:

APPROVED AS TO FORM:

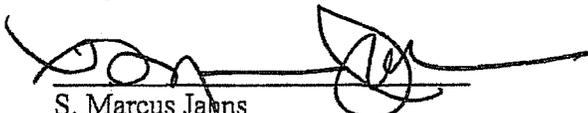
for Agenda Note
Michael D. Bernard
City Attorney

Date: 21 May 2009


David W. Ross
Attorney for San Antonio River Authority

Date: 4-28-09

BOARD OF DIRECTORS
Verano TIRZ


S. Marcus Jahns
Presiding Officer, Board of Directors
Date: _____

THE STATE OF TEXAS

§ VERANO TIRZ

COUNTY OF BEXAR

§

§ SAN ANTONIO RIVER AUTHORITY

SECOND AMENDMENT TO AGREEMENT

THIS AGREEMENT (the "Agreement") is made by and between the **CITY OF SAN ANTONIO, TEXAS** (hereafter referred to as "City"), a Texas Municipal Corporation, acting through its City Manager pursuant to Ordinance No. 2008-11-20-1016 passed and approved by the City Council on the 20th day of November, 2008, the **SAN ANTONIO RIVER AUTHORITY** (hereafter referred to as "River Authority"), a political subdivision of the State of Texas, acting through its General Manager pursuant to authority granted by the Board of Directors of the San Antonio River Authority on the 20th day of August, 2008, and by the **BOARD OF DIRECTORS FOR TAX INCREMENT REINVESTMENT ZONE NUMBER TWENTY-EIGHT, CITY OF SAN ANTONIO, TEXAS** (hereafter referred to as "the Board") on the 25th day of March, 2009, a reinvestment zone created by the City pursuant to Chapter 311, Texas Tax Code (hereafter referred to as "the Act"). The City, the River Authority, and the Board may be referred to singularly as a "Party" or collectively as "Parties." This Agreement is made pursuant to Chapter 311, Texas Tax Code for the participation of the City and the River Authority in the Verano Tax Increment Reinvestment Zone.

NOW THE FOLLOWING AMENDMENT TO THE Agreement is made by and between the City, acting through its City Manager pursuant to Ordinance No. 2010-06-24-0621 passed and approved by the City Council on the 24th day of June, 2010, the River Authority, acting through its General Manager pursuant to authority granted by the Board of Directors of the San Antonio River Authority on the 20th day of August, 2008, and by the Board on the 9th day of June 2010.

RECITALS:

WHEREAS, by Ordinance Number 2007-12-06-1257, dated December 6, 2007, the City created Reinvestment Zone Number Twenty-Eight (the "TIRZ") in accordance with the Act, to promote development and redevelopment within the TIRZ through the use of tax increment financing, in which development and redevelopment would not otherwise occur solely through private investment in the reasonably foreseeable future, and established a Board of Directors for the TIRZ, and authorized the Board to exercise all the rights, powers, and duties as provided to such boards under the Act; and

WHEREAS, pursuant to said authority above, the Board, the City and the River Authority each hereby enters into a binding agreement with the others to develop and/or redevelop the TIRZ as specified in the Project Plan, Financing Plan, the Development Agreement, and the District Development Agreement; and

WHEREAS, the Parties seek consistency between the Project Plan, the Financing Plan, the Development Agreement, the District Development Agreement, and the other two Interlocal Agreements necessary for advancement of the Project;

NOW, THEREFORE, in consideration of the mutual promises, covenants, obligations, and benefits contained in the Agreement, the City, the Board, and the River Authority hereby agree to amend the Agreement as follows except as herein modified or amended, the recitals, provisions, conditions and terms of the Agreement are hereby ratified and confirmed and shall remain in full force and effect as of the date thereof;

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

Eliminate the text of Article V Paragraph D.3 and replace with the following text:

The Parties agree that the City's contribution to the Tax Increment Fund shall be used to fund public improvements to support the development and revitalization efforts in the TIRZ, limited to eligible Project Costs. The City's contributions to the Tax Increment Fund shall end when the City has contributed the maximum total contribution provided for herein or on the TIRZ termination date of September 30, 2037, whichever occurs first. Notwithstanding anything herein to the contrary, the total City Tax Increment Payments to the Tax Increment Fund shall not exceed one hundred thirty-eight million seven hundred thousand dollars (\$138,700,000.00) in the aggregate.

Eliminate the text of Article V Paragraph D.3 and replace with the following text:

The River Authority further agrees that the City and the Board may disburse funds in the Tax Increment Fund to pay expenditures in the following order or priority of payment:

- (i) to fully reimburse eligible startup Administrative Costs incurred by each Participating Taxing Entity;
- (ii) to pay all other ongoing Administrative Costs to the Participating Taxing Entities for administering the Tax Increment Fund and/or the TIRZ, except that if there are insufficient funds for the full reimbursement of ongoing Administrative Costs to the Participating Taxing Entity, then the ongoing Administrative Costs of each Participating Taxing Entity shall be reimbursed on a pro rata basis based on each Participating Taxing Entity's level of participation in the TIRZ;

- (iii) to reimburse the City for costs of repair, replacement, or re-construction of public infrastructure and associated costs: 1) as described in Section 5.12 of the Development Agreement, and 2) those same costs as detailed in the District Development Agreement;
- (iv) to reimburse the City maintenance expenses, if any, pursuant to Article III of the Development Agreement;
- (v) to reimburse a Participating Taxing Entity under any reclaim of funds pursuant to Article X of the Development Agreement;
- (vi) to reimburse the Alamo Community College District for public improvements as provided in the District Development Agreement and in the Project Plan in accordance with the limitations set forth in this Agreement;
- (vii) to reimburse the San Antonio Water System for water and wastewater infrastructure and related impact fees due the San Antonio Water System under its Utility Service Agreement with the Developer as recognized by the City, the Board, the San Antonio Water System and the Developer in the Consent Agreement executed pursuant to Ordinance No. 2009-08-20-0662;
- (viii) to reimburse the City up to one million eight hundred eighty-five thousand dollars (\$1,885,000.00) for the value of the Zachry Parcel conveyed to the District at a maximum rate of \$1,000,000.00 per year should the District choose not to reconstruct Villaret Boulevard by October 1, 2018 ; and
- (ix) to reimburse Developer for public improvements as provided in the Development Agreement and in the Project Plan to the extent that funds in the Tax Increment Fund are available for this purpose.

The foregoing notwithstanding, no funds will be paid from the Tax Increment Fund to a Participating Taxing Entity for its financial or legal services in any dispute arising under this Agreement with another Participating Taxing Entity or Participating Taxing Entities.

IN WITNESS HEREOF, THE CITY OF SAN ANTONIO; RIVER AUTHORITY; AND REINVESTMENT ZONE NUMBER TWENTY-EIGHT (28), CITY OF SAN ANTONIO, TEXAS have made and executed this amendment to the original Agreement in triplicate originals on the date of the last signature below.

CITY OF SAN ANTONIO

[Signature]
Sheryl Sculley
City Manager
Date: _____

SAN ANTONIO RIVER AUTHORITY

[Signature]
Suzanne B. Scott
General Manager
Date: 8/16/10

ATTEST/SEAL:

[Signature]
Leticia M. Vacek
City Clerk
Date: 7-30-10



ATTEST/SEAL:

[Signature]
Date: 8-16-10



APPROVED AS TO FINANCIAL CONTENT BY THE RIVER AUTHORITY:

[Signature]
for Sharon Haber-McCoy
Director of Finance and Administration
San Antonio River Authority
Date: 8/16/10

APPROVED AS TO FORM:

[Signature]
for Michael D. Bernard
City Attorney
Date: 7/16/2010

APPROVED AS TO FORM:

[Signature]
David W. Ross
Attorney for San Antonio River Authority
Date: 8-16-10

BOARD OF DIRECTORS
Verano TIRZ

[Signature]
Marcus Jahn
Presiding Officer, Board of Directors
Date: 7/30/2010

EXHIBIT E

NOW THEREFORE, in consideration of the mutual promises, covenants, obligations, and benefits contained in the Agreement, the City, the Board, and the Alamo Colleges hereby agree to amend the Agreement as follows except as herein modified or amended, the recitals, provisions, conditions and terms of the Agreement are hereby ratified and confirmed and shall remain in full force and effect as of the date hereof:

AMENDMENT

1. Amendment. The Parties hereby mutually agree to amend the Agreement as follows:

(A) Under “**AGREEMENT**”, the Agreement is amended by deleting the first paragraph and replacing it with the following:

“**THIS INTERLOCAL AGREEMENT** (“the Agreement”), pursuant to Ordinance No. 2010-06-24-0621 passed and approved by the City Council on the 24th day of June, 2010, and subsequently amended the Agreement pursuant Ordinance No. 2016-__-__-__, passed and approved by the City Council on the ___ day of ____, 2016, is made by and between the **CITY OF SAN ANTONIO, TEXAS** (hereafter referred to as “City”), a Texas Municipal Corporation, acting through its City Manager or her designee, **ALAMO COMMUNITY COLLEGE DISTRICT** (hereafter referred to as “Alamo Colleges”), a political subdivision of the State of Texas, acting through its Board of Trustees on the 23rd day of August, 2010, and for the amendment approved on the ___ day of ____, 2016, and by the **BOARD OF DIRECTORS FOR TAX INCREMENT REINVESTMENT ZONE NUMBER TWENTY-EIGHT, CITY OF SAN ANTONIO, TEXAS** (hereafter referred to as “Board”) on the 5th day of December, 2008 and for the amendment on the ___ day of ____, 2016, a reinvestment zone created by the City pursuant to Chapter 311, Texas Tax Code (hereafter referred to as “the TIF Act”). The City, the Alamo Colleges, and the Board may be referred to singularly as a “Party” or collectively as “Parties.” This Agreement is made pursuant to Chapter 311, Texas Tax Code for the participation of the City and the Alamo Colleges in the Verano TIRZ.”

(B) Under “**RECITALS**” the Agreement is amended by deleting the first, and second WHEREAS lines and substituting the following in its place respectively:

“**WHEREAS**, by Ordinance Number 2007-12-06-1257, dated December 6, 2007, the City created Reinvestment Zone Number Twenty-Eight (the “TIRZ”) in accordance with the Act, and subsequently extended the boundary of the TIRZ and the term by Ordinance Number 2008-11-20-1016 and by Ordinance Number 2016-__-__-__ respectively, to promote development and redevelopment within the TIRZ through the use of tax increment financing, in which development and redevelopment would not otherwise occur solely through private investment in the reasonably foreseeable future, and established a Board of Directors for the

TIRZ, and authorized the Board to exercise all the rights, powers, and duties as provided to such boards under the Act; and

“WHEREAS, the Board and the Alamo Colleges support the City in development activities within the TIRZ, and the Alamo Colleges intends to participate in the TIRZ by contributing fifty percent (50%) of the maintenance and operations portion of its respective Tax Increments for tax years 2008-2036 up to a total of Fifteen Million Dollars (\$15,000,000.00).”

(C) Under Article I, Subsection B., “Parts Incorporated”, the Agreement is amended by deleting subsection 4 and adding the following:

“4. The Development Agreement between the City, the County, the Developer, and the Board, approved and all subsequent amendments and future amendments approved by City Ordinances Nos. 2008-11-20-1016, and 2010-06-24-0621, and Ordinance No. 2016-__-__-__ and effective on the __ day of _____ 2016.”

(C-1) Under Article I, Subsection B., “Parts Incorporated”, the Agreement is amended adding a subsection 5 as follows:

“5. City of San Antonio Ordinance No. 2016-__-__-__, dated _____, 2016, which extended the term of the TIRZ, and adopted the amended Project and Financing Plans.”

(D) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting the third, fourth and fifth lines of subsection 1., and Subsection A and B, and substituting the following in its place respectively:

“The initial startup Administrative Cost for the City is Twenty-eight thousand two hundred and seventy-nine and forty-seven cents (\$28,279.47) of which the City has received and Alamo Colleges have agreed to waive its initial startup Administrative Costs as well as its annual Administrative Costs until Fiscal Year 2016.”

“The Parties also agree that the ongoing annual Administrative Costs for the City and the Alamo Colleges starting in Fiscal Year 2016 shall be as follows:

“A. The City: (\$120,000.00) per year

“B. The Alamo Colleges: (\$344.83) per year

“The total Administrative Costs including City startup Administrative Costs to be paid out of the Tax Increment Fund to the City and the Alamo Colleges are estimated to be Three Million Six Hundred and Thirty-Five Thousand Eight Hundred and Sixty-Five Dollars and Seventy-Three Cents (\$3,635, 865.73) in the aggregate for the life of the TIRZ.”

(E) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 2, and substituting the following in its place:

“The “Board” means the Board of Directors of the TIRZ established to manage, and/or operate the TIRZ pursuant to Sections 311.0091 and 311.010 of the Act, as well as to implement the Project, as described in City of San Antonio Ordinance No. 2007-12-06-1257, dated December 6, 2007, as amended by Ordinance No. 2008-11-20-1016, dated November 20, 2008, and as amended by Ordinance No. 2016-__-__-_____.

(F) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 5, and substituting the following in its place:

““The Developer’ means Verano Land Group, LP”

(G) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 6, and substituting the following in its place:

““The Development Agreement’ means the agreement entered into between the City, Bexar County, the Developer and the Board which was approved by the Board on the 19th day of November, 2008, by the City Council on the 20th day of November, 2008, and by the County on the ___th day of December, 2008, the First Amendment to the Development Agreement approved by the Board on _____, by City Council on _____, and the County on _____, the Second Amendment to the Development Agreement approved by the Board on _____, by the City on _____, and the County on _____, and the Amended and Restated Development Agreement approved by the Board on _____, by City Council on _____, and by the County on _____.”

(H) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 7 in its entirety.

(I) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 8 in its entirety.

(J) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 10, and substituting the following in its place:

“Financing Plan’ means the Reinvestment Zone Financing Plan for the TIRZ as adopted by the Board on the 19th day of November and by the City Council on the 20th day of November, 2008, and as amended and approved by the Board on _____ and by the City Council on _____, the 2010 amended Financing Plan approved by the Board on _____ and the City Council on _____, the 2016 amended Financing Plan approved by the Board on _____ and the City Council on _____, and all future amendments as approved by the Board and the City.”

(K) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 12, and substituting the following in its place:

“Participating Taxing Entity” or “Participating Taxing Entities” means, singularly, a taxing unit participating in the TIRZ, and collectively, all taxing units participating in the TIRZ, and shall include the City, Bexar County, Alamo Colleges and the River Authority.”

(L) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 13, and substituting the following in its place:

“Project’ means a mixed-use community to be built on property within the TIRZ owned or controlled by the Developer based on the concept of a walkable, integrated urban village surrounding a major institution of higher learning and designed using Form-Based zoning in part. The Project is projected to include a town center, 2,500 multi-family apartment units, 2,461 single-family residences and 750 condominiums/townhomes within urban settings and master-planned hamlets. In addition, there are projected to be 925,000 square feet of office space, 665,000 square feet of retail, restaurants, and other commercial structures, a 1,225,000 square foot industrial area and 200,000 square feet of Institutional support structures including day care, active living facilities and assisted living centers. The project may include various sports facilities, trails, pocket parks and a linear park, all as described in more detail in the Project Plan. Public Improvements within the Project include streets, streetscapes, streetscape enhancements, drainage/retention, water, sewer, telecom, gas, non-potable water, drainage & detention facilities, streetlights, street signs, dry utilities, electric utilities, linear parks, parks/plazas, public parking garages, drainage, off site drainage, and associated engineering, surveying, geotechnical, architect/landscape, construction management, environmental review, storm water pollution plans, storm water pollution

prevention, park fees, planning/zoning fees, impact fees, sewer/water impact fees, and environmental support, and contingency, all as described in more detail in or contemplated by the Financing Plan and Construction Schedule or all other approved Project Costs as per the TIF Act.”

(M) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting the last sentence of subsection 14, and substituting the following in its place:

“The Project Costs for public improvements made by the Developer are estimated at Four Hundred and Fifty-Six Million Five Hundred and Twenty-Three Thousand Six Hundred and Twenty Two Dollars and Eighty-Three Cents (\$456,523,622.83) for the life of the TIRZ. The total Project Costs for public improvements including those public improvements made by the Developer are estimated at Four Hundred and Sixty-Four Million Eight Hundred and Forty-five Thousand One Hundred and Five Dollars and Thirty-Three Cents (\$464,845,105.33).”

(N) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 15, and substituting the following in its place:

“‘Project Plan’ means the Reinvestment Zone Project Plan for the TIRZ as adopted by the Board on the 19th day of November and by the City Council on the 20th day of November, 2008, and as amended and approved by the Board on _____ and by the City Council on _____ the 2010 amended Project Plan approved by the Board on _____ and the City Council on _____, the 2016 amended Project Plan approved by the Board on _____ and the City Council on _____, and all and all future amendments as approved by the Board and the City.”

(O) Under Article II, “DEFINITIONS”, the Agreement is amended by deleting subsection 20, and substituting the following in its place:

“TIRZ means Reinvestment Zone Number Twenty-Eight (28), City of San Antonio, Texas, created by the City on December 6, 2007, by Ordinance No. 2007-12-06-1257 and extended by the City on _____, 2016, by Ordinance No. 2016-__-__-_____.”

(P) Under Article II, “DEFINITIONS”, the Agreement is amended by adding a new subsection 22, as follows:

“22. ‘Palo Alto College Entrance Signage Project’ means the option of the District to design and construct entrance signage for Palo Alto College. The Palo Alto College Entrance Signage Project Costs reimbursable from the TIRZ shall not exceed \$150,000.00.”

(Q) Under Article II, “DEFINITIONS”, the Agreement is amended by adding a new subsection 23, as follows:

“23. ‘Utility Services Agreement’ means the Agreement between the San Antonio Water System and the Developer as amended which were recognized by the City, the Board, the San Antonio Water System and the Developer in the Consent Agreement and the Amended and Restated Consent Agreement executed pursuant to Ordinance No. 2009-08-20-0662 and Ordinance No. 2016-__-__-____.”

(R) Under Article III, “BACKGROUND”, the Agreement is amended by adding to the end of first paragraph in Subsection A. “City Action” the following:

“On _____ 2016 the City extended the term of the TIRZ until September 30, 2045 by Ordinance No. 2016-__-__-____.”

(S) Under Article III, “BACKGROUND”, the Agreement is amended by deleting the first paragraph in Subsection C. “TIRZ Value” and replacing it with the following:

“After the 2008 expansion of the boundaries and the 2016 term extension of the TIRZ, the Tax Increment Base for the TIRZ as determined by the Bexar Appraisal District is Twelve Million Eight Hundred and Ninety-One Thousand Six Hundred and Two Dollars (\$12,891,602.00) and the projected Captured Appraised Value net of exemptions of all taxable real property in the TIRZ at the end of the Agreement term is estimated to be Two Billion Seven Hundred and Eighty Million Five Hundred and Ninety-Two Thousand Four Hundred and Thirty-One Dollars and thirteen Cents (\$2,780,592,431.13).”

(T) Under Article III, “TIRZ Phasing and Duration”, the Agreement is amended by deleting the first paragraph in Subsection D. “TIRZ Phasing and Duration” and substituting the following in its place:

“The Project includes the construction of approximately 2,461 single-family detached homes, 2,500 multi-family units, 750 condominiums or town homes, 3,015,000 square feet of commercial development, Construction will be carried out in (13) phases as specified in the Development Agreement. The TIRZ is projected to terminate on September 30, 2045.”

(U) Under Article IV, “RIGHTS AND OBLIGATIONS OF ALAMO COLLEGES”, the Agreement is amended by deleting the first sentence in Subsection A. 1. “Tax Increment Participation by Alamo Colleges” and substituting the following in its place:

“Subject to the limitations set out in this Agreement, the Alamo Colleges agrees to participate in the TIRZ by contributing to the Tax Increment Fund fifty percent (50%) of the maintenance and operation portion of the Alamo Colleges’ general fund on the Captured Appraised Value for each tax year, beginning with the 2008 tax year, and ending with the 2036 tax year.”

(V) Under Article IV, “RIGHTS AND OBLIGATIONS OF ALAMO COLLEGES”, the Agreement is amended by deleting the second sentence in Subsection A. 2. “Tax Increment Participation by Alamo Colleges” and substituting the following in its place:

“The Alamo Colleges’ contributions to the Tax Increment Fund shall end when it has contributed the maximum total contribution of Fifteen Million Dollars (\$15,000,000.00), on September 30, 2037, upon termination of the TIRZ, or termination of this Agreement or the Development Agreement by any party, whichever occurs first.”

(W) Under Article IV, “RIGHTS AND OBLIGATIONS OF ALAMO COLLEGES”, the Agreement is amended by adding a third sentence to Subsection A. 2. “Tax Increment Participation by the Alamo Colleges” as follows:

“Notwithstanding anything herein to the contrary, the total Alamo Colleges Tax Increment Payments to the Tax Increment Fund shall not exceed Fifteen Million Dollars (\$15,000,000.00).”

(X) Under Article IV, “RIGHTS AND OBLIGATIONS OF ALAMO COLLEGES”, the Agreement is amended by deleting all of Subsection C. “Road project Reimbursement.”

(Y) Under Article IV, “RIGHTS AND OBLIGATIONS OF ALAMO COLLEGES”, the Agreement is amended by adding a fourth paragraph to Subsection D. “Land Conveyance” as follows:

“4. Alamo Colleges agrees that that the City shall be reimbursed for the value of the Zachary Parcel from Alamo Colleges increment contributed to the Tax Increment Fund in the amount of One Million Eight Hundred Eighty-Five Thousand Dollars (\$1,885,000.00) at a maximum rate of \$1,000,000.00 per a year.”

(Z) Under Article IV, “RIGHTS AND OBLIGATIONS OF ALAMO COLLEGES”, the Agreement is amended by deleting the second sentence of Subsection F 1. and all of Subsection F.2. “Management of the TIRZ” and substituting the following in their places respectively:

“Alamo Colleges is responsible for managing the Palo Alto Signage Project.”

“The Board shall be composed of thirteen (13) members, as provided by Section 311.0091(b) of the Texas Tax Code. Accordingly, Alamo Colleges shall have the right to appoint one member to the Board. The Parties agree that Alamo Colleges will waive its right to appoint a Board member upon the earlier of the following to occur: 1) the year following the termination of Alamo Colleges’ participation in the TIRZ or 2) the year following when Alamo Colleges reaches its maximum total contribution to the Tax Increment Fund. The Parties acknowledge and agree that the City is entitled to appoint eight (8) members but shall waive its right to appoint one member for seven (7) total appointees. Upon Alamo Colleges waiving its right to appoint a Board member in accordance with this Agreement, the City shall be entitled to appoint eight (8) members to the Board.”

(AA) Under Article V. “RIGHTS AND OBLIGATIONS OF CITY AND BOARD”, the Agreement is amended by deleting the first sentence in Subsection A. 1. “Tax Increment Participation by City” and substituting the following in its place:

“Subject to limitations set out in this Agreement, the City agrees to participate in the TIRZ by contributing to the Tax Increment Fund seventy-five percent (75%) of the City’s Tax Increment for each tax year beginning with the 2008 tax year and ending with the 2044 tax year.”

(BB) Under Article V. “RIGHTS AND OBLIGATIONS OF CITY AND BOARD”, the Agreement is amended by deleting the first and second sentences in Subsection A. 1. “Tax Increment Participation by City” and substituting the following in its place respectively:

“The City’s Contributions to the Tax Increment Fund shall end when the City has contributed the maximum total contribution of exceed One Hundred and Eighteen Million Nine Hundred and Ninety-Two Thousand Four Hundred and Seventy Six Dollars (\$118,992,476.00) or on the TIRZ termination date of September 30, 2045, whichever occurs first.”

“Notwithstanding anything herein to the contrary, the total City Tax Increment Payments to the Tax Increment Fund shall not exceed One Hundred and Eighteen Million Nine Hundred and Ninety-Two Thousand Four Hundred and Seventy Six Dollars (\$118,992,476.00) in the aggregate.”

(CC) Under Article V. “RIGHTS AND OBLIGATIONS OF CITY AND BOARD”, the Agreement is amended by deleting all of Subsection D. 3.

“Disbursement of Funds in the Tax Increment Fund”, and substituting the following in its place:

“The Alamo Colleges further agrees that the City and Board may disburse funds in the Tax Increment Fund to pay expenditures in the following order or priority of payment:

- (i) The initial startup Administrative Costs of \$28,279.47 for the City, all reimbursement for which has already been received by the City in Fiscal Years 2009 and 2014;
- (ii) to pay all other ongoing Administrative Costs to the Participating Taxing Entities for administering the Tax Increment Fund and or the TIRZ, except that if there are insufficient funds to reimburse ongoing Administrative Costs to the Participating Taxing Entity, then the ongoing Administrative Costs of each Participating Taxing Entity shall be reimbursed on a pro rata basis based on each Participating Taxing Entity’s level of participation in the TIRZ;
- (iii) to reimburse the City for costs of repair, replacement, or re-construction of public infrastructure and associated costs as described in Section 5.12 of the Development Agreement;
- (iv) to reimburse the City maintenance expenses, if any, pursuant to Article III of the Development Agreement;
- (v) to reimburse a Participating Taxing Entity under any reclaim of funds pursuant to Article X of the Development Agreement;
- (vi) to reimburse ACCD up to \$150,000.00 for public improvements associated with Palo Alto College Signage Project and to the extent that Alamo Colleges’ tax increment funds are available;
- (vii) to reimburse the San Antonio Water System (“SAWS”) for (i) for the design and construction of wastewater improvements that have been completed and that were funded by SAWS pursuant to the Prior Utilities Services Agreement (the “SAWS-Funded Wastewater Improvements”) up to \$2,131,618.50; (ii) actual costs incurred by SAWS if and to the extent it is necessary for SAWS to repair or reconstruct any wastewater infrastructure designed or constructed by Developer within two (2) years from the date of completion of such infrastructure, as and to the extent set forth in the Utility Services Agreement and contemplated in the Amended and Restated Consent Agreement; and (iii) the actual amount of water and wastewater impact fees attributable to certain water and wastewater capacity reserved and allocated to TAMU-SA in the Utility Services Agreement (i.e., 100 EDUs for water service to the tract identified as the

“ITC Tract” in the Prior Utility Services Agreement, and 2,783 EDUs for wastewater service to the tract identified as the “TAMU-SA Tract” in the Prior Utility Services Agreement) until the earlier of (A) August 2034 or (B) such time as the water service EDUs reserved and allocated to TAMU-SA for the ITC Tract under the Utility Services Agreement (i.e., a maximum of 100 EDUs of water service) and the wastewater service EDUs reserved and allocated to TAMU-SA for the TAMU-SA Tract under the Utility Services Agreement (i.e., a maximum of 2,783 EDUs of wastewater service) are committed or utilized, as and to the extent set forth in the Utility Services Agreement and contemplated in the Amended and Restated Consent Agreement

- (viii) to reimburse the City up to One Million Eight Hundred Eighty-Five Thousand Dollars (\$1,885,000.00) for value of the Zachary Parcel conveyed to ACCD at a maximum rate of \$1,000,000.00 per year and to the extent that Alamo Colleges’ tax increment funds are available;
- (ix) to reimburse the Developer for Project Costs of Public Improvements, in accordance with the Development Agreement, this Agreement, the Project Plan, and to the extent that funds in the Tax Increment Fund are available for this purpose.

The foregoing notwithstanding, no funds will be paid from the Tax Increment Fund to a Participating Taxing Entity for its financial or legal services in any dispute arising under this Agreement with another Participating taxing Entity or Participating Taxing Entities.”

(DD) Under Article V. “RIGHTS AND OBLIGATIONS OF CITY AND BOARD”, the Agreement is amended by deleting all of Subsection E.1 and 3.of “Commitments to the District”, and substituting the following in its place respectively:

“The City and the Board shall amend the Project and Financing Plans to include at Alamo Colleges; sole option, the Palo Alto College Entrance Signage Project. Such signage may be comparable in dimension, proportion and quality to that of the main entrance to the new Texas A&M campus within the TIRZ. Alamo Colleges shall be entitled to reimbursement from the TIRZ of a maximum amount of \$150,000.00 for the Palo Alto College Entrance Signage Project, which cost shall be an eligible Project Cost reimbursable to Alamo Colleges, acting as a developer hereunder, from the Tax Increment Fund beginning on the Effective Date of this Amendment assuming Alamo Colleges’ Tax Increment is available for distribution.”

(EE) Under Article V. “RIGHTS AND OBLIGATIONS OF CITY AND BOARD”, the Agreement is amended by adding a Subsection E. 4 under “Commitments to the District”, with the following:

“The Parties acknowledge that the reconstruction of Villaret Boulevard has been completed and is within the boundaries of the TIRZ. The Parties also acknowledge that the City and Alamo Colleges have spent Five Million Three Hundred and Thirty-Three Thousand Three Hundred and One Dollars (\$5,335,301.00) and Nine Hundred and Ninety Thousand One Hundred and Forty-Five Dollars and Fourteen Cents (\$990,145.14) respectively on the reconstruction and public improvements associated with Villaret Boulevard. Both Parties acknowledge and agree that neither shall seek nor be eligible for reimbursement from the TIRZ for the amounts listed in this section nor for any additional expenses incurred or associated with the Villaret Boulevard reconstruction.”

(FF) Under Article VII. “MISCELLANEOUS”, the Agreement is amended by deleting all of Subsection A. 2.(c) of “Understanding”, and substituting the following in its place:

“the City will only process payments to Alamo Colleges based on submitted receipts. The City will not recommend approval of Alamo Colleges’ reimbursement for the Palo Alto College Entrance Signage Project until the phase is complete in its entirety and Alamo Colleges has submitted all the required paperwork relevant to the phase.

(GG) Under Article VII. “MISCELLANEOUS”, the Agreement is amended by deleting all of Subsection C. “Entire Agreement”, and substituting the following in its place:

“The Parties understand and agree that no payments from the Tax Increment Fund may be made under this Amendment until the Project Plan, Financing Plan, Development Agreement, and Interlocal Agreements with the Participating Taxing Entities are amended to reflect the priority of payment set forth in Section V. D.3, supra. This Amendment to the Interlocal Agreement, which shall include the Project Plan, Financing Plan, and the Development Agreement as incorporated hereinabove, merges the prior negotiations and understandings of the Parties hereto and embodies the entire agreement of the Parties. There are no other agreements, assurances, conditions, covenants (express or implied), or other terms with respect to the covenants, whether written or verbal, antecedent or contemporaneous, with the execution thereof.”

(HH) All references in the Agreement to "District" or "the District" are deleted and replaced with the following:

"Alamo Colleges"

2. Effective Date. This First Amendment shall be effective after the passage of a duly authorized ordinance of the City Council of the City of San Antonio which shall be attached hereto and made a part of this First Amendment and upon the Effective Date listed on the signature page.

3. No Other Changes. Except as specifically set forth in this First Amendment, all of the terms and conditions of the Agreement shall remain the same and are hereby ratified and confirmed. The Agreement shall continue in full force and effect and with this First Amendment shall be read and construed as one instrument.

4. Choice of Law. This First Amendment shall be construed in accordance with and governed by the laws of the State of Texas.

5. Counterparts. This First Amendment may be executed in any number of counterparts, but all such counterparts shall together constitute but one instrument. In making proof of this First Amendment it shall not be necessary to produce or account for more than one counterpart signed by each party hereto by and against which enforcement hereof is sought.

WITNESS HEREOF, the parties hereto have executed in triplicate originals this First Amendment on the _____ day of _____ 2016. (the "Effective Date")

**CITY OF SAN ANTONIO,
a Texas municipal corporation**

**BOARD OF DIRECTORS OF
TAX INCREMENT
REINVESTMENT ZONE #28,
CITY OF SAN ANTONIO,
TEXAS**

Sheryl L. Sculley
City Manager or designee

Chairman, Board of Directors

Date: _____

Date: _____

ATTEST:

ATTEST:

Leticia Vacek
City Clerk
Date: _____

Name:
Title:
Date: _____

ALAMO COMMUNITY COLLEGE DISTRICT:

By _____,
Name: Dr. Bruce H. Leslie
Title: Chancellor
Date: _____

ATTEST (if required):

Name:
Title:

APPROVED AS TO FINANCIAL CONTENT BY ALAMO COMMUNITY
COLLEGE DISTRICT:

Diane Snyder
Vice-Chancellor, Finance & Administration

Date: _____

APPROVED AS TO FORM:

Martha G. Sepeda
Acting City Attorney

Date: _____

EXHIBIT A

(INSERT FIRST INTERLOCAL)

EXHIBIT A

THE STATE OF TEXAS

§ VERANO TIRZ

§

COUNTY OF BEXAR

§ ALAMO COMMUNITY COLLEGE DISTRICT

INTERLOCAL AGREEMENT

THIS INTERLOCAL AGREEMENT (the "Agreement") is made by and between the **CITY OF SAN ANTONIO, TEXAS** (hereafter referred to as "City"), a Texas Municipal Corporation, acting through its City Manager pursuant to Ordinance No. 2010-06-24-0621 passed and approved by the City Council on the 24th day of June, 2010, **ALAMO COMMUNITY COLLEGE DISTRICT** (hereafter referred to as the "District"), a political subdivision of the State of Texas, acting through its Board of Trustees on the 23rd day of August, 2010, and by the **BOARD OF DIRECTORS FOR TAX INCREMENT REINVESTMENT ZONE NUMBER TWENTY-EIGHT, CITY OF SAN ANTONIO, TEXAS** (hereafter referred to as the "Board") on the 9th day of June, 2010, a reinvestment zone created by the City pursuant to Chapter 311, Texas Tax Code (hereafter referred to as "the Act"). The City, the District, and the Board may be referred to singularly as a "Party" or collectively as "Parties." This Agreement is made pursuant to Chapter 311, Texas Tax Code for the participation of the City and the District in the Verano TIRZ.

RECITALS:

WHEREAS, by Ordinance Number 2007-12-06-1257, dated December 6, 2007, the City created Reinvestment Zone Number Twenty-Eight (the "TIRZ") in accordance with the Act, to promote development and redevelopment of the TIRZ through the use of tax increment financing, in which development and redevelopment would not otherwise occur solely through private investment in the reasonably foreseeable future, and established a Board of Directors for the TIRZ, and authorized the Board to exercise all the rights, powers, and duties as provided to such boards under the Act; and

WHEREAS, the Board and the District support the City in development activities for the TIRZ, and the District intends to participate in the TIRZ by contributing fifty percent (50%) of the District's maintenance and operations portion of its respective Tax Increments for tax years 2010-2032 up to a total of fifteen million dollars (\$15,000,000.00); and

WHEREAS, pursuant to said authority above, the Board, the City and the District each hereby enters into a binding agreement with the others to develop and/or redevelop the TIRZ as specified in the Project Plan, Financing Plan, the Development Agreement, and the District Development Agreement; and

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

I. CONTENTS

A. Table

This Agreement consists of the following articles:

<u>Article</u>	<u>Description</u>	<u>Page</u>
I.	Contents	2
II.	Definitions	2
III.	Background	5
IV.	Rights and Obligations of the District	7
V.	Rights and Obligations of the City and the Board	10
VI.	Term and Termination	14
VII.	Miscellaneous	15
Exhibit "A"	Metes & Bounds of Zachry Parcel	
Exhibit "B"	Form of Deed Without Warranty for Zachry Parcel	

B. Parts Incorporated

The following documents and their future amendments are hereby incorporated into this Agreement by this reference for all purposes:

1. City of San Antonio Ordinance No. 2007-12-06-1257, dated December 6, 2007, which designated the TIRZ; and
2. City of San Antonio Ordinance No. 2008-11-20-1016, dated November 20, 2008, which among other things expanded the boundary of the TIRZ, adopted the Project Plan and Financing Plan; and
3. The Development Agreement between the City, Bexar County, the Developer and the Board approved by Ordinance No. 2008-11-20-1016 and executed on the 17th day of December, 2008 and as amended; and
4. The District Development Agreement between the City, the District, and the Board, to be later drafted but which shall not be inconsistent with the terms hereof or with the spirit and material terms of the Development Agreement.

II. DEFINITIONS

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

1. "Administrative Costs" means reasonable costs directly incurred by a Participating Taxing Entity (as hereinafter defined) related to its agreement to participate in the development of the

TIRZ, as described in this Agreement. These costs include, but are not limited to, reasonable costs and expenses for legal review and financial analysis related to the TIRZ incurred prior to entering into this Agreement, as well as any such costs and expenses incurred after this Agreement becomes effective. The initial startup Administrative Costs for the City is forty-six thousand one hundred seventy-six dollars (\$46,176.00) and for the District is twelve thousand five hundred dollars (\$12,500.00). The Parties also agree that the ongoing annual Administrative Costs during the life of the TIRZ are anticipated to be as follows:

- A. The City: Three million six hundred twenty-five thousand dollars
(\$3,625,000.00)
- B. The District: Ten thousand Dollars (\$10,000)

The total Administrative Costs to be paid out of the Tax Increment Fund to the City and the District are estimated to be a minimum of three million six hundred ninety three thousand six hundred seventy-six dollars (\$3,693,676.00) in the aggregate for the life of the TIRZ. The minimum total Administrative Costs do not include any planned escalation in the City's Administrative Costs due to changes in the Consumer Price Index.

2. The "Board" means the Board of Directors of the TIRZ established to manage, and/or operate the TIRZ pursuant to Sections 311.0091 and 311.010 of the Act, as well as to implement the Project, as initially described in City of San Antonio Ordinance No. 2007-12-06-1257, dated December 6, 2007, and as amended by Ordinance No. 2008-11-20-1016, dated November 20, 2008 and any future ordinance(s)
3. "Captured Appraised Value" means the captured appraised value of the TIRZ, as defined by Section 311.012(b), Texas Tax Code (and as said Code may be amended from time to time).
4. "Construction Schedule" means the timetable for constructing the public improvements specified in the Project Plan, Financing Plan, and any development agreement, with one such timetable being set forth as "Exhibit A" to the Development Agreement, which timetables may be amended from time to time.
5. The Developer means "VTLM TEXAS, LP, a Texas limited partnership".
6. "Development Agreement" means the agreement entered into between the City, Bexar County, the Developer and the Board, which was approved by the Board on the 19th day of November, 2008, by the City Council on the 20th day of November, 2008, and by the County on the 16th day of December, 2008.
7. "District Development Agreement" means a future agreement entered into between the City, the District and the Board concerning the District Project undertaken by the District within the TIRZ and the Project Costs eligible for reimbursement from the Tax Increment Fund.
8. "District Project" means the reconstruction and expansion of West Villaret Boulevard between State Highway 16 and Lytle Avenue; drainage improvements, sidewalks, medians,

and signalization in conjunction the road reconstruction; and signage for Palo Alto College estimated at fifteen million one hundred fifty thousand dollars (\$15,150,000.00) in total cost.

9. "Effective Date" shall be the latest approval date of any of the Parties as to this Agreement.
10. "Financing Plan" means the Final Reinvestment Zone Financing Plan for the TIRZ as adopted by the Board on the 19th day of November, 2008 and by the City Council on the 20th day of November, 2008, and as amended.
11. "Material Change" means any change in the phasing of a Construction Schedule which would result in an increase to the maximum contribution of the City or any other Participating Taxing Entity or any change deemed a Material Change by the director of the City department overseeing the TIRZ ("Director").
12. "Participating Taxing Entity" or "Participating Taxing Entities" means, singularly, a taxing unit participating in the TIRZ, and collectively, all taxing units participating in the TIRZ, and shall include the City, the District, Bexar County, and the San Antonio River Authority.
13. "Project" means development of the Verano area, except for those construction projects specifically designated as the District Project. Where the context clearly allows, "Project" includes the District Project.
14. "Project Costs" means the items set forth and described in Section 311.002(1) of the Act (which may be amended from time to time), which are included in the Project Plan for the Project and District Project. The Project Costs include public infrastructure improvements and related capital costs including: fees (platting, drainage impact, water impact, and sewer impact), surveying and engineering, geo-technical, architect, storm water pollution prevention plan, streets, drainage, water, non-potable water, sewer, dry utilities, streetscape, linear parks, parks/plazas, public parking garages, construction management, and contingency. Project Costs also include those for the District Project. Total Project Costs for public improvements are estimated at five hundred three million three hundred twenty-six thousand six hundred sixty-nine dollars (\$503,326,669.00) for the life of the TIRZ.
15. "Project Plan" means the Final Reinvestment Zone Project Plan for the TIRZ as adopted by the Board on the 19th day of November, 2008 and by the City Council on the 20th day of November, 2008, and as amended.
16. "Tax Increment" means the total amount of ad valorem taxes levied and collected each year by a Participating Taxing Entity on the Captured Appraised Value of taxable real property within the TIRZ.
17. "Tax Increment Base" has the meaning assigned by section 311.012 of the Texas Tax Code, and means the total appraised value of all real property taxable by a Participating Taxing Entity and located in the TIRZ as of January 1, 2007, the year in which the TIRZ was designated.

18. "Tax Increment Fund" means the tax increment fund created by the City for the deposit of Tax Increments for the TIRZ, entitled "Reinvestment Zone Number Twenty-Eight (28), City of San Antonio, Texas Tax Increment Fund."
19. "Tax Increment Payment" means the amount of the Tax Increment that a Participating Taxing Entity agrees to deposit annually into the Tax Increment Fund in accordance with this Agreement, the Project Plan and the Financing Plan.
20. "TIRZ" means Reinvestment Zone Number Twenty-Eight (28), City of San Antonio, Texas, designated by the City on December 6, 2007, by Ordinance No. 2007-12-06-1257.
21. "Zachry Parcel" means the approximately 23.626 acre parcel to be conveyed to the District inclusive of the Loop 410 frontage. The actual property to be conveyed will be subject to a survey to be produced at the District's cost and accurately identifying the complete property being conveyed and including an insurable legal description.

III. BACKGROUND

A. City Action

On September 6, 2007 the City Council approved a Memorandum of Understanding as part of Ordinance 2007-09-06-0947 that expressed the City's intent to investigate the creation of a tax increment reinvestment zone in accordance with Chapter 311, Texas Tax Code, to support development of the Project. On December 6, 2007, the City Council of the City passed and approved Ordinance No. 2007-12-06-1257, which designated the TIRZ. On June 19, 2008, the City further resolved to participate in the financing of public improvements in Tax Increment Reinvestment Zone Number Twenty-Eight, City of San Antonio, Texas through Resolution No. 2008-06-19-0031R.

B. TIRZ Location

The TIRZ is located in the southern sector of the City of San Antonio, abutting Interstate Highway SW Loop 410, including the District Project at Palo Alto College campus and some adjacent parcels north of Loop 410, as well as, 2,700 acres south of Loop 410 bounded on the west by Zarzamora Road, on the east by Pleasanton Road and/or the Missouri Pacific Railroad right of way, and by Mauremann Road to the south. The Project is in the following Independent School Districts: Harlandale, South San Antonio, Southside, and Southwest, and encompasses approximately 3,098 acres or 4.8 square miles.

C. TIRZ Value

After the 2008 expansion of the TIRZ, the Tax Increment Base for the TIRZ as determined by the Bexar Appraisal District is forty-six million five hundred sixty-four thousand three hundred twelve dollars (\$46,564,312.00) and the projected Captured Appraised Value net of exemptions of all the taxable real property in the TIRZ at the end of the Agreement Term is estimated to be three billion two hundred twenty-two million seven thousand one hundred eight dollars (\$3,222,007,108.00).

D. TIRZ Phasing and Duration

The Project includes the construction of approximately 2,542 single-family detached homes, 3,375 multi-family units, 1,021 condominiums or town homes, 5,977,200 square feet of commercial development, reconstruction of Villaret Boulevard, and new entry signage for Palo Alto College. Construction will be carried out in thirteen (13) phases as specified in the Development Agreement and in the phases specified in the future District Development Agreement. The TIRZ is projected to terminate on September 30, 2037.

E. Mutual Agreement

The City and the District agree to participate in the TIRZ, and to deposit their respective Tax Increment Payments into the Tax Increment Fund, in accordance with the terms, and in consideration of the agreements, set forth herein. The District hereby acknowledges receipt of notice of the initial creation of the TIRZ.

The Parties hereto agree that the Project does not include the issuance of tax increment bonds. The Parties hereto further agree that no tax-supported public debt instrument will be issued by any Participating Taxing Entity or the Board to finance any costs or improvements of the Project with the exception of City issued certificates of obligation as authorized under Ordinances 2007-12-06-1258 and 2008-11-20-1017 to reimburse Developer for design and construction of certain public improvements within the TIRZ, as more specifically detailed in the Developer Participation Contract for North-South Connector Road Construction Project entered into and effective as of December 1, 2008 providing for University Way (the north/south boulevard). Further the City entered into a funding agreement, authorized by Ordinance 2009-05-07-0349, with the Developer for the major thoroughfare street running east/west, only to the extent there is an unused balance in the fourteen million five hundred thousand dollars (\$14,500,000.00) of the certificates of obligation initially issued for University Way, as the City will not issue any additional tax supported debt for the Project.

IV. RIGHTS AND OBLIGATIONS OF THE DISTRICT

A. Tax Increment Participation by the District

1. Subject to the limitations set out in this Agreement, the District agrees to participate in the TIRZ by contributing to the Tax Increment Fund fifty percent (50%) of the maintenance and operations portion of the District's tax on the Captured Appraised Value for each tax year, beginning in tax year 2010, but fiscal year 2011.
2. The Parties agree that the District's contribution to the Tax Increment Fund shall only be used to fund public improvements to support the development and revitalization efforts in the TIRZ, limited to eligible Project Costs. The District's contributions to the Tax Increment Fund shall end when it has contributed fifteen million dollars (\$15,000,000.00) or upon earlier TIRZ termination per any development agreement, whichever occurs first.

B. Tax Increment Payment

1. The District's obligation to contribute its Tax Increment Payment to the Tax Increment Fund, as provided in Article IV, Paragraph A.1 of this Agreement, shall accrue as the District collects its Tax Increment beginning in tax year 2010, but fiscal year 2011, and provided conveyance of the Zachry Parcel to the District has occurred. The Parties hereto agree that all real property taxes collected each year by the District that are attributable to real property in the TIRZ shall first constitute taxes on the Tax Increment Base and after the total amount of taxes on the Tax Increment Base have been collected, shall then, except as may be excepted herein, constitute the Tax Increment, restricted to fifty percent (50%) of the District's maintenance and operations portion of the tax levy. The District agrees to deposit its Tax Increment Payments to the Tax Increment Fund on or before March 10 and August 10 (or the first business day thereafter) of each year. The amount of each Tax Increment Payment shall be based on the Tax Increments that were received by the District, and not previously deposited, during the period preceding each deposit date.
2. Upon request by the District, the City shall provide to the District an updated fact sheet that includes detail as to what portion of the Project has been completed to date, a schedule of what portion of the Project is to be completed in the following year and a current roster of the TIRZ Board members, including the term of each Board member, the entity that appointed the Board member and the date for the annual meeting. The update shall also include a summary of requests for reimbursements that have been submitted to the City, and a report showing Board or City approved expenses. Also prior to the District's payment, the City shall provide to the District a statement of Tax Increment Fund activity, including a tally of requests for reimbursement, City and Board approved payments, payments not approved by the City or the Board, outstanding balance due any developer, or if the maximum contribution has been reached, the pro-rata balance due to each Participating Taxing Entity.

3. In the event there is a conflict between the Parties in regards to the amount of the Tax Increment owed by the District, the Parties agree that the District will make a reasonable determination as to the amount of any Tax Increment owed by the District under this Agreement and the District will be responsible for reasonably determining which tax collections will be apportioned for purposes of determining the District Tax Increment. The annual Total Appraised Value of all real property taxable by the District located in the TIRZ shall be determined through an independent third-party verification obtained from the Bexar Appraisal District. For the City, the City Tax Assessor will verify taxes levied and collected in regards to the property within the TIRZ.
4. The Parties expressly agree that the District shall not owe any penalty or interest on Tax Increments that have been levied, but not received, by the District. In addition, the District shall not be obligated to contribute its Tax Increment Payments from any non-Tax Increment revenue source. Furthermore, the District shall have no further obligation to contribute its Tax Increment Payment to the Tax Increment Fund if a Participating Taxing Entity, other than the District, discontinues its required contribution (except as otherwise agreed to in this Agreement) or fails to fully contribute its entire contribution to the Tax Increment Fund during the term of this Agreement unless the discontinuance is in compliance with and authorized by a development agreement, an interlocal agreement, or written amendment to this Agreement.
5. Except for contributing its respective Tax Increment Payments to the Tax Increment Fund as set out in this Agreement, the District shall have no obligation to pay or repay any debt issued by another Participating Taxing Entity, the TIRZ, or Board relating to the TIRZ or any costs associated with the operation of the TIRZ.

C. Road Project Reimbursement

1. The District intends as a developer hereunder to perform, or to provide the funding for, the reconstruction of Villaret Boulevard per the road construction standards established by the City as outlined in the District Development Agreement to be executed by the City, the District, and the Board.
2. The Parties acknowledge that the reconstruction of Villaret Boulevard is important for the expansion of Palo Alto College and that the District desires to fund and undertake its reconstruction, estimated at fifteen million dollars (\$15,000,000.00). Should the District choose to reconstruct Villaret Boulevard and identify funding, and provided that the reconstructed road has been accepted by the City before October 1, 2018 (or as such date may be subsequently extended by the Parties), the District shall be eligible for reimbursement from the Tax Increment Fund of five million dollars (\$5,000,000.00) for eligible expenses associated with the road reconstruction. The City agrees to promptly accept or reject any such reconstruction of Villaret Boulevard according to its applicable standards. Reimbursement payment will begin upon acceptance of the reconstructed road and shall be based on and paid to the extent of 100% of the District's Tax Increment Fund contribution until such time as the District receives full reimbursement of five million

dollars (\$5,000,000.00). Reimbursement to the District in any one year shall not exceed one million dollars (\$1,000,000.00).

3. The Parties acknowledge that the City is not obligated to provide funding for the reconstruction of Villaret Boulevard or to reimburse the District for any costs associated with the road reconstruction. However, nothing stated herein shall prevent the District from seeking reimbursement or a credit on its utility bills from the San Antonio Water System or City Public Service for costs associated with the relocation of utilities in connection with the road project. To the extent that the District is compensated by the other funds, any request for reimbursement from the Tax Increment Fund shall be reduced.
4. Should the District not undertake the reconstruction of Villaret Boulevard and not enter into the District Development Agreement on or before October 1, 2018, then the Parties agree to amend the Project Plan and Financing Plan to remove the road project and the District's reimbursement for the same from the Tax Increment Fund.

D. Land Conveyance

1. The District may terminate its participation in the TIRZ if the City cannot or does not convey the Zachry Parcel to the District for one dollar (\$1.00). The termination of the District's TIRZ participation based on the District not receiving the Zachry Parcel under terms and conditions reasonably satisfactory to the District does not create a terminating event for any other Participating Taxing Entity.
2. The Parties agree that the Zachry Parcel will be conveyed from the City to the District pursuant to a Deed Without Warranty. The City will file a copy of this executed Agreement, including an updated Exhibit A, identifying the complete property being conveyed and including an insurable legal description matching that on the filed Deed Without Warranty, along with the City Ordinance approving this Agreement in the Bexar County Property Records.
3. In accordance with Texas Local Government Code 272.001(j), the District and its successors must use the Zachry Parcel to promote a public purpose related to higher education during the term of the TIRZ ("Restricted Period"). The Parties agree that the District's holding of the Zachry Parcel for future expansion of the Palo Alto College campus shall constitute a public purpose related to higher education, and that there are no dedicated funds or plans for campus expansion as of the Effective Date of this Agreement. At any time during the Restricted Period that the Zachry Parcel is not used to promote a public purpose related to higher education, the City or its successor or assigns may enjoin the non-complying use in any court of competent jurisdiction in Bexar County, Texas. Should the District during the Restricted Period and after notice to the City sell the Zachry Parcel or a portion of the Zachry parcel, then the net proceeds must be used in accordance with the provisions of Texas Local Government Code 272.001(j). Net proceeds means the total of all value received by the District in exchange for

transferring the Zachry Parcel or portion of the Zachry Parcel, less out-of-pocket costs for a title policy, survey, title company escrow fee, recording fee, and other usual and customary closing costs. The net proceeds must not be reduced by any amount applied to reduce the balance of any debt secured by the Zachry Parcel or portion of the Zachry Parcel, and any lien in the Zachry Parcel or portion of the Zachry Parcel shall be subordinate to City's rights. No lender or other person can obtain a right in the Zachry Parcel superior to City's rights under this Agreement.

E. School District Provisions

The District understands that the Project is located in parts of four (4) different Independent School Districts: Harlandale, South San Antonio, Southside, and Southwest. The District further understands that no school district is participating in the TIRZ.

F. Management of the TIRZ

1. The City is the only Participating Taxing Entity with any responsibility for managing or administering the TIRZ. The District is responsible for managing the District Project. The Participating Taxing Entities, during the term of this Agreement, may inspect the Project and District Project site and review Project and District Project plans and drawings upon reasonable notice.
2. The Board shall be composed of thirteen (13) members, as provided by Section 311.0091(b) of the Texas Tax Code. Accordingly, the District shall have the right to appoint one (1) member to the Board.
3. The City and the Board agree to the extent permitted by law to comply with the Project Plan and any development agreements. The City and the Board agree to provide prior written notice to all Participating Taxing Entities of any proposed change to the Construction Schedule ("Notice") and such Notice shall indicate whether a proposed change constitutes a Material Change as defined herein. The Participating Taxing Entities shall have a period of thirty (30) calendar days from the date of receipt of Notice to provide comment(s) and objection(s) to the proposed change and:
 - (a) for non-Material Changes, the Parties will attempt to address any written objections or comments raised during the thirty (30) calendar day review period. At the conclusion of the thirty (30) calendar day review period, the Construction Schedule may be amended by approval of the Board and the City, as evidenced by an agreement in writing between the Board and the Director.
 - (b) for Material Changes, if there are no written objections or comments during the thirty (30) calendar day review period from any Participating Taxing Entity, the Construction Schedule may be amended by approval of the Board and the City, as evidenced by an agreement in writing between the Board and the Director. If a Participating Taxing Entity provides written notice to the City that it objects to the

proposed material change and the objection, as set out in the notice, is not resolved within forty-five (45) business days from the date of such notice and the City approves such Material Change, then the Participating Taxing Entity providing the objection may thereafter discontinue its Tax Increment Payments and terminate its participation in the TIRZ.

The absence of written objections or comments by a Participating Taxing Entity to the City shall constitute approval of the proposed change by that Participating Taxing Entity.

G. Expansion of the TIRZ

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

V. RIGHTS AND OBLIGATIONS OF CITY AND BOARD

A. Tax Increment Participation by City

1. Subject to the limitations set out in this Agreement, the City agrees to participate in the TIRZ by contributing to the Tax Increment Fund seventy five percent (75%) of the City's Tax Increment for each tax year beginning with the 2008 tax year and ending with the 2036 tax year.
2. The Parties agree that the City's contribution to the Tax Increment Fund shall be used to fund public improvements to support the development and revitalization efforts in the TIRZ, limited to eligible Project Costs. The City's contributions to the Tax Increment Fund shall end when the City has contributed the maximum total contribution provided for herein, on the TIRZ termination date of September 30, 2037, or upon earlier TIRZ termination per any development agreement, whichever occurs first. Notwithstanding anything herein to the contrary, the total City Tax Increment Payments to the Tax Increment Fund shall not exceed one hundred thirty-eight million seven hundred thousand dollars (\$138,700,000.00) in the aggregate and will not be reduced as a result of the District's status as a Participating Taxing Entity.

B. Tax Increment Payment

1. The City's obligation to contribute its Tax Increment Payment to the Tax Increment Fund as provided above in Article V, paragraph A.1 of this Agreement shall accrue as the City collects its Tax Increment. The Parties hereto agree that all real property taxes collected each year by the City that are attributable to real property in the TIRZ, shall first constitute taxes on the Tax Increment Base and after the total amount of taxes on the Tax Increment Base have been collected, shall then, except as may be excepted herein,

constitute the Tax Increment. The City agrees to deposit its Tax Increment Payment to the Tax Increment Fund on or before March 10 and August 10 (or the first business day thereafter) of each year. The first Tax Increment Payment shall commence in tax year 2008 and fiscal year 2009. The amount of each subsequent Tax Increment Payment shall be based on the Tax Increments that were received by City, and not previously deposited, during the period preceding each deposit date.

2. The Parties expressly agree that the City shall not owe any penalty or interest on Tax Increments that have been levied, but not received by the City. In addition, the City shall not be obligated to contribute its Tax Increment Payments from any non-Tax Increment revenue sources.
3. The Parties agree that payment for the performance of governmental functions or services under this Agreement shall only be made from current revenues available to the paying Party. In other words, a Party is not obligated to perform said services or functions if said Party lacks current revenues to pay for said services or functions.
4. With the exception of City issued certificates of obligations as authorized under Ordinances 2007-12-06-1258, 2008-11-20-1017, and 2009-05-07-0349 to reimburse Developer for design and construction of certain public improvements within the TIRZ, the City shall not have any obligation or responsibility for any costs or expenses associated with the development of the TIRZ or the implementation of the Project Plan, including, without limitation, any obligation to pay or repay any debt issued by another Participating Taxing Entity, the TIRZ, or Board relating to the TIRZ or any costs associated with the operation of the TIRZ, the Project, or any other projects relating thereto.

C. Financing of Project Costs

Each Participating Taxing Entity shall participate in the payment of Project Costs only to the extent described herein. The City and the Board shall be entitled to enter into any other agreements to pay Project Costs and other reasonable expenses from the Tax Increments paid into the Tax Increment Fund by the City without the consent of any other Participating Taxing Entity, but will provide written notice of such agreement(s) when entered into (and upon written request, will provide copies of such agreement(s) and all applicable exhibits) to each Participating Taxing Entity. However, neither the Board nor the City shall ever use any Tax Increment Payments contributed by a Participating Taxing Entity, other than that contributed by the City, to make payments on bonds, certificates of obligations, or other similar debt instruments without the prior written authorization by, and consent of, all Participating Taxing Entities.

D. Disbursement of Funds in the Tax Increment Fund

1. Each Participating Taxing Entity agrees that the City shall administer the Tax Increment Fund on behalf of the Board, pursuant to Ordinance No. 94468, passed and approved by

the City Council on August 30, 2001. No funds shall be disbursed from the Tax Increment Fund without the prior written approval of the Board and the City; EXCEPT if the City or the District is entitled to reclaim funds pursuant to Article X of the Development Agreement or similar provision of the District Development Agreement, then no approval is necessary.

2. The Parties agree that the City and the Board may, to the extent funds are available in the Tax Increment Fund and to the extent allowed by law, use such funds to reimburse the City and the District for their Administrative Costs, if the City and the District provide an invoice for Administrative Costs with their requests to the Board for reimbursement. If it is determined during the term of this Agreement that reimbursement of Administrative Costs is not allowed under law, the Parties agree that the Board shall set the amount which the City and the District may withhold as Administrative Costs from their respective Tax Increment Payment based on the best evidence available to the Board to make such projections, including but not limited to invoices reflecting Administrative Costs incurred by the City and the District. The Parties agree and understand that Administrative Costs, in the aggregate, may exceed the amount set out and described in Article II, paragraph 1 of this Agreement because Administrative Costs for the City may escalate in relation to the Consumer Price Index as noted in the Financing Plan.
3. The District further agrees that the City and the Board may disburse funds in the Tax Increment Fund to pay expenditures in the following order or priority of payment:
 - (i) to fully reimburse eligible startup Administrative Costs incurred by each Participating Taxing Entity;
 - (ii) to pay all other ongoing Administrative Costs to the Participating Taxing Entities for administering the Tax Increment Fund and/or the TIRZ, except that if there are insufficient funds for the full reimbursement of ongoing Administrative Costs to the Participating Taxing Entity, then the ongoing Administrative Costs of each Participating Taxing Entity shall be reimbursed on a pro rata basis based on each Participating Taxing Entity's level of participation in the TIRZ;
 - (iii) to reimburse the City for costs of repair, replacement, or re-construction of public infrastructure and associated costs: 1) as described in Section 5.12 of the Development Agreement, and 2) those same costs as detailed in the District Development Agreement;
 - (iv) to reimburse the City maintenance expenses, if any, pursuant to Article III of the Development Agreement;
 - (v) to reimburse a Participating Taxing Entity under any reclaim of funds pursuant to Article X of the Development Agreement;

- (vi) to reimburse the District for public improvements as provided in the District Development Agreement and in the Project Plan in accordance with the limitations set forth in this Agreement;
- (vii) to reimburse the San Antonio Water System for water and wastewater infrastructure and related impact fees due the San Antonio Water System under its Utility Service Agreement with the Developer as recognized by the City, the Board, the San Antonio Water System and the Developer in the Consent Agreement executed pursuant to Ordinance No. 2009-08-20-0662;
- (viii) to reimburse the City up to one million eight hundred eighty-five thousand dollars (\$1,885,000.00) for the value of the Zachry Parcel conveyed to the District at a maximum rate of \$1,000,000.00 per year should the District choose not to reconstruct Villaret Boulevard by October 1, 2018; and
- (ix) to reimburse Developer for public improvements as provided in the Development Agreement and in the Project Plan to the extent that funds in the Tax Increment Fund are available for this purpose.

The foregoing notwithstanding, no funds will be paid from the Tax Increment Fund to a Participating Taxing Entity for its financial or legal services in any dispute arising under this Agreement with another Participating Taxing Entity or Participating Taxing Entities.

E. Commitments to the District

1. The City and the Board have cooperated in expanding the boundaries of the TIRZ to include Villaret Boulevard, Palo Alto College, and the Zachry Parcel adjacent to Palo Alto College that is more specifically described in Exhibit A hereto.
2. The City will acquire and convey to the District, or caused to be conveyed to the District, in either case under terms and conditions reasonably satisfactory to the District fee simple title to the Zachry Parcel for \$1.00, subject to the District becoming a Participating Taxing Entity, targeted to occur within six (6) months after the Effective Date hereof.
3. The City and the Board have amended the Project and Financing Plans to include both the reconstruction of Villaret Boulevard and new signage for Palo Alto College. The new signage for Palo Alto College will be designed by the City or its designee no later than six (6) months after the Effective Date of this Agreement and targeted for completion within twelve (12) months after that Effective Date, and is intended to identify the primary entrance into the college. Such signage will be comparable in dimension, proportion and quality to that of the main entrance to the new Texas A&M campus within the TIRZ. The estimated cost of the signage is one hundred fifty thousand dollars (\$150,000.00) as specifically detailed in the Project Plan, and this cost shall be an eligible Project Cost reimbursable to the District, acting as a developer hereunder, from the Tax Increment

Fund beginning on the Effective Date of this Agreement, assuming the District's Tax Increment is available for distribution. Reimbursement of the District in any one year shall not exceed the lesser of one million dollars (\$1,000,000.00) or the amount of Tax Increment contributed in that year by the District.

VI. TERM AND TERMINATION

A. Agreement Term and Termination

This Agreement shall remain in effect until September 30, 2037, unless earlier terminated as provided herein. Subject to the terms of this Agreement, the District agrees to participate under this Agreement, beginning on the Effective Date and ending in accordance with the terms provided herein. The Parties agree and understand that the City's and the District's Tax Increment Payments will not be made after September 30, 2037, as set out in Article IV, paragraph A.2 and Article V, paragraph A.2 of this Agreement.

B. Early Termination

1. The City may terminate the TIRZ for any of the reasons listed in the Development Agreement. The termination of the Development Agreement also terminates this Interlocal Agreement. No Party shall be required to pay any Tax Increment into the Tax Increment Fund of the TIRZ unless the conditions of Section 311.013(d) of the Act are met. Any Party may terminate this Agreement for a breach of contract.
2. After giving any required notice, with subsequent failure to cure as provided for below, the District may terminate its participation in the TIRZ, and shall not be required to deposit any further Tax Increment Payment into the Tax Increment Fund as required by this Agreement, if: (i) a Party breaches a term, covenant, condition or representation contained in this Agreement (this provision shall include City's failure to agree to terms and conditions reasonably satisfactory to the District for the conveyance of the Zachry Parcel described herein); (ii) the District determines that a breach of a term, covenant, condition or representation contained in any development agreement has occurred; (iii) the City and/or TIRZ Board declares that a breach of a term, covenant, condition or representation contained in any development agreement has occurred; (iv) pursuant to Article IV, paragraph B.4 of this Agreement; or (v) a Party to this Agreement or any development agreement initiates, pursues or otherwise engages in litigation or any type of adversarial proceeding related to the TIRZ and against or involving the District.
3. Prior to terminating its participation in the TIRZ, the District shall provide written notice to the Developer, the TIRZ Board and any other Participating Taxing Unit still contributing Tax Increment Payments, stating its intent to terminate its participation in the TIRZ and detailing its objection(s) or concern(s). If the objection and/or concern as set out in the District's notice are not resolved within ninety (90) calendar days from the date of such notice, then the District may terminate its participation in the TIRZ.

C. Disposition of Tax Increments

Upon expiration or termination of the TIRZ, any money remaining in the Tax Increment Fund shall be paid to the Participating Taxing Entities on a pro rata basis in accordance with Section 311.014(d) of the Act, in the order of priority described above. In addition, any payments returned to the City by a developer pursuant to a development agreement shall also be distributed to Participating Taxing Entities on a pro rata basis.

VII. MISCELLANEOUS

A. Understanding

1. Any and all costs incurred by the Developer are not, and shall never become, general obligations or debts of any Participating Taxing Entity. Any and all costs incurred by the District are not, and shall never become, general obligations or debts of any other Participating Taxing Entity. The eligible public improvement infrastructure costs incurred by a developer shall be payable solely from the Tax Increment Fund in the manner and priority provided in this Agreement and only to the extent that tax increment funds become available. The Parties agree and understand that under no circumstance shall the eligible costs exceed the maximum specified in the Project Plan nor shall the District ever be required to contribute Tax Increment in excess of its stated maximum contribution. No Participating Taxing Entity shall be obligated above and beyond what is actually collected as tax increment funds.
2. The City and the Board each represent that the Developer and the District understand and agree that:
 - (a) the Project Plan does not forecast sufficient tax revenues in the Tax Increment Fund to reimburse either the Developer or the District for all their estimated contributions or costs; and
 - (b) the City, per the Development Agreement, will only process payments to the Developer based on submittal of receipts per phase or plat, as defined in the Development Agreement. The City will not recommend approval of Developer reimbursement for a plat or phase until the phase or plat is complete in its entirety and Developer has submitted all the required paperwork relevant to that specific phase or plat; and
 - (c) the City will only process payments to the District based on submitted receipts per each phase as defined in the District Development Agreement. The City will not recommend approval of District reimbursement for a redevelopment activity until the phase is complete in its entirety and District has submitted all the required paperwork relevant to the phase, it being understood that the new signage for Palo

Alto College and the reconstruction of Villaret Boulevard shall be placed in separate phases.

B. Severability

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

C. Entire Agreement

This Agreement, which shall include the Project Plan, Financing Plan, and the Development Agreement as incorporated hereinabove, merges the prior negotiations and understandings of the Parties hereto and embodies the entire agreement of the Parties. There are no other agreements, assurances, conditions, covenants (express or implied), or other terms with respect to the covenants, whether written or verbal, antecedent or contemporaneous, with the execution thereof. Notwithstanding the foregoing, there will be a separate District Development Agreement concerning the role of the District in the reconstruction of Villaret Boulevard and new signage for Palo Alto College.

D. Written Amendment

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

E. Notices

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

CITY

Sheryl Sculley
City Manager
City of San Antonio
100 Military Plaza
San Antonio, Texas 78205
Re: Verano TIRZ

DISTRICT

Alamo Community College District
Att'n: Vice-Chancellor for Finance
and Administration
201 W. Sheridan
San Antonio, Texas 78204-1429
Re: Verano TIRZ

With copies to:

Adrian Lopez
Economic Development Manger
City Center Development Office
1400 So. Flores St.
San Antonio, Texas 78204
Re: Verano TIRZ

Associate Vice Chancellor of Facilities
Operations and Construction Management
Alamo Community College District
7990 Pat Booker Rd.
Live Oak, Texas, 78233
Re: Verano TIRZ

And BOARD

Presiding Officer
"Reinvestment Zone Number Twenty-Eight,
City of San Antonio, Texas"
c/o City Center Development Office
1400 So. Flores St.
San Antonio, Texas 78204

2. All notices required or permitted hereunder shall be in writing and shall be deemed delivered the earlier of (i) when actually received by personal delivery or facsimile if received during normal business hours and on the next business day if received after normal business hours; or (ii) on the third business day following deposit in a United States Postal Service post office or receptacle with proper postage affixed; or (iii) on the date of receipt if mailed by certified mail, return receipt requested, addressed to the respective other Party at the address prescribed in Article VII, paragraph E.1 of this Agreement, or at such other address as the receiving Party may have theretofore prescribed by notice to the sending Party.

F. Non-Waiver

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

G. Assignment

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

H. Successors

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

I. Project Plan

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

J. No Waiver of Immunity

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

K. Access to Financial Information

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

L. Development Agreements

1. The City, Bexar County, and the Board have entered into a written Development Agreement with the Developer related to the Project. The City, the District and the Board will also enter into a future District Development Agreement related to the Project and the development of the TIRZ. The City hereby represents that it will enforce the provisions of any development agreement, as required, including, to the extent contained in any development agreement, a developer's compliance with (i) applicable building codes and ordinances, including but not limited to flood, subdivision, building, electrical, plumbing, fire, and life safety codes and ordinances, as amended; all applicable federal, state, and local laws, rules, regulations, statutes, ordinances, orders, and codes, as amended; and rules and codes that govern development over the Edwards Aquifer Recharge Zone (if applicable); (ii) the 2006 Tax Increment Financing Program Policy and Implementation Manual and any construction schedule, as may be amended in accordance with the terms of any development agreement; and (iii) to the extent applicable, competitive bidding processes, payment of prevailing wages, payment and performance bonding procedures and use of minority/small businesses. The City and the Board agree to provide the District with a copy of any notice that is delivered or sent to any Party under this Agreement or any development agreement as soon as reasonably practical.
2. For any City-controlled construction contracts for new development or public improvements in the TIRZ advertised for bid after the Effective Date of this Agreement, the City agrees that, to the extent allowed by law, it will include in the bid specifications for said construction contracts a statement encouraging both general contractors and subcontractors to provide access to some form of affordable basic health insurance for permanent fulltime employees and their dependents.

M. TIRZ Designation

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

IN WITNESS HEREOF, THE CITY OF SAN ANTONIO; ALAMO COMMUNITY COLLEGE DISTRICT; AND TAX INCREMENT REINVESTMENT ZONE NUMBER TWENTY-EIGHT (28), CITY OF SAN ANTONIO, TEXAS have made and executed this Agreement in triplicate originals.

CITY OF SAN ANTONIO

[Handwritten Signature]

Sheryl Sealley
City Manager

Date: _____

ALAMO COMMUNITY COLLEGE
DISTRICT

[Handwritten Signature]

Dr. Bruce H. Leslie
Chancellor

Date: 8.27.10

ACCD Legal Affairs

[Handwritten initials]

ATTEST/SEAL:

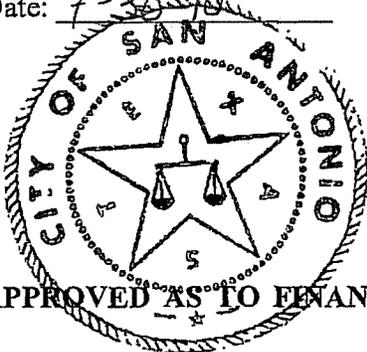
[Handwritten Signature]

Leticia M. Vacek
City Clerk

Date: 7-30-10

ATTEST/SEAL:

Date: _____



APPROVED AS TO FINANCIAL CONTENT BY ALAMO COMMUNITY COLLEGE
DISTRICT:

Date: _____

Date: _____

APPROVED AS TO FORM:

APPROVED AS TO FORM:

for Agathe Wade
Michael D. Bernard
City Attorney
Date: 16 July 2010

By: _____

Date: _____

BOARD OF DIRECTORS

Verano TIRZ

[Signature]
Marcus Jahns
Presiding Officer, Board of Directors
Date: 7/31/2010

EXHIBIT A

1.412 ACRES

A metes and bounds description of a 1.412 acre (61,510 sq. ft.) tract of land situated in the City of San Antonio, Bexar County, Texas, being the same tract of land conveyed to Zachry Realty, Inc. by Special Warranty Deed recorded in Volume 10882, Page 2302, of the Official Public Records of Real Property of Bexar County, Texas, out of the Charles Tenniss Survey No. 50, Abstract 747, N.C.B. 11142:

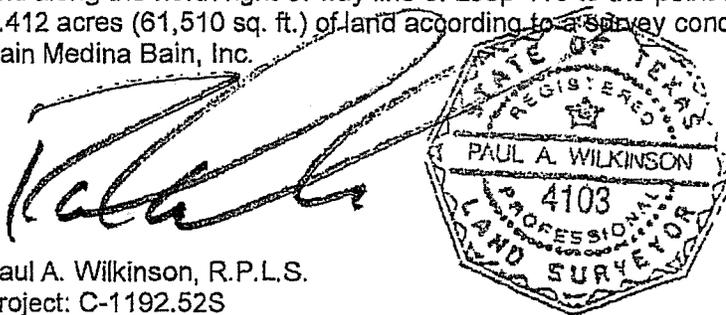
Beginning at an iron pin found for the southwest corner of the herein described tract, said iron pin being a point along the north right-of-way line of Loop 410 and the southeast corner of Lot 354, Block 36, N.C.B. 11135, Palo Alto College Subdivision, Unit 2, as recorded in Volume 9522, Page 149, of the Bexar County Plat Records;

Thence N 00° 21' 03" W, 149.76 feet, along the west line of the herein described tract and along the east line of Lot 354 to an iron pin found for the northwest corner of the herein described tract, said iron pin also being a point along the south right-of-way line of Chavaneaux Road;

Thence N 89° 35' 58" E, 410.10 feet, along the north line of the herein describe tract and along the south right-of-way line of Chavaneaux Road to an iron pin found for the northeast corner of the herein described tract, said iron pin also being the northwest corner of the Andres Perales 1.00 acre tract recorded in Volume 2347, Page 150, of the Official Public Records of Real Property of Bexar County, Texas;

Thence S 00° 17' 34" E, 150.20 feet, along the east line of the herein described tract and along the west line of the Andres Perales tract to an iron pin found for the southeast corner of the herein described tract, said iron pin also being a point along the north right-of-way line of Loop 410;

Thence S 89° 39' 44" W, 409.95 feet, along the south line of the herein described tract and along the north right-of-way line of Loop 410 to the point of beginning and containing 1.412 acres (61,510 sq. ft.) of land according to a survey conducted on the ground by Bain Medina Bain, Inc.



The image shows a handwritten signature in black ink, which appears to be "Paul A. Wilkinson". To the right of the signature is a circular professional seal for a Land Surveyor in the State of Texas. The seal contains the text: "STATE OF TEXAS", "REGISTERED", "PAUL A. WILKINSON", "4103", "PROFESSIONAL", and "LAND SURVEYOR".

Paul A. Wilkinson, R.P.L.S.
Project: C-1192.52S

A corresponding survey plat of even date herein accompanies this metes & bounds
All set iron pins are ½ inch rebar with an orange plastic cap stamped Bain Medina Bain.
All bearings are based on NAD 83 State Plane Coordinates, Texas, South Central Zone
COPYRIGHT 2010. BAIN MEDINA BAIN, INC.

22.214 ACRES

A metes and bounds description of a 22.214 acre (967,641.84 sq. ft.) tract of land situated in the City of San Antonio, Bexar County, Texas, being the remaining 5.487 acres of Lot 353, Block 37, N.C.B. 11136, Mayfield Park, Second Filing, as recorded in Volume 980, Page 94, of the Bexar County Plat Records, the remaining 2.835 acres of Lot 354, Block 37, N.C.B. 11136, Mayfield Park, a 0.544 acre portion of Lot 355, Block 37, Mayfield Park, Second filing and a 13.348 acre portion of a 50.785 acre tract acquired by H. B. Zachry Company by Deed recorded in Volume 6411, Page 309, of the Deed Records of Bexar County, Texas:

Beginning at a Bain Medina Bain capped iron pin found for the northwest corner of the herein described tract, said pin also being the most southerly northeast corner of Lot 359, Block 36, N.C.B. 11135, Palo Alto College, as recorded in Volume 9575, Page 211, of the Bexar County Plat records, and also being a point along the south right-of-way line of Jennifer Drive as shown on the plat recorded in Volume 6600, Page 129, of the Bexar County Plat records;

Thence along the north line of the herein described tract and along the south right-of-way line of Jennifer Drive, southeasterly, 172.73 feet, along the arc of a 430.00 foot radius curve to the left to an iron pin set for the point of tangency of the 430.00 foot radius curve, said curve having a central angle of $23^{\circ} 00' 55''$ and a 171.57 foot chord which bears $S 41^{\circ} 20' 22'' E$;

Thence continuing along the north line of the herein described tract and along the south right-of-way line of Jennifer Drive, $S 52^{\circ} 32' 50'' E$, 451.68 feet, to an iron pin set for the point of curvature of a 489.00 foot radius curve to the left;

Thence continuing along the north line of the herein described tract, along the south right-of-way line of Jennifer Drive and 473.50 feet along the arc of said 489.00 foot radius curve, to an iron pin set for the point of tangency of the curve, said curve having a central angle of $55^{\circ} 28' 47''$ and a 455.22 foot chord which bears $S 18^{\circ} 01' 37'' E$;

Thence, $N 71^{\circ} 58' 23'' E$, 64.53 feet, along the north line of the herein described tract, along the south right-of-way line of Jennifer Drive to an iron pin set for the northeast corner of the herein described tract, said iron pin also being a point in the north line of the remainder of Lot 355, Block 37, N.C.B. 11136, Mayfield Park;

Thence S 00° 20' 46" E, 880.22 feet, along the east line of the herein described tract, crossing Lot 355 and crossing the above referenced 50.785 acre tract to an iron pin set for the southeast corner of the herein described tract, said set iron pin also being a point along the north right-of-way line of Chavaneaux Road;

Thence S 89° 35' 58" W, 978.47 feet, along the south line of the herein described tract, along the north right-of-way line of Chavaneaux Road and along the south line of the above mentioned 50.785 acre tract to an iron pin found for the southwest corner of the herein described tract, said found iron pin also being the southeast corner of Lot 359, Block, N.C.B. 11135, Palo Alto College;

Thence N 00° 20' 46" W, 1347.98 feet, along the west line of the herein described tract and along the east line of Lot 359, Block 36, N.C.B. 11135, to the point of beginning and containing 22.214 acres (967,641.84 sq. ft.) of land according to a survey conducted on the ground by Bain Medina Bain, Inc..

Paul A. Wilkinson
Reg. Prof. Land Surveyor No. 4103
Project: C-1192.52S

A corresponding survey plat of even date herein accompanies this metes & bounds

All set iron pins are ½ inch rebar with an orange plastic cap stamped Bain Medina Bain.

All bearings are based on NAD 83 State Plane Coordinates, Texas, South Central Zone

COPYRIGHT 2010. BAIN MEDINA BAIN, INC.

U:\My Documents\BW-CADD\ACCD-PaloAltoCollege\Metes&Bounds\PAC-HBZ-1(Revised).doc

Exhibit B

Notice of Confidentiality Rights: If You Are a Natural Person, You May Remove or Strike Any or All the Following Information from Any Instrument That Transfers an Interest in Real Property Before it Is Filed for Record in the Public Records: Your Social Security Number or Your Driver's License Number.

State of Texas }
 }
County of Bexar }

Deed Without Warranty

**Authorizing
Ordinance:**

Statutory Authority:

Grantor: City of San Antonio

Grantor's Mailing Address: City Of San Antonio, P.O. Box 839966, San Antonio,
Texas 78283-3966 (Attn: City Clerk)

Grantor's Street Address: City Hall, 100 Military Plaza, San Antonio, Texas 78205
(Bexar County)

Grantee:

**Grantee's Mailing
Address:**

Consideration:

Property: All of the following real property situated within the corporate limits of the City of San Antonio, Bexar County, Texas, being described as follows:

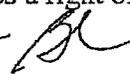
more particularly described by metes and bounds and

shown by survey on **Exhibit "A"** attached hereto and incorporated herein verbatim for all purposes.

Grantor, for the Consideration, Grants, Bargains, and Conveys to Grantee, all of Grantor's right, title, interest, and estate, both at law and in equity, as of the date hereof, in and to the Property, together with all and singular the rights and appurtenances thereto in anywise belonging, To Have and To Hold unto Grantee, Grantee's successors and assigns forever, **Without Any Express Or Implied Warranty whatsoever, Including But Not Limited to Warranties of Title, Condition, or Character.**

The Property is conveyed together with any and all improvements, structures and fixtures located thereon, and with all rights, privileges, rights of way, and easements appurtenant thereto, unless reserved unto other parties herein.

Reservations, Restrictions, Exceptions, And Conditions To Conveyance: This conveyance is explicitly subject to the following:

A. Reservations: ~~Grantor reserves a right of reentry if the restriction stated in item C below is breached.~~ *None* 

B. Easements: ~~All recorded and unrecorded easements, whether or not open and obvious.~~ 

C. Restrictions: ~~Through September 30, 2037, Grantee and its successors and assigns must at all times use the Property only for a public purpose related to higher education. At any time through September 30, 2037 that the Property is not being used for a public purpose related to higher education, Grantor or its successor or assigns may enjoin the non-complying use in any court of competent jurisdiction in Bexar County, Texas.~~ *None* 

D. Exceptions: All instruments affecting the Property, whether or not recorded.

E. Conditions: All conditions affecting the Property.

This conveyance does not relieve Grantee of any building, zoning, or other city-imposed requirements, or other land use restrictions applicable to the Property or the obligation to pay any real estate taxes that may otherwise be due.

Grantor expressly disclaims any and all warranties arising by common law, statute (including without limitation the implied warranties of § 5.023, Texas Property Code or any successor statute), or otherwise.

In Witness Whereof, Grantor has caused its representative to set its hand:

Grantor:

City of San Antonio, a Texas municipal corporation

By: _____

Printed
Name: _____

Title: _____

Date: _____

Approved As To Form:

By: _____
City Attorney

The State of Texas }

County of Bexar }

Before me, the undersigned authority, this instrument was this day acknowledged by _____, of and for the City of San Antonio, a Texas municipal corporation, on behalf of that entity in the capacity stated.

Date: _____

Notary Public, State of Texas

My Commission Expires: _____

After Recording, Return To:

EXHIBIT F

**AMENDED AND RESTATED CONSENT AGREEMENT AMONG THE CITY OF SAN ANTONIO, TEXAS,
THE SAN ANTONIO WATER SYSTEM,
VERANO LAND GROUP, LP, and
THE BOARD OF DIRECTORS OF REINVESTMENT ZONE NUMBER TWENTY-EIGHT,
CITY OF SAN ANTONIO, TEXAS**

This Amended and Restated Agreement (this "Agreement"), is an amended and restatement of the ("2009 Consent Agreement") that pursuant to Ordinance No. 2009-08-20-0662 _____, passed and approved on the 20th day of August, 2009 was entered into by and between the City of San Antonio, a Texas municipal corporation in Bexar County, Texas (the "City"); the San Antonio Water System, a public utility, acting through its Board of Directors pursuant to Resolution No. 09-217 as passed and approved on August 4, 2009 and Resolution No. 09-251 as passed and approved on September 1, 2009 ("SAWS"); VTLM Texas, LP, a Texas limited partnership ("VTLM"); and the Board of Directors for Reinvestment Zone Number Twenty-Eight, City of San Antonio, Texas, a tax increment reinvestment zone as passed and approved on August 13, 2009 (the "Board").

The City, SAWS, the Developer, and the Board may each be referred to singularly as a "Party" or collectively as "Parties."

NOW THIS AGREEMENT is made by and among the City, acting through its City Manager pursuant to Ordinance No. 2016-__-__-__ passed and approved by the City Council on the 28th day of January, 2016, the Board approved _____, and Verano Land Group, LP, a Nevada limited partnership (formerly a Texas limited partnership) (the "Developer").

BACKGROUND:

WHEREAS, the City, pursuant to Ordinance 2007-12-06-1257, created Reinvestment Zone Number Twenty-Eight to promote development of property surrounding the Texas A&M University campus in San Antonio ("TAMU-SA"), pursuant to the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code, through the use of tax increment financing, and established the Board; and

WHEREAS, the City, pursuant to Ordinance 2008-11-20-1018, entered into a Development Agreement (the "Original Development Agreement") with VTLM Texas, LP, a Texas limited partnership ("VTLM") defining the rights and duties of the parties thereto with regard to development of public infrastructure within Tax Increment Reinvestment Zone Number Twenty-Eight, City of San Antonio, Texas ("TIRZ"); and

WHEREAS, SAWS, pursuant to Resolution No. 09-217 and/or Resolution No. 09-251, entered into a Utility Service Agreement with the Developer, VTLM and the Texas A&M University System for the benefit of TAMU-SA ("Prior Utility Service Agreement"); and

WHEREAS, under the Prior Utility Service Agreement, the Developer and VTLM assigned rights to some of the reimbursement of Project Costs under the Original Development Agreement to SAWS; and

WHEREAS, the City and the Board have entered into an Interlocal Agreement with each of the three other Participating Taxing Entities in the TIRZ; and

WHEREAS, per Article V.C. in each of the Interlocal Agreements, the City and the Board may enter into agreements to pay Project Costs from the TIF Fund with only written notice to the other Participating Taxing Entities; and

WHEREAS, a Consent Agreement ("Prior Consent Agreement") was entered into, pursuant to Ordinance No. 2009-08-20-0662, passed and approved on the 20th day of August, 2009, by and between the City; SAWS, acting through its Board of Directors pursuant to Resolution No. 09-217 as passed and approved on August 4, 2009 and Resolution No. 09-251 as passed and approved on September 1, 2009; Developer; VTLM; and the Board, as passed and approved on August 13, 2009; and

WHEREAS, VTLM has assigned its rights to Developer, and Developer has assumed VTLM's obligations, under the Original Development Agreement (as amended prior to such assignment and assumption) and the Prior Utility Service Agreement; and

WHEREAS, the Original Development Agreement (as amended prior to such assignment and assumption by Developer) was amended and restated, that what certain Amended and Restated Development Agreement entered into pursuant to Ordinance _____ (the "Development Agreement") by and among the City, Bexar County, the Board and the Developer; and

WHEREAS, SAWS, pursuant to Resolution No. _____, entered into a Utility Service Agreement (the "Utility Service Agreement") with the Developer, and the Texas A&M University System for the benefit of TAMU-SA, to supersede and replace the Prior Utility Service Agreement; and

WHEREAS, under the Utility Service Agreement, the Developer assigned rights to some of the reimbursement of Project Costs under the Development Agreement to SAWS; and

WHEREAS, this Amended Consent Agreement is being entered into to restate, and amend the Prior Consent Agreement, with the effectiveness of this Agreement relating back to the effective date of the Prior Consent Agreement;

NOW, THEREFORE, the Parties consent to the terms of the Utility Service Agreement and agree as follows in order to implement the provisions of Utility Service Agreement:

I. DEFINITIONS

1.1 "Agreement" means this document by and among the City, SAWS, the Developer, and the Board which may be amended from time to time as necessary to fully implement the Utility Service Agreement, attached as Exhibit A.

1.2 "Assignment" means a written assignment to SAWS of right to receive TIF Fund reimbursements with a warranty of the Developer's rights to such funds as set forth in the Utility Service Agreement, attached in final form as Exhibit B to this Agreement.

1.3 "Development Agreement" means the agreement by and among the City, Bexar County, the Developer, and the Board which may be amended from time to time as necessary to fully implement the Project Plan and Finance Plan for the TIRZ.

1.4 "EDU" stands for "Equivalent Dwelling Unit", a means of measuring water and wastewater capacity provided by SAWS.

1.5 "Effective Date" is the date the last Party executes this Agreement, provided, however, that the effectiveness of this Agreement relates back to the effective date of the Prior Consent Agreement.

1.6 "Impact Fees" is a one-time charge imposed on new development by SAWS to help recover capital costs associated with providing the infrastructure and other required improvements to provide water or wastewater service to the new development.

1.7 "Participating Taxing Entity" means any governmental entity recognized as such by Texas law, which is participating in this TIRZ by contributing a percentage of its Tax Increment.

1.8 "Project Costs" has the meaning provided by Section 311.002(1) of the Act.

1.9 "Public Improvements" include those improvements that provide a public benefit and that are listed in the Project Plan, the Financing Plan and the Construction Schedule. When an improvement has both private and public benefits, only that portion dedicated to, held open to or accessible by the public may be reimbursed to the Developer as a Public Improvement.

1.10 "TAMU-SA" means Texas A&M University – San Antonio.

1.11 "Tax Increment" has the meaning assigned by Section 311.012 of the Texas Tax Code, and applies only to taxable real property within the TIRZ.

1.12 "TIF" means Tax Increment Financing.

1.13 "TIF Fund" means the tax increment fund created by the City pursuant to Ordinance 200712-06-1257 for the deposit of Tax Increments for the TIRZ, entitled "Reinvestment Zone Number Twenty-Eight, City of San Antonio, Texas Tax Increment Fund."

1.14 "TIRZ" means Tax Increment Reinvestment Zone Number Twenty-Eight, City of San Antonio, Texas.

1.15 "Utility Service Agreement" means the Utility Service Agreement entered into among SAWS, the Developer, and Texas A&M University on behalf of TAMU-SA.

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

Gender: The gender of the wording throughout this Agreement shall always be interpreted to mean either sex.

II. REPRESENTATIONS AND AGREEMENTS

2.1 **Consent.** The City, SAWS, the Developer, and the Board consent to the terms of the Utility Service Agreement, attached as Exhibit A. Because the City and the Board are not parties to the Utility Service Agreement, the intent of this Agreement is to evidence the agreement of all Parties to the Utility Service Agreement.

2.2 **City and Board Authority.** The City and the Board are authorized by paragraph V.C. in each of the Interlocal Agreements with the Participating Taxing Entities to enter into any other agreements to pay Project Costs and other reasonable expenses from the Tax Increments paid into the Tax Increment Fund by the City without the consent of any other Participating Taxing Entity and therefore have the authority to enter into this Agreement. The City and Board have provided each of the Participating Taxing Entities: Bexar County, Alamo Community College District, and the San Antonio River Authority, a written notice of this Agreement and will provide each entity executed copies of this Agreement when available.

2.3 **Right to Assign Payment.** The Developer may rely upon the payments to be made to Developer from the TIF Fund out of the Available Tax Increment Funds as specified in the Development Agreement, and the Developer may assign its rights to such payments to other parties. The Developer, City, and the Board agree that SAWS shall be assigned certain tax increment reimbursement otherwise due the Developer under the Utility Service Agreement and that City shall issue a check or other form of payment from the TIF Fund made payable only to SAWS for any assigned reimbursement.

2.4 **Right to Receive Reimbursements.** In exchange for certain expenditures by SAWS for Public Improvements within the TIRZ, the Developer shall by separate document, in substantially the form attached as Exhibit B, assign a portion of Developer's right to recover tax increment under the Development Agreement to SAWS.

2.5 **Assigned Payment not Otherwise Encumbered.** The Developer warrants that as of the Effective Date Developer has not made any other assignment of Developer's right to TIF Fund proceeds and the City and the Board confirm that they have not authorized any other assignments of Developer's right to proceeds from the TIF Fund. The Developer agrees that SAWS reimbursement shall take precedence over any other reimbursement that Developer or assignee of Developer is entitled to under the Development Agreement, a condition precedent appearing in Paragraph S.C.WW.1.01(5) in the wastewater section of the Utility Service Agreement.

2.6 **Reasonable Efforts of all Parties.** The City, SAWS, the Board, and the Developer represent each to the others that they shall make reasonable efforts to expedite the subject matters of this Agreement and acknowledge that the successful performance of this Agreement requires their continued cooperation.

III. THE RIGHT TO RECOVER

3.1 In partial reimbursement for certain expenditures heretofore made by SAWS for the design and construction of wastewater infrastructure in the TIRZ, the Developer agreed in the Utility Service Agreement to allow SAWS the right to recover the following reimbursement

amounts to which Developer is entitled under the Development Agreement for the TIRZ:

- a. up to \$2,131,618.50 for the design and construction of wastewater improvements that have been completed and that were funded by SAWS pursuant to the Prior Utilities Service Agreement (the "SAWS-Funded Wastewater Improvements");
- b. actual costs incurred by SAWS if and to the extent it is necessary for SAWS to repair or reconstruct any wastewater infrastructure designed or constructed by Developer within two (2) years from the date of completion of such infrastructure, as and to the extent set forth in the Utility Service Agreement; and
- c. the actual amount of water and wastewater impact fees attributable to certain water and wastewater capacity reserved and allocated to TAMU-SA in the Utility Service Agreement (i.e., 100 EDUs for water service to the tract identified as the "ITC Tract" in the Utility Service Agreement, and 2,783 EDUs for wastewater service to the tract identified as the "TAMU-SA Tract" in the Utility Service Agreement) until the earlier of (i) August 2034 or (ii) such time as the water service EDUs reserved and allocated to TAMU-SA for the ITC Tract under the Utility Service Agreement (i.e., a maximum of 100 EDUs of water service) and the wastewater service EDUs reserved and allocated to TAMU-SA for the TAMU-SA Tract under the Utility Service Agreement (i.e., a maximum of 2,783 EDUs of wastewater service) are committed or utilized.

IV. TERM OF AGREEMENT AND TIRZ

4.1 The term of this Agreement shall commence on the Effective Date and end on the date which is the earlier to occur of the following: (i) SAWS has been reimbursed from the TIF Fund for the full amount that SAWS is entitled to under the Utility Service Agreement and has no possibility of additional reimbursement or (ii) September 30, 2045. The City and the Board agree that they will not terminate the TIRZ unless SAWS has been reimbursed the full amount SAWS is or becomes entitled to under the Utility Service Agreement and TAMU-SA has constructed its first facility on site. However, the City agrees not to terminate the TIRZ while SAWS has outstanding reimbursement that SAWS is entitled to receive per Paragraph S.C.WW.1.01(4) in the wastewater section of the Utility Service Agreement.

V. DUTIES AND OBLIGATIONS OF DEVELOPER

- 5.1 The Developer has the following duties and obligations to the other Parties:
- a. **Invoices.** The Developer shall designate SAWS as the direct payee on all supporting invoices submitted to the City for reimbursement for construction of the SAWS-Funded Wastewater Improvements.

VI. DUTIES AND OBLIGATIONS OF SAWS

- 6.1 SAWS has the following duties and obligations to the other Parties:
- a. **Documentation in Support of Payment from the TIF Fund.** SAWS agrees to promptly submit to the City, in a form acceptable to the City, documentation of

impact fees due and owing on behalf of TAMU-SA and any repair and reconstruction expenses, including competitive bidding documentation, made by SAWS per Paragraphs S.C.WW.1.01(4)D and S.C.WW.1.01(4)C.2(i) respectively in the wastewater section of the Utility Service Agreement.

VII. DUTIES AND OBLIGATIONS OF CITY

- 7.1 The City has the following duties and obligations to the other Parties:
- a. Provide written notification to the other Participating Taxing Entities contributing to the TIF Fund that none of the Tax Increment that they contribute will be used to reimburse SAWS per Paragraph S.C.WW.1.01(5) in the wastewater section of the Utility Service Agreement.
 - b. Maintain an accounting of the tax increment collected by the City and available for distribution to SAWS and allow all other Parties and Participating Taxing Entities access to review such an accounting.
 - c. Present the Assignment to the Board and request that the Board authorize payment directly to SAWS from the TIF Fund in the amount required by Paragraph S.C.WW.1.01(4)C.2 in the wastewater section of the Amended and Restated Utility Service Agreement.
 - d. Provide SAWS access to all TIF financial reporting, including periodic financial reports that provide an accounting of all TIF Fund collections and disbursements as required by Paragraphs S.C.WW.1.01(4)C.3 and S.C.WW.1.01(4)C.4 respectively in the wastewater section of the Amended and Restated Utility Service Agreement.

VIII. DUTIES AND OBLIGATIONS OF THE BOARD

- 8.1 The Board has the following duties and obligations to the other Parties:
- a. Approve disbursements to be made directly to SAWS from the TIF Fund in the amount required by Paragraph S.C.WW.1.01(4)C.2 in the wastewater section of the Utility Service Agreement,

IX. LEGAL AUTHORITY

9.1 Each person executing this Agreement on behalf of the City, SAWS, the Board or the Developer, represents, warrants, assures and guarantees that he has full legal authority to (i) execute this Agreement on behalf of the City, SAWS, the Board and/or the Developer, respectively and (ii) to bind the City, SAWS, the Board and/or the Developer, respectively, to all of the terms, conditions, provisions and obligations contained in this Agreement.

X. PARTIES' REPRESENTATIONS

10.1 This Agreement has been jointly negotiated by the City, SAWS, the Board, and the Developer and shall not be construed against a party because that party may have primarily assumed responsibility for the drafting of this Agreement.

XI. CAPTIONS

11.1 All captions used in this Agreement are only for the convenience of reference and shall not be construed to have any effect or meaning as to the agreement between the parties to this Agreement.

XII. ENTIRE AGREEMENT

12.1 **No Contradictions.** This written Agreement is a consent to the Amended and Restated Utility Service Agreement and embodies the final and entire agreement between the Parties for the implementation of said Utility Service Agreement, and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the Parties. If there is any conflict between the terms of this Agreement and the Utility Service Agreement, the terms of the Amended and Restated Utility Service Agreement shall control.

12.2 **Incorporation of Exhibits.** The Exhibits attached to the Agreement are incorporated in and shall be considered a part of this Agreement for the purposes stated in this Agreement.

DRAFT

IN WITNESS THEREOF, the Parties hereto have caused this instrument to be signed on the date of the each signature below. In accordance with Section 1.5 above, the Effective Date of this Agreement will be the date of the last signature below, but the effectiveness of this Agreement relates back to the effective date of the Prior Consent Agreement:

CITY OF SAN ANTONIO

SAN ANTONIO WATER SYSTEM

Sheryl Sculley
City Manager

Robert R. Puente, President and Chief
Executive Officer

Date: _____

Date: _____

ATTEST/SEAL:

ATTEST/SEAL:

City Clerk
Date: _____

Date: _____

APPROVED AS TO FORM:

Martha G. Sepeda
Acting City Attorney
Date: _____

DRAFT

**BOARD OF DIRECTORS
TAX INCREMENT REINVESTMENT
ZONE NUMBER TWENTY-EIGHT,
CITY OF SAN ANTONIO, TEXAS**

**VERANO LAND GROUP, LP, a Nevada
limited partnership**

By: South San Antonio Management, LLC,
a Nevada limited liability company, its General
Partner

Name: _____
Title: Presiding Officer, Board of Directors

By: _____
Printed Name: _____
Title: _____

Date: _____

Date: _____

EXHIBIT A

DRAFT

UTILITY SERVICE AGREEMENT

STATE OF TEXAS §
 §
COUNTY OF BEXAR §

This Utility Service Agreement (“Agreement”) is entered into by and between the San Antonio Water System Board of Trustees, through Resolution Number _____, acting by and through its President/Chief Executive Officer (“SAWS”), The Texas A&M University System (“TAMUS”), for the benefit of The Texas A&M University – San Antonio (“TAMU-SA”), and Verano land Group, LP, a Nevada limited partnership (formally a Texas limited partnership) (“Developer”) acting by and through Joseph M DeSimone Jr., as managing member of its general partner, all of the foregoing entities being referred to together as the “Parties” and each separately as a Party.

Recitals

Whereas, Developer and TAMUS have requested that SAWS provide water and wastewater service (the “Services”) to an approximate 2,421-acre tract of land, (the “Tract”), which is located inside SAWS’ water CCN, inside SAWS’ wastewater CCN and does require SAWS’ financial participation in the development of infrastructure through oversizing or impact fee credits, therefore, Board action is required; and

Whereas, portions of the Tract are owned by Developer (the “Verano Tract”), and portions of the Tract are owned by TAMUS (the “TAMU-SA Tract”);

Whereas, the TAMU-SA Tract consists of approximately 694.5 acres, being comprised of (i) approximately 590 acres, being two 25 acre parcels along South Loop 410 and one contiguous 580 acre parcel north of Mauermann Road (collectively, the “Main Campus”) and (ii) one 104.5 acre parcel south of Mauermann Road to be used for an Irrigation Technology Center (the “ITC Tract”); and

Whereas, the Verano Tract consists of (i) approximately 1726.5 acres essentially surrounding the Main Campus north of Mauermann Road (the “Verano North Tract”), and (ii) approximately 45.65 acres adjacent to the ITC Tract south of Mauermann Road (the “Verano South Tract”, and together with the ITC Tract, the “South Tract”); and

Whereas, the Tract is not located over the Edwards Aquifer Recharge or Contributing Zone, which is not located within the 5-mile Awareness Zone of Camp Bullis, such Tract being more particularly described in Attachment VI hereto, as accepted by SAWS; and

Whereas, SAWS desires to provide the Services to the Developer pursuant to this Agreement, the SAWS Utility Service Regulations, and all applicable local, state, and federal regulations, as amended; and

Whereas, Bexar Metropolitan Water District (SAWS being the successor to Bexar Metropolitan Water District), Developer and TAMUS entered into a Memorandum of Understanding dated as of January 28, 2008 (the “Memorandum of Understanding”);

Whereas, Bexar Metropolitan Water District and Developer entered into a Texas A&M University Support Agreement for the benefit of TAMUS dated as of July 31, 2008 (the “Support Agreement”);

Whereas, Bexar Metropolitan Water District and VTLM TEXAS LP, a Texas limited partnership (“VTLM”) entered into a University Way Funding Agreement dated February 1, 2009 (“University Way Agreement”);

Whereas, Bexar Metropolitan Water District and VTLM entered into an East-West Street Funding Agreement dated August 7, 2009 (“East-West Agreement”);

Whereas, the Parties and VTLM entered into a Utility Services Agreement dated October 15, 2009 (the “2009 SAWS USA”);

Whereas, VTLM and Bexar Metropolitan Water District entered into a Utility Services Agreement dated January 26, 2009 (the “2009 BexarMet USA”);

Whereas, VTLM has assigned its rights to Developer and Developer has assumed VTLM’s obligations, under the University Way Agreement, the East-West Agreement, the 2009 SAWS USA and the 2009 BexarMet USA;

Whereas, this Agreement supersedes and replaces the 2009 SAWS USA and the 2009 BexarMet USA;

Whereas, this Agreement contemplates that the respective obligations of SAWS and Developer under the Memorandum of Understanding, the Support Agreement, the University Way Agreement and the East-West Agreement have been satisfied, except as may be specifically set forth or carried forward in this Agreement;

Now Therefore, The Parties Hereto Agree To The Following Terms and

Conditions:

1.00 Interpretation of Agreement.

1.01 The Parties acknowledge that the Services contemplated by this Agreement shall be provided in accordance with the SAWS Utility Service Regulations, Design Criteria, Schedules, Attachments and Instruments thereto, as amended (together “USR”). In the event the specific terms of this Agreement are in conflict with the USR, the specific terms of this Agreement shall apply. The above notwithstanding, for the specific conflicting terms to prevail, the conflict must be expressly noted in the Agreement. The Parties further acknowledge that this Agreement is

subject to future acts of the City Council of the City of San Antonio with respect to the adoption or amendment of impact fee ordinances/resolutions.

1.02 The Parties agree that the purpose of this Agreement is the reservation of the designated water supply and /or wastewater discharge capacity for the Tract. Any rights that the Developer claims arise under Chapter 245, Texas Local Government Code, that are related to this Agreement shall comply with the Unified Development Code Article IV, Division 1, Chapter 35-410 and applicable requirements in Article VII, Division 2 *Vested Rights*, which are dependent upon the provision of written information that provides the City of San Antonio fair notice of the project, provided that such written information includes a description of each land use (residential, multi-family, commercial or industrial) by acreage. If Developer intends to rely on this USA as its application for the purposes of vested rights under Chapter 245, then please contact Development Services Department, Land Entitlement team at 210-207-1111 or 1901 S. Alamo, San Antonio, TX. 78204. Further, this information must be included in the supporting engineering report in conformance with the Utility Service Regulations, which may be amended, or repealed and replaced, from time to time. In no event shall those Utility Service Regulations replace or conflict with the City's Unified Development Code, Article IV, Division 1, Chapter 35-410 and applicable requirements in Article VII, Division 2 *Vested Rights*.

2.00 Obligation Conditioned.

The obligation of SAWS to provide the Services is conditioned upon present rules, regulations and statutes of the United States of America and the State of Texas and any court order that directly affects the SAWS' Regional Water Production and Distribution System and/or Regional Wastewater Transportation and Treatment System and/or the utility infrastructure directly servicing the Tract. Developer acknowledges that if the rules, regulations and statutes of the United States of America and/or the State of Texas that are in effect upon the execution date of this Agreement are repealed, revised or amended to such an extent that SAWS becomes incapable of, or prevented from, providing the Services, then no liability of any nature is to be imposed upon SAWS as a result of SAWS' compliance with such legal or regulatory mandates. SAWS agrees that it will use its best efforts to prevent the enactment of such legal or regulatory mandates.

3.00 Term.

3.01 The term of this Agreement shall be seven (7) years from the Effective Date if the Developer complies with the requirements set out in G.C. 19.00 (attached) within the time period therein stated. This Agreement shall automatically expire if Developer fails to comply with the requirements of G.C. 19.00 within the time period therein provided. The term of this Agreement may be extended to fifteen (15) years from the Effective Date, if Developer complies with the requirements to extend the term set forth in G.C. 19.00 within the time period therein stated. Certain obligations of SAWS (described in Section 3.03 below) may survive the expiration of the term of this Agreement, to the extent that Developer has (i) paid all applicable impact fees for the Services at the then-current rate, and (ii) complied with all On-Site and Off-Site utility infrastructure requirements of this Agreement (described in the Special Conditions), including

over-sizing requirements. The term may be further extended as provided in the Special Conditions.

3.02 To the extent that SAWS' obligations do not survive the expiration of this Agreement, Developer understands and agrees that a new Utility Service Agreement must be entered into with SAWS to receive the Services for the development project that is the subject of this Agreement.

3.03 To the extent that all applicable impact fees are timely paid and Developer complies with all On-Site utility infrastructure requirements for the Verano Tract and all Off-Site utility infrastructure requirements for the Tract, and TAMUS complies with all On-Site utility infrastructure requirements for the TAMU-SA Tract, all prior to the expiration of this Agreement, the following obligations will survive expiration of this Agreement:

- (i) SAWS' recognition of the EDUs referenced as the subject of this agreement as Guaranteed Capacity.
- (ii) SAWS' continued recognition of impact fee credits previously earned by the Developer pursuant to Sections 15.8 and 15.9 of the USR and/or pursuant to this Agreement.
- (iii) SAWS' continued provision of the Services to retail customers located in the Tract, so long as such customers pay for the services and comply with the regulations applicable to individual customers.

3.04 Developer's obligations to pay SAWS all amounts set forth in this Agreement shall survive the expiration of the term of this Agreement.

4.00 Entire Agreement.

The following documents attached hereto and incorporated herein are as fully a part of this Agreement as if herein repeated in full, together with this Agreement, comprise the Agreement in its entirety:

Attachment I:	General Conditions
Attachment II:	Special Conditions
Attachment III:	Description of Proposed Water and/or Wastewater Infrastructure
Attachment IV:	Board Summary & Recommendation and Resolution (if necessary)
Attachment V:	Developer Water and/or Wastewater Master Plan (if necessary)
Attachment VI:	Engineering Study Including Description of the Tract
Attachment VII:	Lift Station & Force Main Supplemental Agreement (if necessary)
Attachment VIII:	Water Recycling and Conservation Plan (if necessary)

Any of the above attachments that are created and submitted by the Developer as an attachment to this USA shall be limited to providing relevant engineering, planning or managing information for the purposes of setting aside or reserving water and/or wastewater service capacity as specified in the body of this USA, the General Conditions and the Special Conditions. Developer agrees that it will not attempt to rely on, and SAWS does not authorize, any of the contents of

any attachments created and submitted by the Developer as a basis for claiming rights under Chapter 245 of the Texas Local Government Code, except as specifically required by Section 1.02 of this USA.

Developer understands that this Agreement, including, its General Conditions, Special Conditions and Attachments, is subject to the Texas Public Information Act; and, therefore, agrees that it will not claim that any of the information contained herein is subject to any third party exception under that Act.

5.00 Developer's Obligations.

The Developer acknowledges and agrees that the capacity provided by this Agreement runs with the land and shall be an appurtenance to the Tract. The Developer acknowledges that recordation of this Agreement in the Real Property Records of the County in which the Tract is located within three (3) years of the Effective Date of this Agreement is required; otherwise, this Agreement will automatically terminate. Developer shall record the Agreement and the delivery of a recorded copy to the Director within three (3) years of the Effective date of this Agreement or before any transfer of property or EDUs as specified in G.C. 20.00, whichever is sooner, is required. The Developer shall maintain records of EDUs remaining on the Tract pursuant to the approved Developer Master Plan. Developer shall provide SAWS with such records upon SAWS written request. Notwithstanding anything herein to the contrary, the Parties acknowledge and agree that the rights herein regarding the Main Campus and the ITC Tract are personal to and for the exclusive benefit of TAMUS, and are not assignable.

6.00 Indemnity.

TO THE EXTENT ALLOWED BY LAW AND TEXAS CONSTITUTION, THE DEVELOPER FURTHER AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS SAWS AND ITS SUCCESSOR AND ASSIGNS FROM THE CLAIMS OF THIRD PARTIES ARISING OUT OF SAWS' RECOGNITION OF THE TRANSFER OF CAPACITY UNDER THIS AGREEMENT TO DEVELOPER'S SUBSEQUENT PURCHASERS, SUCCESSORS AND ASSIGNS.

7.00 Notices.

Any notice, request, demand, report, certificate or other instrument which may be required or permitted to be furnished to or served upon the parties shall be deemed sufficiently given or furnished or served if in writing and deposited in the United States mail, registered or certified, return receipt requested, addressed to such party at the address set forth below:

IF TO SAN ANTONIO WATER SYSTEM:

**SAN ANTONIO WATER SYSTEM
POST OFFICE BOX 2449
SAN ANTONIO, TEXAS 78298-2449
ATTN: SAM MILLS, P.E., DIRECTOR, INFRASTRUCTURE PLANNING**

IF TO DEVELOPER:

Verano Land Group, LP

Attn: _____

with a copy to:

Attn: _____

If to TAMUS:

SYSTEM REAL ESTATE OFFICE
THE TEXAS A&M UNIVERSITY SYSTEM
A&M SYSTEM BUILDING, SUITE 2079
200 TECHNOLOGY WAY
COLLEGE STATION, TEXAS 77845
ATTN: TIMOTHY V. COFFEY
EMAIL: TCoffey@tamus.edu
TELEPHONE: (979) 458-6350
FACSIMILE: (979)458-6359

with a copy to:

GENERAL COUNSEL
THE TEXAS A&M UNIVERSITY SYSTEM
A&M SYSTEM BUILDING, SUITE 2079
200 TECHNOLOGY WAY
COLLEGE STATION, TEXAS 77845
ATTN: ANDREW L. STRONG
EMAIL: ASTRONG@TAMU.EDU
TELEPHONE: (979) 458-6120
FACSIMILE: (979) 458-6150

DRAFT

8.00 Severability.

If for any reason any one or more paragraph of this Agreement are held legally invalid, such judgment shall not prejudice, affect impair or invalidate the remaining paragraphs of the Agreement as a whole, but shall be confined to the specific sections, clauses, or paragraphs of this contract held legally invalid.

9.00 Effective Date.

The Effective Date of this Agreement shall be the date signed by the authorized representative of the San Antonio Water System.

10.00 Ownership.

By signing this Agreement the Developer represents and warrants that it is the owner of the Verano Tract or has the authority of the Verano Tract owner to develop the area. By signing this Agreement the TAMUS represents and warrants that it is the owner of the TAMU-SA Tract or has the authority of the TAMU-SA Tract owner to develop the area. Any misrepresentation of authority or ownership by Developer or TAMUS shall make this Agreement voidable by SAWS. If the Developer or TAMUS does not own the respective part of the Tract, then the Developer or TAMUS, as the case may be, must provide documentation from the owner of the respective part of the Tract to show that it has the proper authority to develop the respective part of the Tract.

11.0 Controlling Provisions.

To the extent of any irreconcilable conflict between the Agreement, the Attachments, and/or the General Conditions and the Special Conditions, the provisions of the Special Conditions shall apply.

12.0 Counterparts.

This Agreement may be executed in multiple counterparts, with the same effect as if all signatory parties had signed the same Agreement. All counterparts will be construed together and will constitute one and the same document. The signature pages from each counterpart document may be removed and attached to the same document for purposes of recording in the Real Property Records of Bexar County, Texas.

DRAFT

ACCEPTED AND AGREED TO IN ALL THINGS:

San Antonio Water System

VERANO LAND GROUP, LP, a Nevada limited partnership

Signature: _____

Print Name: Ashok S. Kaji, P.E.

Title: Interim Vice-President, Engineering & Construction

Date: _____

By: South San Antonio Management, LLC, a Nevada limited liability company, its General Partner

By: _____

Print Name: _____

Title: _____

Date: _____

The Texas A&M University System, and agency of the State of Texas

By: _____

Print Name: _____

Title: _____

Date: _____

DRAFT

ACKNOWLEDGEMENTS

STATE OF TEXAS, COUNTY OF BEXAR

§

BEFORE ME, the undersigned Notary Public, on this day personally appeared _____ known to me to be the person whose name is subscribed to the foregoing instrument and that he has executed the same as _____ for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this ___ day of _____, 2015.

(seal)

Notary Public

STATE OF TEXAS, COUNTY OF BEXAR

§

BEFORE ME, the undersigned Notary Public, on this day personally appeared _____ known to me to be the person whose name is subscribed to the foregoing instrument and that he has executed the same as _____ for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this ____ day of _____, 2015.

(seal)

Notary Public

STATE OF TEXAS, COUNTY OF BEXAR

§

BEFORE ME, the undersigned Notary Public, on this day personally appeared _____ known to me to be the person whose name is subscribed to the foregoing instrument and that he has executed the same as _____ for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this ____ day of _____, 2015.

(seal)

Notary Public

DRAFT

GENERAL CONDITIONS OF THE UTILITY SERVICE AGREEMENT

G.C.1.00 Definitions.

G.C.1.01 Developer.

Owner of the tract, his subsequent purchasers, successors, and/or assigns.

G.C.1.02 Director of Infrastructure Planning.

The Director of Infrastructure Planning of the San Antonio Water System or his/her designated representative.

G.C. 1.03 Definition of Terms.

Unless defined in the Utility Service Agreement (the "Agreement"), the terms used in this General Conditions of the Utility Service Agreement (the "General Conditions") shall have the same definitions and meaning as those set out in Chapter 2, Definitions, of the Utility Service Regulations ("USR"). In the event a term is specifically defined in the General Conditions, and the definition is in conflict with that found in the USR, and such conflict is acknowledged in the General Conditions, the definition set out in the General Conditions shall apply.

G.C.2.00 Required Submittals.

If determined to be necessary by the Director of Infrastructure Planning ("Director"), the Developer hereby agrees to submit the following documents prior to the execution of the Agreement: Developer Master Plan, Developer Utility Layout, Water Recycling and Conservation Plan (not highly detailed), and Engineering Report. The Parties agree that such documents are included instruments to the Agreement. The submittal of such documents is a condition precedent to plat recordation and initiation of Services. Developer shall modify such documents as may be reasonably required by the Director. Such documents shall be updated as required by the Director and the USR.

G.C.3.00 Dedication to SAWS.

The Developer agrees to dedicate, grant, and convey to SAWS all rights, title and interest of Developer in both the Off-Site and On-Site utility infrastructure that the Developer is required to construct under the Special Conditions of the Utility Service Agreement (the "Special Conditions"), and to dedicate, grant, and convey to SAWS easements for such utility infrastructure. Upon written acceptance of Off-Site and On-Site utility infrastructure by SAWS, the infrastructure shall be owned, operated and maintained by SAWS.

G.C.4.00 Design and Construction Requirements.

The design and construction of all Off-Site and On-Site utility infrastructure shall, at a minimum, comply with the requirements established by SAWS, including the USR, the City of San Antonio, the County of Bexar, the State of Texas, and any agency thereof with jurisdiction, including but not limited to the Texas Commission on Environmental Quality and the Texas Department of Health. Off-Site and On-Site utility infrastructure shall be constructed under the

inspection of SAWS. Provision of the Services to the Tract shall not commence until the Director has accepted and approved Off-Site and On-Site utility infrastructure in writing.

G.C.5.00 Joint Venture Agreements.

In the event the Developer enters into a Joint Venture Agreement covering the costs for supplying the Services to the Tract, the Developer shall send a copy of such agreement to the attention of the Director.

G.C.6.00 Assignment.

This Agreement may not be assigned by Developer or TAMUS in whole or in part without the written consent of SAWS; however, Developer may assign, convey or transfer EDU capacity ("EDU capacity transfer") to buyers of portions of the Tract in accordance with the terms in G.C. 20.00.

G.C.7.00 Event of Foreclosure.

In the event Developer's interest in the Tract described in Attachment VI are extinguished by an act of foreclosure, and the foreclosing party has supplied sufficient evidence to SAWS that they are the successor in interest to the Tract as a result of such foreclosure, and that there are no lawsuits pending concerning the Tract, SAWS shall consider the foreclosing party a successor in interest if the foreclosing party executes a utility service agreement with SAWS after the Director determines that the execution of such an agreement will not be adverse to SAWS' interest.

G.C.8.00 Payment for Provision of Utility Service.

In the event payment for the Services provided to a subdivision plat within the Tract is not billed by SAWS, the amount of the monthly fee for the provision of the Services will be those charged to the various customer classifications as set by City Ordinances, with the billing and collection thereof on behalf of SAWS, being the responsibility of the billing utility purveyor. To facilitate this arrangement, Developer is to insert into any utility agreement with whatever utility purveyor is to bill for utility services to a subdivision plat within the Tract, a provision requiring said purveyor to enter into a contract with SAWS to bill and collect SAWS' monthly utility services fees and transmit said fees to SAWS. The billing utility purveyor shall advise customers that delinquent non-payment of any of SAWS' fees will result in interruption and/or termination of the Services provided by SAWS, in accordance with applicable interruption and termination policies and procedures, as amended. SAWS shall not be obligated to provide the Services to any plat within the Tract unless and until the utility purveyor has executed a contract with SAWS to provide for the billing and collection of the Services provided by SAWS.

G.C.9.00 Enforcement of Industrial Waste Ordinance if Required by SAWS.

If any of the Tract is located outside the corporate limits of the City of San Antonio, the Developer shall cause to be recorded in the Deed and Plat Records of the counties in which the Tract is located, a restrictive covenant covering the portion of the Tract outside the City limits. This restrictive covenant shall run with the land in the Tract described in Attachment VI. Such covenant shall contain language expressly granting to SAWS the right, should SAWS so elect, to enforce and or otherwise pursue to the extent provided at law or in equity, the provisions of the City's Industrial Waste Ordinance No. 57214, as amended or as may be amended (codified as Chapter 34, Article V, Division 3 of the City Code). SAWS' right shall include, to the extent

provided at law or in equity, the right to inspection, sampling and monitoring of the collection system to assure ordinance compliance.

Recordation of the Covenant shall be a condition precedent for SAWS' provision of the Services to any portion of said Tract.

G.C.10.00 Oversizing.

Except as may be set forth in the Special Conditions, Developer must pay for all mains and other utility facilities needed to serve the Tract. SAWS may require the installation of oversized water mains and wastewater mains and related facilities. SAWS' requirements for over-sizing, if any, are set forth in the Special Conditions. SAWS will execute a trilateral contract with Developer and a contractor for the construction of oversized facilities, enter into some other form of agreement, or utilize the City of San Antonio's contracting process to accomplish the objectives of this Agreement. Contracts for the construction of oversized facilities must be competitively bid or otherwise procured in compliance with all applicable law. SAWS will reimburse the Developer promptly in cash for the oversize construction cost differential upon completion of the approved facility installation and SAWS' acceptance of such facility. All oversizing shall be done in accordance with the USR.

G.C.11.00 Off-Site /On-Site Facilities.

Except as may be set forth in the Special Conditions, Developer shall construct and install all required Off-Site and On-Site utility infrastructure in accordance with the USR and Special Conditions, at no cost to SAWS. Any specific requirements related to the facilities are set forth in the Special Conditions.

G.C.12.00 Impact Fee Payment.

Developer agrees that the Agreement does not constitute an assessment of impact fees. Developer agrees to pay all applicable impact fees at the time and in the amount prescribed by ordinance or resolution of the City Council of the City of San Antonio and the USR, as amended. An estimate of the impact fees for the development Tract is provided in the Special Conditions. The estimate does not constitute an assessment of impact fees, and the amount of impact fees is subject to change by the City Council of the City of San Antonio as provided by law.

G.C.13.00 SAWS' Obligation to Supply Service.

Subject to the terms and provisions of Wastewater Special Conditions Section S.C.WW.1.01.(4)D, to the extent that all applicable impact fees are paid, Developer complies with all Off-Site utility infrastructure requirements for the Tract and all On-Site utility infrastructure requirements for the Verano Tract, and TAMUS complies with all On-Site utility infrastructure requirements for the TAMU-SA Tract, Developer and TAMUS shall be entitled to the permanent use and benefit of the Services and is entitled to receive immediate service from any existing facilities with actual capacity to serve the development for which impact fees were paid, subject to compliance with other valid regulations. If, after collecting the impact fees, there is no actual capacity in existing facilities to provide the Services, SAWS will provide the Services within a reasonable period of time not to exceed five (5) years, as prescribed by Chapter 395 of the Local Government Code, as amended. In the event Services are required by Developer or TAMUS earlier than the five (5) year period, Developer, TAMUS and SAWS may agree that Developer may construct or finance the capital improvements or facility expansions required to provide Services, and the costs incurred or funds advanced will be credited against impact fees otherwise

due from the new development or reimbursed to Developer from impact fees paid from other new developments that will use such capital improvements or facility expansions, which fees shall be collected and reimbursed to Developer at the time the other new development records its plat.

G.C.14.00 Facility Design and Construction.

The Developer shall design and construct all On-Site and Off-Site utility infrastructure described in the Special Conditions, including any oversizing, in accordance with the USR and all applicable local, state and federal requirements. Developer further recognizes that SAWS' approval in all respects as to facility right-of-way adequacy, location, size, grade and invert elevation is a condition precedent to any further obligation of SAWS. Specific design and construction requirements are set forth in the Special Conditions.

G.C.15.00 Use of Capacity by SAWS.

Developer understands that capacity in Off-Site and On-Site utility infrastructure resulting from the Agreement for the Tract may be utilized by SAWS for other tracts requesting service from SAWS. SAWS shall keep accurate records of the capacity provided to the Tract under the Agreement, whether Set-Aside or Guaranteed Capacity, and in no event will Developer be denied capacity as a result of SAWS' utilization of such capacity for another tract. Set-Aside capacity shall not survive the expiration of the Agreement.

G.C.16.00 Utility Master Plan Requirements.

The Developer will prepare a utility master plan, which details the water and/or wastewater systems for the Tract pursuant to the USR, as amended.

G.C.17.00 Phased Utility Master Plans.

If the Developer's water and/or wastewater systems are to be installed in phases or units, the Developer shall submit overall utility master plans to SAWS for review and approval. The overall utility master plan(s) shall be submitted before the first construction phase is submitted for plat approval. The overall utility master plan(s) shall show the development phases or units including the sequence and a timetable for build-out. The Developer shall also provide SAWS with a digital version of the proposed recorded plat, as submitted for plat recordation in a format acceptable to SAWS, for each phase or unit of the development project.

G.C.18.00 Conformance of Plans to Utility Master Plan.

All water and wastewater system facilities to serve the Tract shall be designed and constructed in conformance with the approved utility master plan. Changes in the water and wastewater system design shall be resubmitted to SAWS for written approval.

G.C.19.00 Timing Requirements for Submission of Plans.

Developer shall have three (3) years from the Effective Date of the Agreement to complete and submit the required utility master plan and to start construction of the Off-Site and On-Site utility infrastructure described in the Special Conditions. Developer agrees that the Agreement for the provision of Services shall automatically expire if Developer has not submitted a utility master plan and started construction of required Off-Site and On-Site utility infrastructure within three

(3) years of the Effective Date of the Agreement, and a new request for the Services must be submitted to SAWS, which SAWS will grant based on then existing policies and regulations. In the event Developer meets the above-mentioned requirements within the three (3) year period provided, the Agreement shall remain in effect for seven (7) years from the Effective Date. If Developer submits a revised Utility Master Plan in accordance with the USR prior to the expiration of the seven (7) year period, the Agreement for the provision of Services may be extended to a maximum term of fifteen (15) years from the Effective Date. Furthermore in this regard, Recognizing that completion of the development on the Verano Tract and the construction of the TAMU-SA campus and ITC Center may exceed fifteen (15) years, and pursuant to Section 5.10 of the USR and subject to completion of the items required under this G.C. 19.00, SAWS agrees to extend the term of this Agreement to a period of thirty (30) years.

G.C. 20.00 EDU Transfers.

The transfer of EDU capacity outside the original boundaries of this Utility Service Agreement will not be allowed. The San Antonio Water System considers this Agreement to run with the land; however, EDU capacity transfers to subdivided tracts within the Tract of this Agreement are the responsibility of the Developer and approval of such transfers is not required by the San Antonio Water System. The Developer shall maintain an accounting of the EDU capacity that is used by the Developer and/or transferred after the effective date of this Agreement to portions of the Tract. If the Developer sells a portion of the Tract and transfers part of the EDU capacity contained in this Agreement, then that EDU capacity transfer must be included in the deed, bill of sale or instrument conveying the land and the Developer must require the buyer of the land who receives the allocated EDUs to record the instrument effectuating the transfer. Developer may file a Master Development Plan or an EDU Plan prepared by an engineer, that shows specific EDU capacity allocations within the Tract and shall ensure that the Master Development Plan or EDU Plan is attached to this Agreement and properly recorded. SAWS will recognize the capacity allocations within the Master Development Plan or EDU Plan so long as those allocations are within the parameters of this Agreement. For properties that have areas of unplanned use, the demand will be calculated at four (4) EDUs per acre unless the engineering report specifies otherwise or there is not enough EDU capacity remaining for the Tract to allocate four (4) EDUs per acre.

In no event will the System be responsible to 3rd parties for providing water supply or wastewater discharge capacity beyond the total EDU capacity identified in this Agreement for the Tract. Developer expressly disclaims, releases and holds harmless SAWS from any liability, damages, costs or fees, and agrees to indemnify SAWS for any liability, including, costs and attorney's fees, associated with any dispute related to the transfer of all or a portion of EDU capacity approved for the Tract in this Utility Services Agreement.

G.C. 21.00 Camp Bullis Awareness Zone.

In the event that the Tract is located within, or partially within, the Camp Bullis Awareness Zone, the Developer acknowledges that certain lighting regulations may apply within at least a 3-mile radius of Camp Bullis, commonly referred to as down-lighting or dark sky lighting, and Developer will comply with those regulations. Developer agrees to comply with any local, state or federal law, rule or regulation related to the protection of the environment or endangered species, including but not limited to, any site assessments or surveys and notice to the United States Fish & Wildlife when required by law, rule or regulation. Developer acknowledges that any required assessment, survey or notice shall be current or updated as may be required by law, rule or regulation.

DRAFT

SPECIAL CONDITIONS OF THE UTILITY SERVICE AGREEMENT

WATER SERVICE

S.C.W.1.00 Tract Location and Ultimate Demand.

The Tract, an approximately 2,421-acre tract inside the City limits, is located south of SW Loop 410, west of Pleasanton Rd., and east of S. Zarzamora (other than 22 acres of the 2,421 acres that is west of S. Zarzamora), as shown in Attachment VI. The tract is not located over the Edwards Aquifer Recharge or Contributing Zone and is not located within the 5-mile Awareness Zone of Camp Bullis. The proposed Tract is located inside SAWS' water CCN, inside SAWS' wastewater CCN and does require SAWS' financial participation in the development of infrastructure through oversizing or impact fee credits, therefore, Board action is required. The subtracts within the Tract are:

- TAMU-SA Tract: Those portions of the Tract that are owned by TAMUS
- Verano Tract: Those portions of the Tract that are owned by Developer
- Main Campus: Those portions of the TAMU-SA Tract consisting of two 5 acre parcels along South Loop 410 and one contiguous 580 acre parcel north of Mauermann Road
- Verano North Tract: That portion of the Verano Tract consisting of approximately 1681.5 acres essentially surrounding the Main Campus north of Mauermann Road
- ITC Tract: That portion of the TAMU-SA Tract consisting of 104.5 acre parcel south of Mauermann Road to be used for an Irrigation Technology Center
- Verano South Tract: That portion of the Verano Tract consisting of approximately 45.65 acres adjacent to the ITC Tract south of Mauermann Road
- South Tract: The ITC Tract and the Verano South Tract
- Northern Region: Bound by SW Loop 410 to the north, S. Zarzamora to the west (other than 22 acres of the Northern Region that is west of S. Zarzamora), Verano Parkway to the south and the Union Pacific Railroad to the east. This area also includes the additional 22 acres just west of S. Zarzamora.

- Western Region: Bound by the Union Pacific Railroad to the east, Verano Parkway to the north and Mauermann Road to the south
- Eastern Region: Bound by Pleasanton Road to the east, Mauermann Road to the south and the Union Pacific Railroad to the west
- Southern Region: That portion of the Tract south of Mauermann Road

The San Antonio Water System previously executed a Utility Service Agreement for the Tract (2,523.47-Acres) on October 15, 2009 for 342 EDUs of water service to the South Tract as outlined in the 2009 SAWS USA's water Special Conditions.

The Bexar Metropolitan Water District previously executed a Utility Service Agreement for the Tract (approximately 2,590-Acres) on January 26, 2009 for 10,831 EDUs of water service.

This Utility Service Agreement replaces and terminates the aforementioned existing Utility Service Agreements.

This Agreement confirms that the respective obligations of SAWS and Developer under the Memorandum of Understanding, the Support Agreement, the University Way Agreement and the East-West Agreement have been satisfied, except as may be specifically set forth or carried forward in this Agreement. Accordingly, the Memorandum of Understanding, the Support Agreement, the University Way Agreement and the East-West Agreement are superseded by this Agreement and are, therefore, terminated.

The Parties also hereby terminate the Real Estate Lease and Easements Agreement dated July 28, 1997 by and between South J. Land & Cattle, L.C. and Bexar Metropolitan Water District, recorded in Volume 7181, Page 16 of the real property records of Bexar County, Texas. The Parties agree to execute a recordable written instrument to further evidence such termination in form and substance reasonably satisfactory to each of the Parties.

The ultimate demand on the SAWS' facilities under this Agreement shall not exceed [12,030] equivalent dwelling units (EDUs) of water supply, for the proposed development. The allocation of these amounts are as follows:

9080 EDUs of water service are allocated to and reserved for the Verano North Tract.

2,700 EDUs of water service are allocated to and reserved for the Main Campus. Capacity and services for the Main Campus are personal to and for the exclusive benefit of TAMUS and are not assignable or transferable.

150 EDUs of water service are allocated to and reserved for the Verano South Tract.

100 EDUs of water service are allocated to and reserved for the ITC Tract. Capacity and services for the ITC Tract are personal to and for the exclusive benefit of TAMUS and are not assignable or transferable.

S.C.W.2.00 Infrastructure Requirements.

Water Supply to the tract will be from DSP Pressure Zone 790 and SAWS Pressure Zone 2.

The flow capacity of a 30-inch main or the equivalent is required to supply water to the Tract, in conformance with SAWS' Utility Service Regulations (USR).

DSP Pressure Zone 790 Requirements ([Need number] EDUs); Verano Elevated Storage Tank (EST)

The first 2,500 EDUs of water service to the Tract will not require additional elevated water storage; however, water service to the Tract under this Agreement beyond such 2,500 EDUs will require additional an elevated water storage tank on a 2-acre tract previously transferred by Developer to Bexar Metropolitan Water District (SAWS being the successor to Bexar Metropolitan Water District) by Special Warranty Deed from Verano Land Group, LP, as Grantor, to Bexar Metropolitan Water District for an elevated storage tank and related facilities, dated effective as of July 31, 2008 and recorded on September 9, 2008 as Document No. 20080198270 in Volume 13673, Page 534 of the Real Property Records of Bexar County, Texas (the "EST Site"). In this regard, the Support Agreement obligated SAWS (which obligation as set forth below is carried forward under this Agreement), for the benefit of TAMUS, to design, engineer and construct (or cause to be designed, engineered and constructed) in accordance with applicable law, at SAWS' cost and expense (with construction to commence when the water service to the Verano Tract and the TAMU-SA Tract reaches 2,500 EDUs), an elevated water production storage facility with yard piping (the "Elevated Storage Facility"), to include the following:

- (a) an elevated storage tank with the capacity for at least 1 million gallons of water;
- (b) a 20-inch or larger transmission main coming out of the elevated storage tank with two transmission mains extending into the adjacent Verano Tract; and
- (c) all other site improvements necessary for such facility, including, but not limited to, yard piping, electrical service, lighting, fencing, paving and drainage improvements.

To comply with such obligation, SAWS has included in its Water Infrastructure Plan the construction of the Elevated Storage Facility, with construction of such facility scheduled to be completed within ____ () [Need number.] years after the date hereof. In order to obtain service beyond such initial 2,500 EDUs of water service before SAWS completes construction of the Elevated Storage Facility, Developer and/or TAMUS would be required to (i) construct an elevated water storage tank, with contribution from SAWS, and impact fee credit therefor, as

provided below, and (ii) construct approximately 2,500 linear feet of 24-inch water main from the existing 20-inch main near the intersection of S Zarzamora Street and SW Loop 410 to the Verano EST, with impact fee credit therefor as provided below, and (iii) construct a 16-inch main from the Verano EST to S Zarzamora Street and border the western boundary of the Tract as illustrated in the water exhibit of Attachment III. This proposed 16-inch border main must connect to the existing 16-inch main near the intersection of S Zarzamora Street and Verano Parkway.

To obtain water service for the Verano North Tract, the Developer will be required to construct a series of 12-inch and 16-inch mains throughout the Verano North Tract within PZ 790 and connect to the existing 16-inch main (PZ 790) along Verano Parkway, the existing 16-inch main (PZ 790) along University Way and the existing 12-inch main (PZ 790) along Mauermann Road. The Developer will then construct throughout the Verano North Tract a series of 8-inch mains from these 12-inch and 16-inch mains. The Developer shall then connect services to the proposed PZ 790 8-inch, 12-inch and 16-inch mains traversing through the Verano North Tract within PZ 790.

Water service for the Main Campus will be at the property line of the Main Campus from the existing 16-inch main (PZ 790) along Verano Parkway, the existing 16-inch main (PZ 790) along University Way and the existing 12-inch main (PZ 790) along Mauermann Road. TAMUS will construct and maintain its own distribution system throughout the Main Campus at its discretion.

Pressure Zone 2 Requirements (342[Is this number correct?] EDUs)

To obtain water service for the Verano South Tract, the Developer shall construct a series of looped 8-inch and 12-inch mains in the Verano South Tract from the existing 12-inch PZ 2 main along Mauermann Rd. and the existing 16-inch PZ 2 main along Mauermann Rd. The Developer shall then connect services in the Verano South Tract to the proposed PZ 2 8-inch and 12-inch mains.

Water service for the ITC Tract will be at the property line of the ITC Tract from the existing 12-inch PZ 2 main along Mauermann Rd. and the existing 16-inch PZ 2 main along Mauermann Rd. TAMUS will construct and maintain its own distribution system throughout the ITC Tract at its discretion.

S.C.W.3.00 SAWS Master Plan and Oversizing Requirements.

SAWS' Water Infrastructure Plan and the anticipated growth in this area requires SAWS to start construction of a 2.5 MG Elevated Storage Tank (EST), being the Elevated Storage Facility, within the Verano Tract, by 2018. If the Developer or TAMUS requires the EST to be constructed prior to the anticipated 2018 construction date as discussed above, then the Developer or TAMUS can construct the EST with SAWS participation. The total estimated cost of the EST is \$5,447,899. The Developer's or TAMUS' (as the case may be) estimated share is 40.0%, a cost of \$2,179,160; and SAWS' estimated share is 60.0%, a cost of \$3,268,800.

S.C.W.4.00 Impact Fee Credit Eligibility.

The aforementioned 24-inch main was included as a Capital Improvement Project in the current impact fees. Therefore, if the Developer constructs said 24-inch main, the Developer is eligible for impact fee credits for Developer's share of the cost for the 24-inch main, and if TAMUS constructs said 24-inch main, TAMUS is eligible for impact fee credits for TAMUS' share of the cost for the 24-inch main.

The Elevated Storage Facility was included as a Capital Improvement Project in the current impact fees. Therefore, if the Developer constructs all or any portion of the Elevated Storage Facility, the Developer is eligible for impact fee credits for Developer's share of the cost for the Elevated Storage Facility, and if TAMUS constructs all or any portion of the Elevated Storage Facility, TAMUS is eligible for impact fee credits for TAMUS' share of the cost for the Elevated Storage Facility.

Such impact fee credits will be transferrable and will not have an expiration date.

S.C.W.5.00 Engineering Study Report and/or Pro Data Report Eligibility.

The engineering study report "Verano, Utility Service Agreement Engineering Report", by Big Red Dog, dated June 2015 is included as Attachment VI.

S.C.W.6.00 Developer and TAMUS On-Site and Off-Site Requirements.

The Developer shall acquire any right-of-way or easements, and install all On-Site utility infrastructure required to serve the Verano Tract in accordance with SAWS' USR, solely at the Developer's cost. TAMUS shall acquire any right-of-way or easements, and install all On-Site utility infrastructure required to serve the TAMU-SA Tract in accordance with SAWS' USR, solely at the Developer's cost. Other On-Site requirements within the Tract will be determined at such time as the engineer submits an overall Utility Master Plan, and any subsequent revisions, for the Tract.

S.C.W.7.00 Requirement to Install Approved Pressure Regulators and/or Booster

Pumps. Pressure Zone 790

A portion of the tract within Pressure Zone 790 is below ground elevation of 605 feet where the static pressure will theoretically exceed 80 psi. Any service connections within the Tract in Pressure Zone 790, at elevations lower than this ground elevation, shall require the installation of a Pressure Reducing Valve (PRV), on the customer(s) side of the meter, rated for a maximum working pressure of no less than 300 psi, prior to a SAWS meter being installed. Installation shall be in conformance with the current Plumbing Code with Local Amendments adopted by the City of San Antonio.

Pressure Zone 2

A portion of the tract within Pressure Zone 2 is below ground elevation of 565 feet where the static pressure will theoretically exceed 80 psi. Any service connections within the Tract in Pressure Zone 2, at elevations lower than this ground elevation, shall require the installation of a Pressure Reducing Valve (PRV), on the customer(s) side of the meter, rated for a maximum working pressure of no less than 300 psi, prior to a SAWS meter being installed. Installation shall be in conformance with the current Plumbing Code with Local Amendments adopted by the City of San Antonio.

S.C.W.8.00 Time for Water Impact Fee Assessment and Payment.

Water Impact Fees will be assessed at the rates in effect at the time of plat recordation or the latest date allowed by law. Impact fees will be collected at either the time of plat recordation or connection to the SAWS' water system, at the discretion of the Developer.

S.C.W.9.00 Water Impact Fee Estimates Based Upon Current Charges.

Following is an estimate of impact fees for the provision of Services contemplated under the Agreement, which are based on current impact fee rates. This estimate shall not constitute an assessment of impact fees and impact fee rates are subject to change by the San Antonio City Council.

Note: There shall be no waiving of water impact fees for this Development except as specifically provided in Section S.C.W.1.01(D) of this Agreement.

Type of Impact Fee	EDUs	\$/EDUs	Current Total
Flow Development	12,030	\$1,182.00	\$14,219,460
System Development Low	12,030	\$619.00	\$7,446,570
Water Supply	12,030	\$2,796.00	\$33,635,880
Total			\$55,301,910

S.C.W.10.00 Pro-Rata Charge Requirement.

Developer shall be required to pay a Pro-Rata Charge pursuant to the USR, as amended, prior to connection to the SAWS water system if Developer is tying into a main that is subject to a prorate refund.

S.C.W.11.00 Controlling Provisions.

To the extent of any irreconcilable conflict between the Agreement, the Attachments, and/or the General Conditions and the Special Conditions, the provisions of the Special Conditions shall apply.

S.C.W.12.0 Recycled Water

The Parties intend to discuss and negotiate in good faith the terms of a separate agreement for the provision of recycled water to the Tract.

DRAFT

SPECIAL CONDITIONS OF THE UTILITY SERVICE AGREEMENT
WASTEWATER SERVICE

S.C.WW.1.00 Tract Location and Ultimate Demand.

The Tract is inside the City limits, is located south of SW Loop 410, west of Pleasanton Rd., and east of S. Zarzamora, as shown in Attachment VI and lies within SAWS' Lower Collection and Treatment Area (LCTA). The tract is not located over the Edwards Aquifer Recharge or Contributing Zone and is not located within the 5-mile Awareness Zone of Camp Bullis. The proposed Tract is located inside SAWS' CCN and does not require oversizing by SAWS for wastewater service, therefore, Board Action is required with respect to wastewater service.

The ultimate demand on the SAWS' facilities under this Agreement shall not exceed 12,483 equivalent dwelling units (EDUs) of wastewater discharge for the proposed development, being hereby allocated as follows: 9,700 EDU's of wastewater discharge for the Verano Tract, and 2,783 EDU's of wastewater discharge for the TAMU-SA Tract.

S.C.WW.1.01 2009 SAWS USA.

(1) The San Antonio Water System previously executed a Utility Service Agreement (USA) for the Verano Tract (2,523.47-Acres) on October 13, 2009 for 12,483 EDUs – i.e., the 2009 SAWS USA. This Agreement replaces and terminates the 2009 SAWS USA.

(2) The 2009 SAWS USA called for SAWS to (i) fund the design and construction of certain wastewater infrastructure more fully as set forth in the 2009 SAWS USA, (ii) waive certain impact fees of TAMUS, and (iii) be reimbursed for certain cost and expenses as set forth in the 2009 SAWS USA.

(3) The amounts expended by SAWS pursuant to the 2009 SAWS USA are as follows:

Expenditures to serve the Verano Tract:	\$ _____
Expenditures to serve the TAMU-SA Tract:	\$ _____
TOTAL:	\$2,479,129.35 [SAWS is checking this number.]

(4) With respect to such matters, the Parties agree as follows:

A. In consideration of Developer's obligations herein, and subject to the Conditions Precedent in S.C.WW.1.01.(5) below, SAWS shall:

- fund a maximum amount of \$ _____ to serve the TAMU-SA Campus, which is not reimbursable to SAWS; provided, however, that the portion of the funding for the design/engineering services shall not exceed 10% of the bid price;

- recover up to \$ _____ million from the TIF Fund (as defined below) first available to Developer from the TIRZ (as defined below) or from the Development Agreement (as defined below) for expenditures by SAWS in connection with the construction of portions of Phase 1 (as defined in the 2009 SAWS USA); and
- recover a maximum of \$ _____ from Developer through the collection of a Local Benefit Impact Fee of \$125 per EDU from the Verano Tract for expenditures by SAWS in connection with the construction of portions of Phase 1;
- recover from the TIF Fund first available to Developer from the TIRZ or from the Development Agreement (i) any impact fees for the TAMU-SA Tract pursuant to S.C.WW.1.01.(4)D below, and (ii) any costs pursuant to S.C.WW.1.01.(4)B.3 below;
- If required by TAMUS, fund the design and construction of Phase 3 (as defined in the 2009 SAWS USA, or some other sewer infrastructure that SAWS determines is necessary, sized solely for the future needs of the TAMU-SA Irrigation and Technology Center, but SAWS will not fund the design or construction of the sewer infrastructure capacity for any adjoining property, including the Verano Tract.

B. Developer agrees, and will ensure any of its successors in interests or assigns agree (developers, builders or otherwise), to the following:

1. allow SAWS the right to recover up to \$ _____ million from the TIF Fund first available to Developer from the TIRZ or from the Development Agreement or any other appropriate document or agreement;
2. allow SAWS the right to recover from the TIF Fund first available to Developer from the TIRZ (in the same manner and in addition to the \$ _____ million) for (i) costs incurred by SAWS if and to the extent it is necessary for SAWS to repair or reconstruct any infrastructure designed and constructed by Developer within two (2) years from the date of completion of said infrastructure, and (ii) any impact fees for the TAMU-SA Tract pursuant to S.C.WW.1.01.(4)D below;
3. pay SAWS an additional local benefit impact fee of \$125 per EDU for the Verano Tract, up to a maximum of \$ _____; the local benefit impact fee of \$125 per EDU is an impact fee by agreement and Developer expressly agrees to pay this additive impact fee for this area and fully understands and agrees that SAWS is exempted from the procedural and substantive steps required to impose an impact fee under Chapter 395 of Texas Local Government Code;
4. to pay, with respect to the Verano Tract, all other then current waste water impact fees already imposed by the City of San Antonio and SAWS, and as may be amended from time to time;
6. commit that no future waivers of impact fees will be sought by Developer or their agents, employees, successors or assigns for the Verano Tract, which obligation shall run with the land;

7. identify reasonable triggers for the engineering and construction of the identified sewer infrastructure for Phase 3 (as defined in the 2009 SAWS USA). If SAWS is to undertake Phase 3, the trigger for the engineering and construction for the Phase 3 segments and facilities shall be fifteen (15) months prior to the need for service to the TAMUS ITC facility.
 8. complete all design and construction in accordance with the oversizing requirements set out in G.C.10.
- C. It is the understanding of SAWS and Developer that the City of San Antonio has or will:
1. approve and/or modify any relevant and necessary TIRZ/TIF documents or agreements to ensure that the first \$ _____ million in reimbursements and any additional repair and reconstruction reimbursements otherwise available to Developer for the construction of this infrastructure and is payable to SAWS; and
 2. ensure that the \$ _____ million in reimbursements described above plus (i) costs incurred by SAWS if and to the extent it is necessary for SAWS to repair or reconstruct any infrastructure designed and constructed by Developer within two (2) years from the date of completion of said infrastructure, and (ii) impact fees pursuant to S.C.WW.1.01.(4)D below, shall not be subject to any termination of the TIRZ/TIF documents or agreements.
 3. provide to the SAWS CFO or a person of his selection periodic financial reports that would include at a minimum an accounting of all TIF revenue collection and disbursements.
 4. ensure that the SAWS CFO or a person of his selection access to the TIF revenue and disbursement tracking system, which includes the "COSA CIMS Portal".
- D. Commencing on the date of the 2009 SAWS USA and continuing until the earlier of (i) twenty five (25) years following the date of the 2009 SAWS USA, or (ii) commitment or utilization of the water EDUs reserved and allocated to the ITC Tract and the wastewater EDUs reserved and allocated to the TAMU-SA Tract in this Agreement (100 EDUs for water to the ITC Tract and 2,783 EDUs for wastewater to the TAMU-SA Tract), all water impact fees attributable solely to the ITC Tract up to a maximum of 100 EDU's of water service and all wastewater impact fees attributable solely to the TAMU-SA Tract up to a maximum of 2,783 EDU's of wastewater service shall be recovered by SAWS from the TIF Fund first available to Developer from the TIRZ or the Development Agreement rather than same being paid by TAMUS. Thereafter, payment of impact fees shall be a condition of Service for the TAMU-SA Tract.
- E. SAWS and Developer acknowledge and agree that the sources of funds from which SAWS may receive reimbursement pursuant to this Agreement (the TIF Fund and the Local Benefit Impact Fees) may have different balances from time-to-time during the term of this Agreement. Notwithstanding anything in this Agreement to the contrary, SAWS and Developer agree that SAWS may recover the actual costs for the construction of portions of Phase 1 under the 2009 SAWS USA from the TIF Fund (not to exceed \$ _____ million, subject to increase as provided herein) and/or the Local Benefit Impact

Fees (not to exceed \$ _____). SAWS shall be eligible to receive reimbursement from either the TIF Fund or the Local Benefit Impact Fees, as SAWS determines in its sole discretion; provided, however, that SAWS shall not be entitled to reimbursement for more than its actual expenditures for the work. In addition, SAWS and Developer agree to complete a reconciliation of expenditures and reimbursements from each of the sources of funds on at least an annual basis, and shall jointly report and monitor the expenditures and reimbursements provided for in this Agreement during the Term of this Agreement.

- F. SAWS fully discharged its obligations under the 2009 SAWS USA with respect to the construction of the Phase 1 infrastructure (as described in the 2009 SAWS USA).
- G. SAWS will not construct or fund the construction of the Phase 2 or Phase 2A infrastructure as outlined in the 2009 SAWS USA (i.e., segments S-2, S-3, S-4BFM, S-5B, Lift Station #1, S-15, S-18A)

(5) There has been assigned to SAWS (a) up to \$2.7 million of the amount that due to be received as reimbursement for wastewater improvements, (b) any impact fees for the TAMU-SA Tract pursuant to S.C.WW1.01(4)D above, and (c) any costs pursuant to S.C.WW1.01(4)B.3 above, from the Tax Increment Financing (the "TIF") Fund established for the Tax Increment Reinvestment Zone No. 28, City of San Antonio, Texas (the "Verano TIRZ") and such amounts shall be paid to SAWS. The Developer agrees that these reimbursements shall be made directly from the City of San Antonio (the "City") to SAWS and shall take precedence over any other reimbursement that the Developer is entitled to under the Development Agreement under the Verano TIRZ (the "Development Agreement"), the TIF Fund and/or the Verano TIRZ. The Developer shall designate SAWS as the direct payee on all invoices for work completed on SAWS Phase 1 that are submitted to the Verano TIRZ Board of Directors (the "TIRZ Board") for reimbursement. This Agreement and SAWS obligations to provide the Services are contingent upon (i) the Developer providing to SAWS, in a form reasonably acceptable to SAWS, an assignment with warranty of title to the TIF Funds as set forth in this Agreement (which has been accomplished) and an amendment to such assignment reasonably requested by SAWS; (ii) City Council of the City having taken action to approve payment from the TIF Fund to SAWS as set forth herein (which has been accomplished), (iii) the City Council of the City and/or TIRZ Board, as necessary, having taken action to include the reimbursement to SAWS, but only from tax increment in the TIF Fund that has been contributed by or for the City, for invoices on SAWS Phase 1 and prior to the reimbursement to the Developer in the priority of payments from the TIF Fund (which has been accomplished); (iv) notification to the other taxing entities contributing to the TIF Fund that none of their tax increment will be used to reimburse SAWS (which notification has been accomplished); (v) any such other documents as may be reasonably necessary to carry out the intent and purposes of this Agreement; and (vi) the City, the Developer and the TIRZ Board providing written evidence to SAWS that they will not terminate the Verano TIRZ or the TIF Fund until SAWS is reimbursed the full amount of all reimbursements to which it may be entitled under this Agreement (which has been accomplished) and TAMU has constructed its first facility on the TAMU-SA campus (which has been accomplished). The form of any document or agreement modifications to the Verano TIRZ must include the appropriate approvals by the Developer, the City, the TIRZ Board or other agencies as necessary to ensure SAWS' right to reimbursements from the TIF Fund is valid and enforceable.

(6) This Section 1.01 specifically supersedes Article 1.4 of the Utility Service Regulations

S.C.WW.2.00 Infrastructure Requirements.

The Tract is situated within SAWS' Lower Collection and Treatment Area (LCTA) and lies within the Palo Blanco Creek - Medina River and Lower Leon Creek Watershed. The capacity of a 33-inch gravity main at 0.08 percent minimum slope is required to provide wastewater service to the tract, in conformance with SAWS' USR.

Notwithstanding anything in this Agreement to the contrary, (i) nothing herein shall constitute an approval for a Lift Station, which shall be approved only in accordance with the SAWS Utility Service Regulations and compliance with the terms thereof, and (ii) Developer shall be solely responsible for any relocation or adjustment of utilities required as a result of the change of grade of any land.

In general, as provided in S.C.WW.6.00, Developer will be required to acquire any right-of-way and easements, and install all Off-Site utility infrastructure necessary to serve the Tract, and will, and will be required to install all On-Site utility infrastructure, and upgrade existing lift stations, necessary to serve the Verano Tract, all in accordance with SAWS' USR, solely at the Developer's cost. Other On-Site utility infrastructure requirements within the Tract will be determined at such time as the engineer submits an overall Utility Master Plan, and any subsequent revisions, for the Tract. TAMUS will be required to provide all On-Site infrastructure for the TAMU-SA Tract. Except as may be expressly provided in this Agreement, SAWS shall have no responsibility for construction of On-Site infrastructure for any portion of the Tract.

The following represents currently envisioned infrastructure work to accomplish the foregoing, but changes from the following do not require an amendment to this Agreement, but will be made based on the overall Utility Master Plan and any subsequent revisions thereto:

Option I:

Northern Region (Bounded by SW Loop 410 to the north, S Zarzamora to the west, Verano Parkway to the south and the Union Pacific Railroad to the east)

The Developer will be required to construct the proposed Verano Phase II lift station and 10-inch force main system along the eastern boundary of the Northern Region. This proposed lift station/force main system will discharge into the existing 15-inch gravity main along Verano Parkway. The Developer will construct a series of 8-inch, 10-inch and 15-inch gravity sewer mains throughout the portion of the Verano North Tract within the Northern Region and discharge into the proposed Verano Phase II lift station/force main system. TAMUS will construct and maintain wastewater infrastructure within the portion of the Main Campus within the Northern Region at its discretion and discharge into the proposed Verano Phase II lift station/force main system.

If the Developer chooses to construct this Verano Phase II lift station and 10-inch force main system, then the Developer is not required to prepare and submit a present value analysis of the cost of constructing any potential gravity solution to the cost of the proposed lift station/force main system, pursuant to SAWS USR section 11.4.3.

Western Region (Bound by the Union Pacific Railroad to the east, Verano Parkway to the north and Mauermann Road to the south)

The Developer will be required to construct a series of 8-inch, 10-inch and 12-inch gravity sewer mains throughout the portion of the Verano North Tract within the Western Region to connect the existing on-site 27-inch, 24-inch, 18-inch and 8-inch gravity sewer mains traversing through the Western Region. TAMUS will construct and maintain wastewater infrastructure within the portion of the Main Campus within the Western Region at its discretion to connect the existing on-site 27-inch, 24-inch, 18-inch and 8-inch gravity sewer mains traversing through the Western Region.

Eastern Region (Bound by Pleasanton Road to the east, Mauermann Road to the south and the Union Pacific Railroad to the west)

The Developer will be required to construct approximately 7,500 LF of 10-inch gravity sewer main along Pleasanton Road and connect to the existing 15-inch main approximately 5,000 LF southeast of this Tract along Pleasanton Road. Note: This existing 15-inch main connects to the existing MK 96-inch main. The Developer will then construct a series of 8-inch gravity mains throughout the Eastern Region and connect to the proposed 10-inch gravity main along Pleasanton Road.

Southern Region (south of Mauermann Road)

There is a proposed 60-inch gravity sewer main traversing through the southwestern portion of the property (Job No. 10-6501). Upon SAWS acceptance of Job No. 10-6501, the Developer will be required to construct a series of 8-inch mains throughout the Verano South Tract to connect to the proposed 60-inch gravity sewer main, and TAMUS will construct and maintain wastewater infrastructure within the ITC Tract at its discretion to connect to the proposed 60-inch gravity sewer main.

Furthermore, the Developer may connect under this Agreement a maximum of 9,700 EDUs, and TAMUS may connect a maximum of 2,783 EDUs, of total wastewater capacity to a combination of the proposed and existing infrastructure as described in the aforementioned requirements of Option I.

Option II:

Northern Region (Bound by SW Loop 410 to the north, S Zarzamora to the west, Verano Parkway to the south and the Union Pacific Railroad to the east)

The Developer will be required to construct the proposed Verano Phase II lift station and 10-inch force main system along the eastern boundary of the Northern Region. This proposed lift station/force main system will discharge into the existing 15-inch gravity main along Verano Parkway. The Developer will construct a series of 8-inch, 10-inch and 15-inch gravity sewer mains throughout the portion of the Verano North Tract within the Northern Region and discharge into the proposed Verano Phase II lift station/force main system. TAMUS will construct and maintain wastewater infrastructure within the portion of the Main Campus within the Northern Region in its discretion and discharge into the proposed Verano Phase II lift station/force main system.

If the Developer chooses to construct this Verano Phase II lift station and 10-inch force main system, then the Developer is not required to prepare and submit a present value analysis of the cost of constructing any potential gravity solution to the cost of the proposed lift station/force main system, pursuant to SAWS USR section 11.4.3.

Western Region (Bound by the Union Pacific Railroad to the east, Verano Parkway to the north and Mauermann Road to the south)

The Developer will be required to construct a series of 8-inch, 10-inch and 12-inch gravity sewer mains throughout the portion of the Verano North Tract within the Western Region to connect to the existing on-site 27-inch, 24-inch, 18-inch and 8-inch gravity sewer mains traversing through the Western Region. TAMUS will construct and maintain wastewater infrastructure within the portion of the Main Campus within the Western Region at its discretion to connect the existing on-site 27-inch, 24-inch, 18-inch and 8-inch gravity sewer mains traversing through the Western Region.

Eastern Region (Bound by Pleasanton Road to the east, Mauermann Road to the south and the Union Pacific Railroad to the west)

The Developer will be required to construct a lift station and 6-inch force main system (LS-A) near the southeast corner of the Eastern Region. This proposed LS-A will discharge into the proposed 12-inch gravity sewer mains within the Western Region.

The Developer will then construct a series of 8-inch and 10-inch gravity sewer mains throughout the southern portion of the Eastern Region and discharge into LS-A.

The Developer will also be required to construct a second lift station and 6-inch force main system (LS-B) along Pleasanton Road, as illustrated in the sewer exhibit of Attachment III. This proposed LS-B will discharge into the proposed 8-inch gravity sewer mains within the southern portion of the Eastern Region.

The Developer will then construct a series of 8-inch gravity sewer mains throughout the northern portion of the Eastern Region and discharge into LS-B.

If the Developer chooses to construct these Lift station/force main systems, then the Developer is required to prepare and submit a present value analysis of the cost of constructing the gravity solution of Option I to the cost of the proposed lift station/force main system, in conformance with SAWS USR section 11.4.3.

Southern Region (south of Mauermann Road)

There is a proposed 60-inch gravity sewer main traversing through the southwestern portion of the property (Job No. 10-6501). Upon SAWS acceptance of Job No. 10-6501, the Developer will be required to construct a series of 8-inch mains throughout the Verano South Tract to connect to the proposed 60-inch gravity sewer main, and TAMUS will construct and maintain wastewater infrastructure within the ITC Tract at its discretion to connect to the proposed 60-inch gravity sewer main.

Furthermore, the Developer may connect under this Agreement a maximum of 9,700 EDUs, and TAMUS may connect a maximum of 2,783 EDUs, of total wastewater capacity to a combination of the proposed and existing infrastructure as described in the aforementioned requirements of Option II.

S.C.WW.3.00 SAWS Master Plan and Oversizing Requirements.

N/A.

S.C.WW.4.00 Impact Fee Credit Eligibility.

The Verano Phase 2 lift station and 10-inch force main system (i.e., S-2, S-3, S-4BFM, S-5B, and Lift Station #1, as described in the 2009 SAWS USA) was included as a Capital Improvement Project in the current impact fees. Therefore, the Developer is eligible for impact fee credits for its cost for the Verano Phase 2 lift station and 10-inch force main system. If the Verano Phase 2A main (i.e., S-15 and S-18A, as described in the 2009 SAWS USA) is included as a capital improvement project in the then current impact fee Capital Improvement Plan at the time the Verano Phase 2A main is constructed, the Developer or TAMUS (as the case may be) will be eligible for impact fee credits for its cost for the Verano Phase 2A main.

Such impact fee credits will be transferrable and will not have an expiration date.

S.C.WW.5.00 Engineering Study Report and/or Pro-Rata Refund Eligibility.

The engineering study report "Verano, Utility Service Agreement Engineering Report", by Big Red Dog, dated June 2015 is included as Attachment VI.

S.C.WW.6.00 Developer On-Site and/or Off-Site Requirements.

Developer will be required to acquire any right-of-way and easements, and install all Off-Site utility infrastructure, necessary to serve the Tract, and will, and will be required to install all On-Site utility infrastructure, and upgrade existing lift stations, necessary to serve the Verano Tract, all in accordance with SAWS' USR, solely at the Developer's cost. Other On-Site utility infrastructure requirements within the Tract will be determined at such time as the engineer submits an overall Utility Master Plan, and any subsequent revisions, for the Tract. TAMUS will be required to provide all On-Site infrastructure for the TAMU-SA Tract. Except as may be expressly provided in this Agreement, SAWS shall have no responsibility for construction of On-Site infrastructure for any portion of the Tract.

S.C.WW.7.00 Lift Stations and Force Mains.

Lift stations and force mains are only allowed by prior written supplemental agreement with SAWS. Applicable fees, as set out in the supplemental agreement, must be paid in full prior to service connection. Except as expressly provided above, whenever a lift station is proposed, a Present Value analysis of the lift station vs. gravity solutions, shall be included in the Engineering Report/Study in conformance with the requirements of SAWS' USR.

S.C.WW.8.00 Time for Wastewater Impact Fee Assessment and Payment.

Wastewater Impact Fees will be assessed at the rates in effect at the time of plat recordation or the latest date allowed by law. Wastewater Impact Fees will be collected at either the time of plat recordation or connection to the SAWS wastewater system, at the discretion of the Developer.

S.C.WW.9.00 Wastewater Impact Fee Estimates Based Upon Current Charges.

Following is an estimate of impact fees for the provision of Services contemplated under the Agreement, which are based on impact fee rates in effect as of the Effective Date of the Agreement. This estimate shall not constitute an assessment of impact fees and impact fee rates are subject to change by action of the San Antonio City Council as permitted by law.

Note: There shall be no waiving of wastewater impact fees for this Development except as specifically provided in Section S.C.WW1.01(4)D of this Agreement.

Type of Impact Fee	EDUs	\$/EDUs	Current Total
Wastewater Collection Lower	12,483	\$719.00	\$8,975,277.00
Wastewater Treatment Dos Rios/Leon Creek	12,483	\$786.00	\$9,811,638.00
Total			\$18,786,915.00

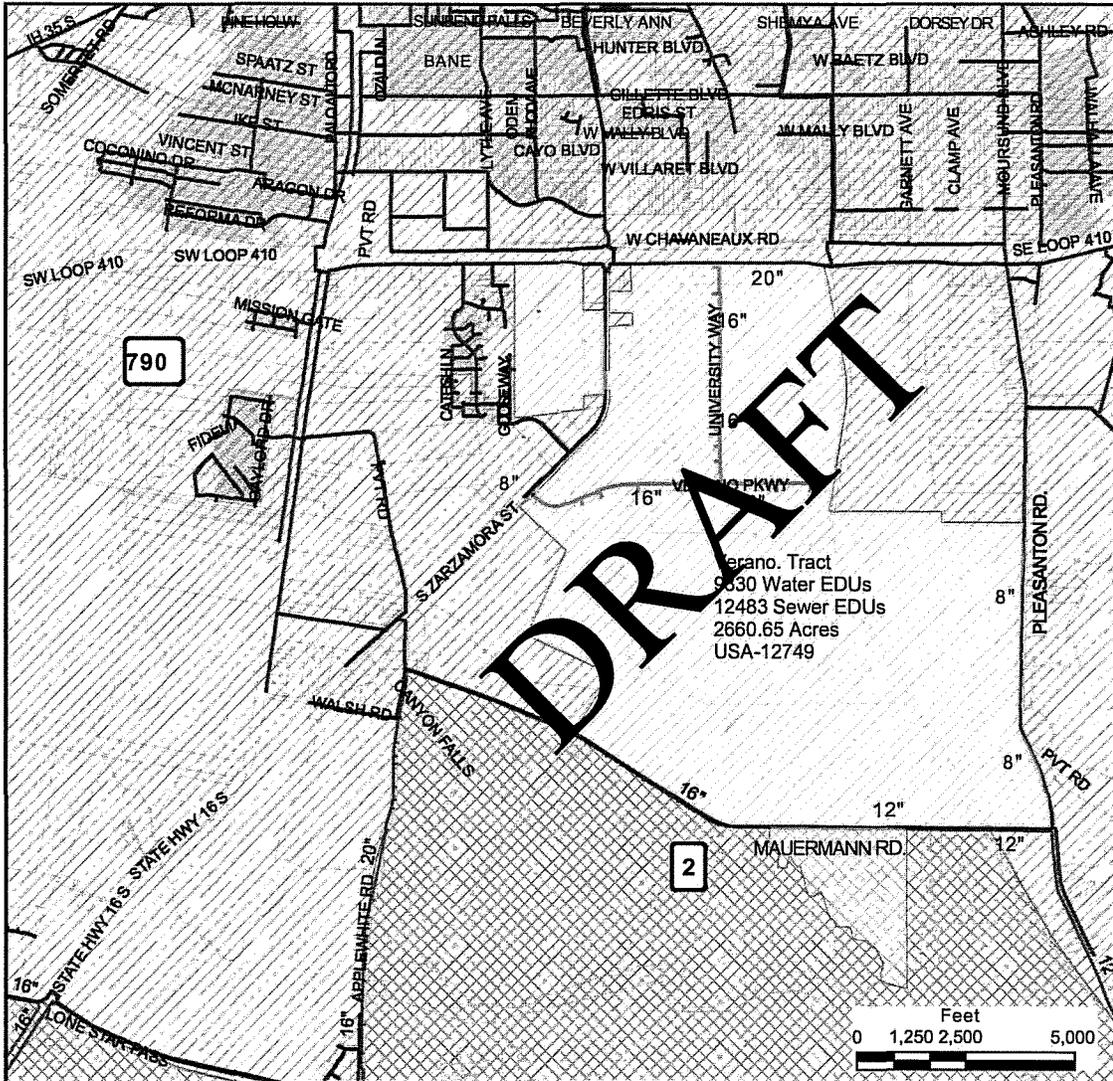
S.C.WW.10.00 Pro-Rata Payment Fee Requirement.

Developer shall be required to pay a pro-rata fee pursuant to the USR, as amended, prior to connection to the wastewater system, if Developer is tapping into a main that is subject to a pro-rata refund.

S.C.WW.11.00 Amendment of Existing Easements.

Developer will comply with the reasonable requests of SAWS with regard to amending existing waterline line easements on the Verano Tract to include wastewater lines, and amending existing wastewater line easements on the Verano Tract to include water lines, and to adjust legal descriptions with respect to such easements to better correspond to the actual location of water lines and wastewater lines, so long as such requests do not unreasonably interfere with Developer's development plans with respect to the Verano Tract.

DRAFT



Attachment III:
 USA-12749
 Verano Tract
 Proposed Water Infrastructure Map
 2660.65 Acres



Verano Tract
 9330 Water EDUs
 12483 Sewer EDUs
 2660.65 Acres
 USA-12749

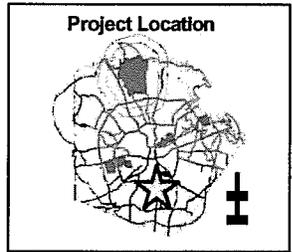
Special Conditions of USA
 USA-12749 Verano Tract
 09/11/15, Page 18 of 18

DRAFT

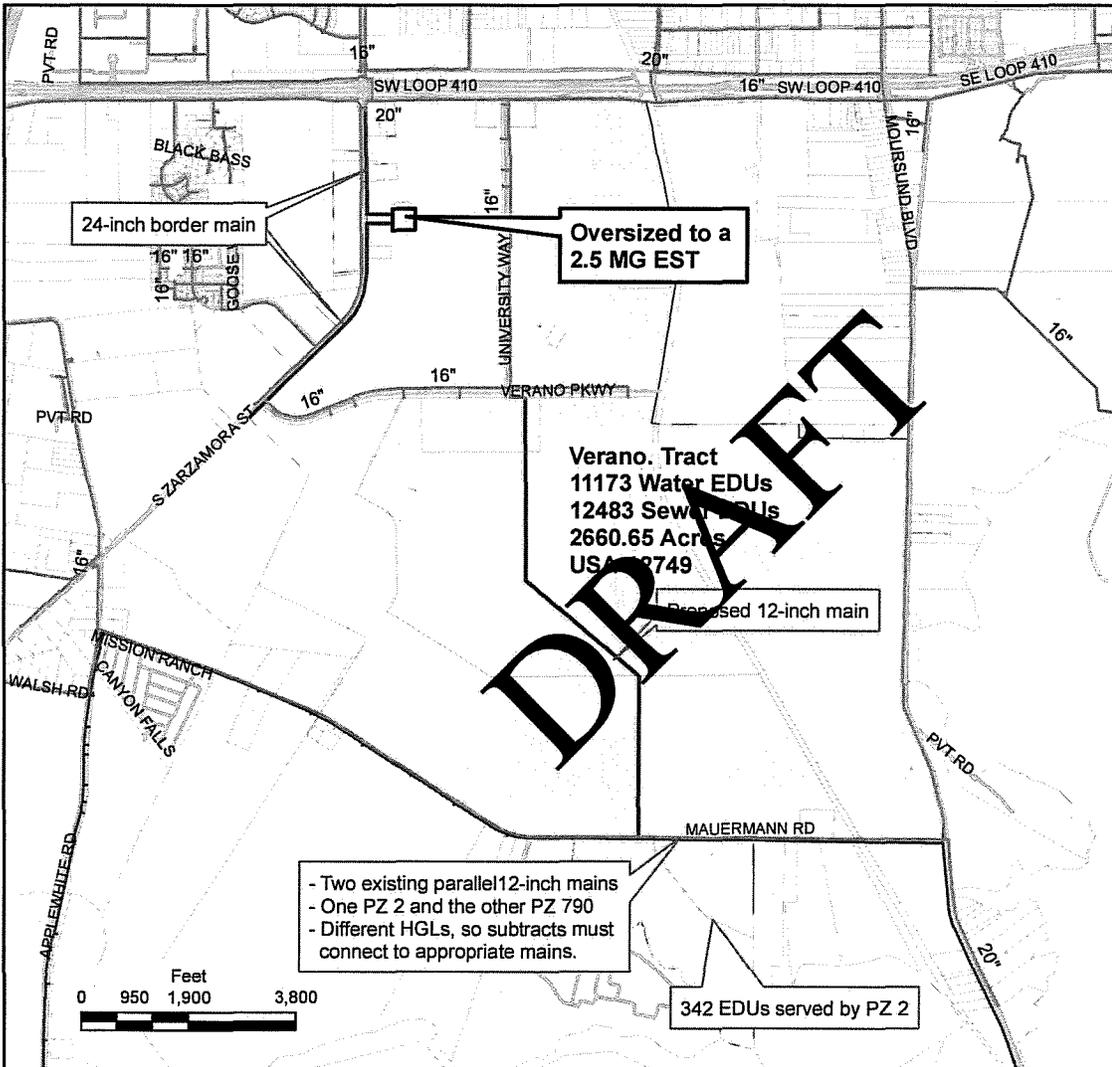
SANWATER UTILITY MAP DISCLAIMER
This utility map is for reference only. The information may not represent what actually has been constructed. SANWATER utility disclaims any representation of the accuracy of the information on this map. SANWATER assumes no liability for any errors, omissions, or inaccuracies in the map regardless of how caused. Field verification should be done as necessary. SANWATER prohibits the reproduction or sale of this document. This SANWATER utility map may not under any circumstances, be copied, reproduced, or published in any form or media, or transferred to another without the written permission of the San Antonio Water System (SAWS).

Legend

- Existing Water Main
- USA
- Parcels Update
- PZ 2
- DSP 790



Special Conditions of USA
USA-12749 Verano Tract
09/11/15, Page 19 of 18



Attachment III:
 USA-12740
 Verano Tract
 Proposed Water Infrastructure Map
 2,660.65 Acres



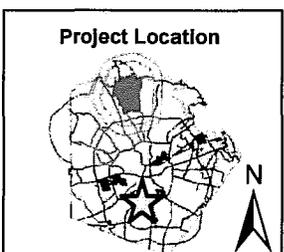
Legend

- SAWS PZ 2
- DSP PZ 790
- USA
- ▭ Parcels Update

USA Proposed water

DIAMETER

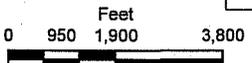
- 12-inch
- 24-inch



SAWS UTILITY MAP DISCLAIMER:
 This utility map is for reference only. The information may not represent what actually has been constructed. SAWS explicitly disclaims any representation or the accuracy of the information on this map. SAWS assumes no liability for any errors, omissions, or inaccuracies in the map regardless of how caused. Field verification should be done as necessary. SAWS prohibits the reproduction or sale of this document. This SAWS utility map may not under any circumstances be copied, reproduced, or published in any form or media, or transferred to another without the written permission of the San Antonio Water System (SAWS).

- Two existing parallel 12-inch mains
 - One PZ 2 and the other PZ 790
 - Different HGLs, so subtracts must connect to appropriate mains.

342 EDUs served by PZ 2



DRAFT

Verano Tract
 11173 Water EDUs
 12483 Sewer EDUs
 2660.65 Acres
 USA 12749

Oversized to a
 2.5 MG EST

24-inch border main

Proposed 12-inch main

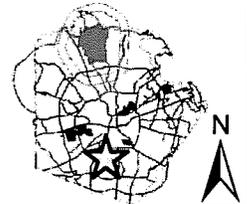
Attachment III:
 USA-12749
 Verano Tract
 Proposed Sewer Infrastructure Map
 2,660.65 Acres



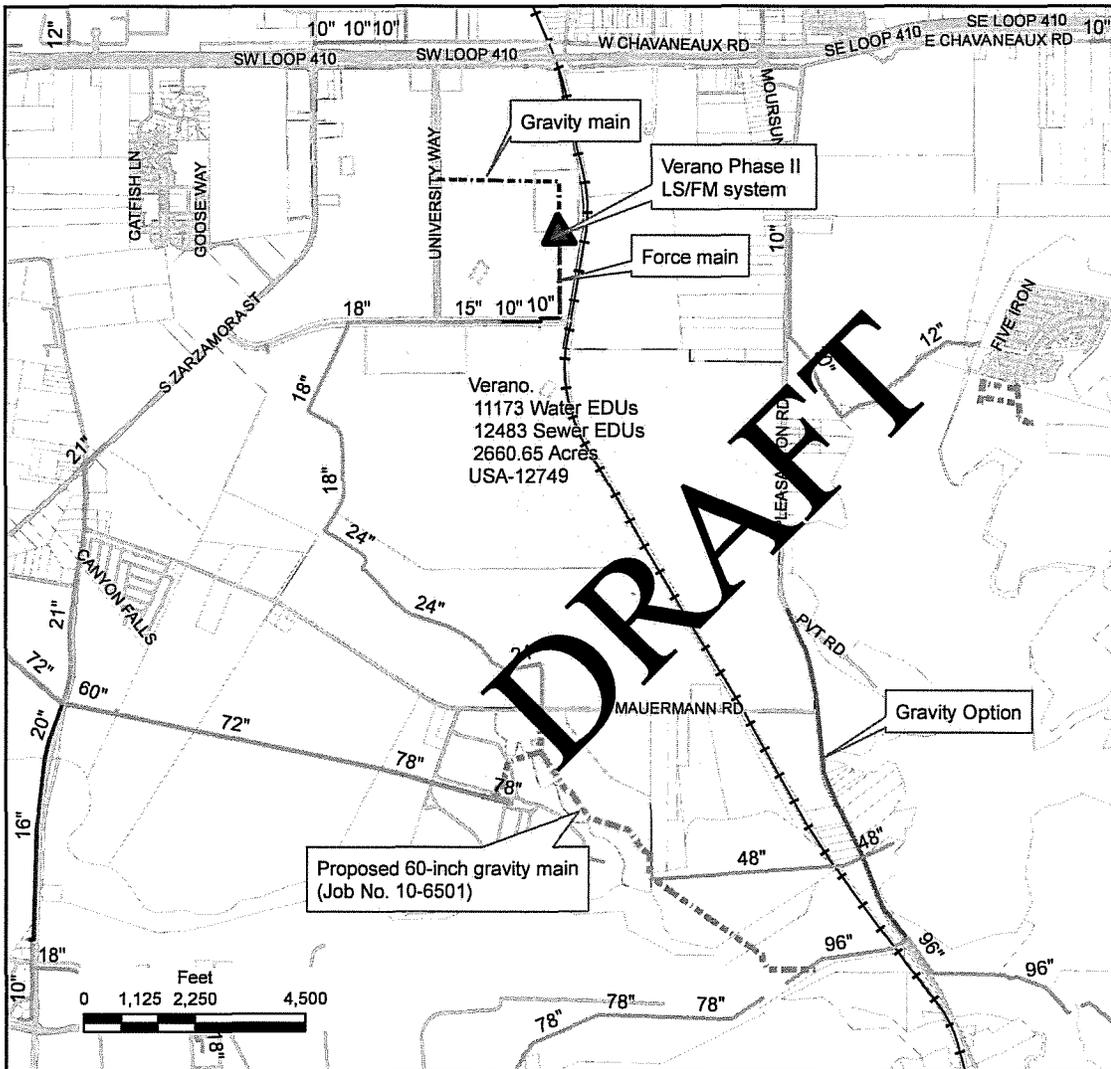
Legend

- CIP MP Sewer
- Existing Infrastructure**
- FORCE MAIN
- GRAVITY MAIN
- OUTFALL MAIN
- USA
- USA Proposed sewer

Project Location



SAWS UTILITIES MAP DISCLAIMER
 This utility map is for reference only. The information may not represent what actually exists on the ground. SAWS explicitly disclaims any representation of the accuracy of the information on this map. SAWS assumes no liability for any errors, omissions, or inaccuracies in the map regardless of how created. This disclaimer is hereby accepted by the user. SAWS prohibits the reproduction or sale of this document. This SAWS utility map may not be used in any circumstances, be republished, or published in any form or media, or transferred to another without the written permission of the San Antonio Water System (SAWS).



SPECIAL CONDITIONS OF THE UTILITY SERVICE AGREEMENT

WATER SERVICE

S.C.1.00 Tract Location and Ultimate Demand.

Verano Tract, a 2,660.65-acre tract inside the City limits, is located south of SW Loop 410, west of Pleasanton Rd., and east of S. Zarzamora, as shown in Attachment VI (the "Tract"). The tract is not located over the Edwards Aquifer Recharge or Contributing Zone and is not located within the 5-mile Awareness Zone of Camp Bullis. The proposed Tract is located inside SAWS' water CCN, inside SAWS' wastewater CCN and does require SAWS' financial participation in the development of infrastructure through oversizing or impact fee credits, therefore, Board action is required.

The subtracts within the Tract are:

Village I

Village II

Village III

Regional Center

Hamlet

Texas A&M Campus

Verano South

- Verano South (DSP)
- Verano South (SAWS)
- Verano South (East of RR)

TAMU – ITC Tract

The San Antonio Water System previously executed a Utility Service Agreement for the Verano Tract (2,523.47-Acres) on October 15, 2009 for 342 EDUs of water service to the South Tract as outlined in the Special Conditions of the 2009 SAWS Utility Service Agreement.

The Bexar Metropolitan Water District previously executed a Utility Service Agreement for the Tract (approximately 2,590-Acres) on January 26, 2009 for 10,831 EDUs of water service.

This Utility Service Agreement replaces and terminates the aforementioned existing Utility Service Agreements.

The Canvas Lake Agreement is also hereby terminated.

The ultimate demand on the SAWS' facilities shall not exceed 11,173 equivalent dwelling units (EDUs) of water supply, for the proposed development.

S.C.2.00 Water Infrastructure Requirements.

Water Supply to the tract will be from DSP Pressure Zone 790 and SAWS Pressure Zone 2.

The flow capacity of a 30-inch main or the equivalent is required to supply water to the 2,660.65-acre Tract, in conformance with SAWS' Utility Service Regulations (USR).

DSP Pressure Zone 790 Requirements (10,831 EDUs)

Village I, Village II, Village III, Regional Center, Texas A&M Campus, Hamlet, Verano South (DSP) and Verano South (East of RR)

The Developer may be allowed to connect up to 2,500 EDUs of water service to the existing DSP PZ 790 infrastructure without the need for additional elevated storage. The Developer must construct the additional infrastructure as specified below before reaching 2,501 EDUs on PZ 790. In order to serve approximately 10,831 EDUs, the Developer will be required to construct a 1.0 MG Elevated Storage Tank (EST).

Verano Elevated Storage Tank (EST)

Developer will be required to dedicate a 2-acre property to SAWS for a proposed production facility. The final size and location of the dedicated property should be confirmed with SAWS prior to dedication.

- The property will be conveyed to SAWS in a warranty deed in form and content acceptable to SAWS, conveying good and indefeasible title to SAWS. The property shall be conveyed subject only to those restrictions, covenants, easements or other encumbrances as are acceptable to SAWS and do not interfere with SAWS' use of the Property. Developer shall, at its expense, provide SAWS with an owner's policy of title insurance in an amount subject to SAWS' reasonable approval. Developer shall, at its expense, provide SAWS with a Phase I environmental assessment of the property made in accordance with current ASCM standards and dated no later than 180 days prior to closing of the conveyance of the property. Developer shall convey the property together with all necessary drainage, access and utility easements, as determined by and in form and content acceptable to SAWS. Developer shall obtain, at its expense, a survey and metes and bounds description of the property and all such necessary easements. Closing of the conveyance of the property and all necessary easements shall occur not later than 120 days following SAWS' execution of this Utility Service Agreement.
- Developer's failure to comply with the foregoing shall constitute a default under this Utility Service Agreement.

The Developer will then be required to construct approximately 2,500 linear feet of 24-inch water main from the existing 20-inch main near the intersection of S Zarzamora Street and SW Loop 410 to the proposed Verano EST. The Developer will then construct a 16-inch main from

the proposed Verano EST to S Zarzamora Street and border the western boundary of the Tract as illustrated in the water exhibit of Attachment III. This proposed 16-inch border main must connect to the existing 16-inch main near the intersection of S Zarzamora Street and Verano Parkway. The Developer will then be required to construct a series of 12-inch and 16-inch mains throughout the Tract within PZ 790 and connect to the existing 16-inch main (PZ 790) along Verano Parkway, the existing 16-inch main (PZ 790) along University Way and the existing 12-inch main (PZ 790) along Mauermann Road. The Developer will then construct a series of 8-inch mains from these proposed 12-inch and 16-inch mains. The Developer shall then connect services to the proposed PZ 790 8-inch, 12-inch and 16-inch mains traversing through the Tract within PZ 790.

Pressure Zone 2 Requirements (342 EDUs)

Verano South (SAWS) and TAMU – ITC Tract

The Developer shall construct a series of looped 8-inch and 12-inch mains from the existing 12-inch PZ 2 main along Mauermann Rd. and the existing 16-inch PZ 2 main along Mauermann Rd. The Developer shall then connect services to the proposed PZ 2 8-inch and 12-inch mains.

S.C. 3.00 SAWS Master Plan and Oversizing Requirements.

SAWS' Water Infrastructure Plan and the anticipated growth in this area requires SAWS to start construction of a 2.5 MG Elevated Storage Tank (EST), within the Verano Tract, by 2018. If the Developer requires the EST to be constructed prior to the anticipated 2018 construction date, then the Developer can construct the EST with SAWS participation via oversizing from the required 1.0 MG to 2.5 MG. The total estimated cost of the EST is \$5,447,899. The Developer's estimated share is 40.0%, a cost of \$2,179,160; and SAWS' estimated share is 60.0%, a cost of \$3,268,800.

S.C.4.00 Impact Fee Credit Eligibility.

The 24-inch main was included as a Capital Improvement Project in the current impact fees. Therefore, the Developer is eligible for impact fee credits for their share of the cost for the 24-inch main.

The Verano Tank was included as a Capital Improvement Project in the current impact fees. Therefore, the Developer is eligible for impact fee credits for their share of the cost for the Verano Tank.

S.C.5.00 Engineering Study Report and/or Pro-Rata Refund Eligibility.

The engineering study report "Verano, Utility Service Agreement Engineering Report", by Big Red Dog, dated June 2015 is included as Attachment VI.

S.C.6.00 Developer On-Site and/or Off-Site Requirements.

The Developer shall acquire any right-of-way or easements, and install all On-Site utility infrastructure required to serve the Tract in accordance with SAWS' USR, solely at the

Developer's cost. Other On-Site requirements within the Tract will be determined at such time as the engineer submits an overall Utility Master Plan, and any subsequent revisions, for the Tract.

S.C.7.00 Requirement to Install Approved Pressure Regulators and/or Booster Pumps.

Pressure Zone 790

A portion of the tract within the Pressure Zone 790 region is below ground elevation of 605 feet where the static pressure will theoretically exceed 80 psi. Any service connections within the Tract in Pressure Zone 790, at elevations lower than this ground elevation, shall require the installation of a Pressure Reducing Valve (PRV), on the customer(s) side of the meter, rated for a maximum working pressure of no less than 300 psi, prior to a SAWS meter being installed. Installation shall be in conformance with the current Plumbing Code with Local Amendments adopted by the City of San Antonio.

Pressure Zone 2

A portion of the tract within the Pressure Zone 2 region is below ground elevation of 565 feet where the static pressure will theoretically exceed 80 psi. Any service connections within the Tract in Pressure Zone 2, at elevations lower than this ground elevation, shall require the installation of a Pressure Reducing Valve (PRV), on the customer(s) side of the meter, rated for a maximum working pressure of no less than 300 psi, prior to a SAWS meter being installed. Installation shall be in conformance with the current Plumbing Code with Local Amendments adopted by the City of San Antonio.

S.C.8.00 Time for Water Impact Fee Assessment and Payment.

Water Impact Fees will be assessed at the rates in effect at the time of plat recordation or the latest date allowed by law. Impact fees will be collected at either the time of plat recordation or connection to the SAWS' water system, at the discretion of the Developer.

S.C.9.00 Water Impact Fee Estimates Based Upon Current Charges.

Following is an estimate of impact fees for the provision of Services contemplated under the Agreement, which are based on current impact fee rates. This estimate shall not constitute an assessment of impact fees and impact fee rates are subject to change by the San Antonio City Council.

Note: There shall be no waiving of water impact fees for this Development except as specifically provided in this Agreement.

Type of Impact Fee	EDUs	\$/EDUs	Current Total
Flow Development	11,173	\$1,182.00	\$13,206,486.00
System Development Low	11,173	\$619.00	\$6,916,087.00

Water Supply	11,173	\$2,796.00	\$31,239,708.00
Total			\$51,362,281.00

S.C.10.00 Pro-Rata Charge Requirement.

Developer shall be required to pay a Pro-Rata Charge pursuant to the USR, as amended, prior to connection to the SAWS water system if Developer is tying into a main that is subject to a pro-rata refund.

DRAFT

SPECIAL CONDITIONS OF THE UTILITY SERVICE AGREEMENT

WASTEWATER SERVICE

S.C.1.00 Tract Location and Ultimate Demand.

Verano, a 2,660.65-acre tract inside the City limits, is located south of SW Loop 410, west of Pleasanto Rd., and east of S. Zarzamora, as shown in Attachment VI (the "Tract") and lies within SAWS' Lower Collection and Treatment Area (LCTA). The tract is not located over the Edwards Aquifer Recharge or Contributing Zone and is not located within the 5-mile Awareness Zone of Camp Bullis. The proposed Tract is located inside SAWS' water CCN, inside SAWS' wastewater CCN and does require SAWS' financial participation in the development of infrastructure through oversizing or impact fee credits, therefore, Board action is required.

The San Antonio Water System previously executed a Utility Service Agreement (USA) for the Verano Tract (2,523.47-Acres) on October 15, 2009 for 12,483 EDUs. This new Utility Service Agreement for the Verano Tract (2,660.65-Acres) replaces and terminates the 2009 SAWS Utility Service Agreement.

Furthermore, SAWS will not construct the Phase II infrastructure as outlined in the Verano Tract (2,523.47-Acres) USA executed on October 15, 2009.

The ultimate demand on the SAWS' facilities shall not exceed 12,483 equivalent dwelling units (EDUs) of wastewater discharge for the proposed development.

S.C.2.00 Wastewater Infrastructure Requirements.

The Tract is situated within SAWS' Lower Collection and Treatment Area (LCTA) and lies within the Palo Blanco Creek - Medina River and Lower Leon Creek Watershed. The capacity of a 33-inch gravity main at 0.08 percent minimum slope is required to provide wastewater service to the tract, in conformance with SAWS' USR.

Notwithstanding anything in this Agreement to the contrary, (i) nothing herein shall constitute an approval for a Lift Station, which shall be approved only in accordance with the SAWS Utility Service Regulations and compliance with the terms thereof, and (ii) Developer shall be solely responsible for any relocation or adjustment of utilities required as a result of the change of grade of any land.

The subtracts within the Tract are:

Village I

Village II

Village III

Regional Center

Hamlet

Texas A&M Campus

Verano South

- Verano South (DSP)
- Verano South (SAWS)
- Verano South (East of RR)

Village I, Village II, Village III and Regional Center

The Developer may construct the proposed Verano Phase II lift station and 10-inch force main system along the eastern boundary of the Northern Region. This proposed lift station/force main system will discharge into the existing 15-inch gravity main along Verano Parkway. The Developer will construct a series of 8-inch, 10-inch and 15-inch gravity sewer mains throughout the Northern Region and discharge into the proposed Verano Phase II lift station/force main system.

If the Developer chooses to construct this Verano Phase II lift station and 10-inch force main system, then the Developer is required to prepare and submit a present value analysis of the cost of constructing the potential gravity solution to the cost of the proposed lift station/force main system, in conformance with SAWS USR section 11.4.3.

Texas A&M Campus and Verano South (DSP)

The Developer will be required to construct a series of 8-inch, 10-inch and 12-inch gravity sewer mains throughout the Western Region and connect to the existing on-site 27-inch, 24-inch, 18-inch and 8-inch gravity sewer mains traversing through the Western Region.

Hamlet and Verano South (East of RR)

Option I:

The Developer will be required to construct approximately 7,500 LF of 10-inch gravity sewer main along Pleasanton Road and connect to the existing 15-inch main approximately 5,000 LF southeast of this Tract along Pleasanton Road. Note: This existing 15-inch main connects to the existing MRSO 96-inch main. The Developer will then construct a series of 8-inch gravity mains throughout the Eastern Region and connect to the proposed 10-inch gravity main along Pleasanton Road.

Option II:

The Developer may construct a lift station and 6-inch force main system (LS-A) near the southeast corner of the Eastern Region. This proposed LS-A will discharge into the proposed 12-inch gravity sewer mains within the Western Region.

The Developer will then construct a series of 8-inch and 10-inch gravity sewer mains throughout the southern portion of the Eastern Region and discharge into LS-A.

The Developer may then construct a second lift station and 6-inch force main system (LS-B) along Pleasanton Road, as illustrated in the sewer exhibit of Attachment III. This proposed LS-B will discharge into the proposed 8-inch gravity sewer mains within the southern portion of the Eastern Region.

The Developer will then construct a series of 8-inch gravity sewer mains throughout the northern portion of the Eastern Region and discharge into LS-B.

If the Developer chooses to construct these lift station/force main systems, then the Developer is required to prepare and submit a present value analysis of the cost of constructing the gravity solution of Option I to the cost of the proposed lift station/force main system, in conformance with SAWS USR section 11.4.3.

Verano South (SAWS)

There is a proposed 60-inch gravity sewer main traversing through the southwestern portion of the property (Job No. 10-6501). Upon SAWS acceptance of Job No. 10-6501, the Developer will be required to construct a series of 8-inch mains throughout the Southern Region to connect to the proposed 60-inch gravity sewer main.

Note: When connecting to wastewater gravity mains larger than 21-inches, the developer will be required to discharge into a manhole and must have a private wastewater flapper valve installed inside the property line.

Furthermore, the Developer may connect a maximum of 12,483 EDUs of total capacity to a combination of the proposed and existing infrastructure as described in the aforementioned requirements.

S.C.3.00 SAWS Master Plan and Oversizing Requirements.

N/A.

S.C.4.00 Impact Fee Credit Eligibility.

The Verano Phase II lift station and 10-inch force main system was included as a Capital Improvement Project in the current impact fees. Therefore, the Developer is eligible for impact fee credits for their share of the cost for the Verano Phase II lift station and 10-inch force main system.

S.C.5.00 Engineering Study Report and/or Pro-Rata Refund Eligibility.

The engineering study report "Verano, Utility Service Agreement Engineering Report", by Big Red Dog, dated June 2015 is included as Attachment VI.

S.C.6.00 Developer On-Site and/or Off-Site Requirements.

The Developer will also be required to acquire any right-of-way and easements, install all On-Site and Off-Site utility infrastructure, and upgrade existing lift stations necessary to serve the Tract in accordance with SAWS' USR, solely at the Developer's cost. Other On-Site utility infrastructure requirements within the Tract will be determined at such time as the engineer submits an overall Utility Master Plan, and any subsequent revisions, for the Tract.

S.C.7.00 Lift Stations and Force Mains.

Lift stations and force mains are only allowed by prior written supplemental agreement with SAWS. Applicable fees, as set out in the supplemental agreement, must be paid in full prior to service connection. Whenever a lift station is proposed, a Present Value analysis of the lift station vs. gravity solutions, shall be included in the Engineering Report/Study in conformance with the requirements of SAWS' USR.

S.C.8.00 Time for Wastewater Impact Fee Assessment and Payment.

Wastewater Impact Fees will be assessed at the rates in effect at the time of plat recordation or the latest date allowed by law. Wastewater Impact Fees will be collected at either the time of plat recordation or connection to the SAWS wastewater system, at the discretion of the Developer.

S.C.9.00 Wastewater Impact Fee Estimates Based Upon Current Charges.

Following is an estimate of impact fees for the provision of Services contemplated under the Agreement, which are based on impact fee rates in effect as of the Effective Date of the Agreement. This estimate shall not constitute an assessment of impact fees and impact fee rates are subject to change by action of the San Antonio City Council as permitted by law.

Note: There shall be no waiving of wastewater impact fees for this Development except as specifically provided in this Agreement.

Type of Impact Fee	EDUs	\$/EDUs	Current Total
Wastewater Collection Lower	12,483	\$719.00	\$8,975,277.00
Wastewater Treatment Dos Rios/Leon Creek	12,483	\$786.00	\$9,811,638.00
Total			\$18,786,915.00

S.C.10.00 Pro-Rata Payment Fee Requirement.

Developer shall be required to pay a pro-rata fee pursuant to the USR, as amended, prior to connection to the wastewater system, if Developer is tapping into a main that is subject to a pro-rata refund.

DRAFT

EXHIBIT B

DRAFT

ASSIGNMENT OF RIGHTS

This Assignment of Rights ("Assignment") is made as of _____, 2013, by and between VERANO LAND GROUP, LP, a Nevada limited partnership ("Verano" or "VLG") and VTLM TEXAS LP, a Texas limited partnership ("VTLM").

RECITALS

WHEREAS, the City of San Antonio's Verano Tax Increment Reinvestment Zone Twenty-Eight ("TIRZ") was designated on December 6, 2007; and

WHEREAS, in connection with the TIRZ, VTLM entered into a Development Agreement (as amended as described below, the "Development Agreement") with the City of San Antonio, a Texas municipal corporation in Bexar County, Texas (the "City"), Bexar County, a political subdivision of the State of Texas (the "County"), and the Board of Directors for Reinvestment Zone Number Twenty-Eight, City of San Antonio, Texas, a tax increment reinvestment zone (the "Board"); and

WHEREAS, said Development Agreement was amended pursuant to Ordinance No. 2008-11-20-1016, passed and approved by the City Council of the City on the 20th day of November, 2008, by the County, acting through its County Judge pursuant to authority granted by the Bexar County Commissioners Court on the 2nd day of June, 2009, and by the Board on the 25th day of May, 2009; and

WHEREAS, said Development Agreement was further amended by that one certain Second Amendment to Development Agreement by and among the City, the County, the Board and VTLM, approved by the City pursuant to Ordinance No. 2010-06-24-0621, passed by the City Council of the City on the 24th day of June, 2010, by the County, acting through its County Judge pursuant to authority granted by the Bexar County Commissioners Court on the 1st day of August, 2010, and by the Board on the 9th day of June, 2010; and

WHEREAS, the San Antonio Water System ("SAWS") and VTLM are parties to the following agreements:

Consent Agreement dated October 15, 2009, by and among the City, SAWS, the Board, VTLM and VLG;

Assignment of Right to Receive Reimbursements dated September 10, 2009, by and among VLG, VTLM, and SAWS (the "SAWS Assignment"); and

WHEREAS, SAWS and The Texas A&M University System ("TAMUS") are parties to a Utility Services Agreement dated October 15, 2009; and

WHEREAS, SAWS, as successor in interest to Bexar Metropolitan Water District, is party to the following agreements with either VTLM or VLG:

The Utility Services Agreement dated January 26, 2009, by and between San Antonio Water System, as successor in interest to Bexar Metropolitan Water District, and VTLM ("the BexarMet USA Agreement");

The Texas A & M University Support Agreement dated July 31, 2008, by and among the San Antonio Water System, as successor in interest to Bexar Metropolitan Water District and VLG ("TAMU Support Agreement"); and

The Memorandum of Understanding dated January 28, 2008, by and between SAWS, as successor in interest to Bexar Metropolitan Water District, VLG, and TAMUS ("the BexarMet MOU");

WHEREAS, VTLM wishes to assign its rights under the Development Agreement and under certain related documents enumerated herein, and Verano wishes to accept such assignment, all on the terms as set forth below;

NOW, THEREFORE, in consideration of the premises and the mutual agreements set forth in this Assignment, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged and confessed, VTLM and Verano hereby agree as follows:

I. ASSIGNMENT AND ASSUMPTION

1.1 Assignment. Subject to Section 1.3 below, VTLM hereby assigns to Verano VTLM's rights and obligations under the following documents (collectively, the "TIRZ Documents"), with such obligations being only those obligations that are expressly set forth in writing within the TIRZ Documents:

- A. The Development Agreement;
- B. Tax Increment Reinvestment Zone Twenty-Eight Final Project Plan dated November 20, 2008, Amended June 24, 2010;
- C. Tax Increment Reinvestment Zone Twenty-Eight Final Finance Plan dated November 20, 2008, Amended June 24, 2010;
- D. Interlocal Agreement by and between the City, the County, and the Board, dated effective December 16, 2008, as amended by Amendments to Interlocal Agreement approved by the Board on April 14, 2009, and as further amended by Second Amendment to Interlocal Agreement dated August 10, 2010;

E. Interlocal Agreement by and between the City, San Antonio River Authority and the Board, as further amended by Second Amendment to Interlocal Agreement dated August 16, 2010;

F. Interlocal Agreement by and between the City, Alamo Community College District and the Board, dated effective August 23, 2010;

G. Consent Agreement dated October 15, 2009 by and among the City, SAWS, the Board, VTLM, and VLG;

H. Assignment of Right to Receive Reimbursements dated September 10, 2009 by and among VLG, VTLM, and SAWS (the "SAWS Assignment");

I. Utility Services Agreement dated October 15, 2009, by and among VLG, VTLM, SAWS, and TAMUS (the "SAWS USA Agreement") (agreements identified above as G-I are collectively referred to as the "SAWS Agreements");

J. The BexarMet USA Agreement;

K. The TAMU Support Agreement;

L. The BexarMet MOU.

M. University Way Funding Agreement dated February 1, 2009 by and between the San Antonio Water System, as successor in interest to Bexar Metropolitan Water District and VTLM Texas LP ("University Way Agreement").

N. East-West Street and Agreement dated August 7, 2009 by and between the San Antonio Water System, as successor in interest to Bexar Metropolitan Water District and VTLM Texas LP ("East-West Agreement").

Such assignment does not, however, assign or encumber the Reimbursements (as that term is defined in the SAWS Assignment) so long as SAWS has the right to receive the Reimbursements under the SAWS Assignment.

1.2 Assumption. Subject to Section 1.3 below, Verano hereby specifically agrees to assume all of the obligations of VTLM under the TIRZ Documents. Accordingly, Verano hereby agrees for the benefit of the City, the Board, SAWS, and TAMUS to be bound by and to perform the terms, covenants, and conditions of the TIRZ Documents. Such assumption of obligations and agreement to be bound and to perform is strictly limited to obligations, terms, covenants and conditions expressly set forth in the TIRZ Documents and does not apply to any other agreement, contract, arrangement, obligation, or undertaking, whether entered into or arising in connection with the Development Agreement, the other TIRZ Documents, or otherwise; and Verano specifically does not by this Assignment assume any obligations under any such other agreement, contract, arrangement, obligation, or undertaking not specifically enumerated in Section 1.1.

Furthermore, and notwithstanding any of the foregoing, Verano does not assume VTLM's obligations with respect to: (i) any reports that were required to be made before the date of execution of this Assignment under any of the TIRZ Documents, and/or (ii) completion or warranties as to University Way and/or Verano Parkway. As to any agreements, contracts, arrangements, obligations or undertaking entered into or arising in connection with the Development Agreement, the other TIRZ Documents, or otherwise, to which VTLM is a party, but which agreements are not specifically assigned to and assumed herein by Verano, VTLM expressly acknowledges that it remains a party to all such agreements, contracts, arrangements, obligations or undertaking.

1.3 Approval and Consent of City, Board, SAWS, and TAMUS. The assignment by VTLM in Section 1.1 above and the assumption and agreements by Verano in Section 1.2 above will not become effective until such time that the City, the Board, SAWS, and TAMUS have executed a written approval of and consent to such assignment. In addition, because the SAWS Agreements are not assignable by their terms, SAWS specifically has the right to negotiate amendments to said agreements with Verano which must be approved by the SAWS Board as a condition to SAWS' consent to this Assignment.

II. REPRESENTATIONS

2.1 VTLM's Representations. VTLM hereby represents and warrants that:

A. VTLM has good title to the assets assigned by VTLM pursuant to this Assignment, and except as expressly set forth in the TIRZ Documents, there has been no assignment, transfer, pledge, hypothecation or grant of a lien on or security interest in any rights of VTLM with respect to the TIRZ or any of the TIRZ Documents, either voluntarily, involuntarily, by operation of law or otherwise;

B. VTLM is a limited partnership duly organized and existing in good standing under the laws of the state of Texas;

C. VTLM has the power and requisite authority, and has taken all action necessary, to execute, deliver and perform its obligations under this Assignment; and

D. No consent, approval, authorization, or order of any governmental authority or other person is required in connection with VTLM's execution of this Assignment or the assignments by VTLM set forth in this Assignment, except for the approvals and consents of the City and the Board referred to in Section 1.3 of this Assignment.

2.2 Verano's Representations.

A. Verano is a Nevada limited partnership duly organized and existing in good standing under the laws of the state of Texas;

B. Verano has the power and requisite authority, and has taken all action necessary to execute, deliver, and perform its obligations under this Assignment;

C. No consent, approval, authorization, or order of any governmental authority or other person is required in connection with Verano's execution of this Assignment or the assumption and agreements by Verano set forth in this Assignment, except for the approvals and consents of the City and the Board referred to in Section 1.3 of this Assignment; and

III. GENERAL

3.1 Headings. Section and subsection headings in this Assignment are included herein for convenience of reference only and shall not constitute a part of this Assignment for any other purpose or be given any substantive effect.

3.2 Applicable Law. THIS ASSIGNMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS. Venue for any actions related to this Assignment shall be Bexar County, Texas.

3.3 Successors and Assigns. This Assignment shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of the parties hereto and their respective successors and assigns.

3.4 Counterparts. This Assignment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be a copy of this Assignment, but all such counterparts together shall constitute but one and the same instrument.

3.5 Public Information. Verano and VTLM each acknowledge that this instrument and all documents ancillary to it are public information within the meaning of Chapter 552 of the Texas Government Code and accordingly may be disclosed to the public. Nothing in this agreement waives an otherwise applicable exception to disclosure.

3.6 Prohibited Interest in Contracts. The Charter of the City of San Antonio and its Ethics Code prohibit a City officer or employee, as defined in Section 2-52 of the Ethics Code, from having a financial interest in any contract with the City or any City agency such as city owned utilities. An officer or employee has a "prohibited financial interest" in a contract with the City or in the sale to the City of land, materials, supplies or service, if any of the following individual(s) or entities is a party to the contract or sale:

- (i) a City officer or employee;

(ii) his parent, child or spouse;

(iii) a business entity in which the officer or employee, or his parent, child or spouse owns (i) 10% or more of the voting stock or shares of the business entity, or (ii) 10% or more of the fair market value of the business entity;

(iv) a business entity in which any individual or entity above listed is a (i) subcontractor on a City contract, (ii) a partner, or (iii) a parent or subsidiary business entity.

Verano warrants and certifies as follows:

(i) Verano and its officers, employees and agents are neither officers nor employees of the City.

(ii) Verano has tendered to the City a Discretionary Contracts Disclosure Statement in compliance with the City's Ethics Code.

Verano acknowledges that City's reliance on the above warranties and certifications is reasonable.

3.7 Incorporation of Attachments

Each of the Attachments listed below is hereby incorporated by reference within this Agreement for all purposes.

ATTACHMENTS:

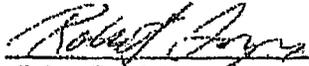
Attachment A – Consent of City of San Antonio, Verano TIRZ Board, San Antonio Water System, and The Texas A&M University System
Attachment B – Release and Indemnity Agreement

[remainder of the page intentionally left blank; signature page follows]

EXECUTED as of the date first written above.

VTLM TEXAS, LP, a Texas limited partnership

By: Texas Manager, LLC, a Nevada limited liability company, its General Partner

By: 
Robert Lozzi, Manager

VERANO LAND GROUP, LP
a Nevada limited partnership

By: South San Antonio Management, LLC,
A Nevada limited liability company,
its General Partner

By: 
Joseph M. Desimone, Jr.
Managing Member

DRAFT

ATTACHMENT A

APPROVAL AND CONSENT OF THE CITY, THE VERANO TIRZ BOARD,
SAN ANTONIO WATER SYSTEM AND THE TEXAS A&M UNIVERSITY
SYSTEM

The City, by Ordinance 2013-____-____, approved _____,
_____, the Board, San Antonio Water System, and The Texas A&M University
System hereby approve and consent to the assignment to Verano of VTLM's rights under
the Development Agreement and under the other TIRZ Documents as set forth in this
Assignment. SAWS therefore waives, as to this Assignment only, any prohibition or
limitation on assignment set forth in the SAWS USA Agreement or the BexarMet USA
Agreement.

CITY OF SAN ANTONIO

BOARD OF DIRECTORS
TAX INCREMENT INVESTMENT
ZONE NUMBER TWENTY-EIGHT,
CITY OF SAN ANTONIO, TEXAS

Sheryl Sculley
City Manager
Date: _____

ATTEST/SEAL:

Title: Presiding Officer, Board of Directors
Date: _____

City Clerk
Date: _____

APPROVED AS TO FORM:

Michael D. Bernard
City Attorney
Date: _____

DRAFT

SAN ANTONIO WATER SYSTEM

**THE TEXAS A&M UNIVERSITY
SYSTEM, an agency of the State
of Texas**

Robert R. Puente
President/CEO
Date: _____

John Sharp
Chancellor
Date: _____

ATTEST/SEAL:

DRAFT

**ATTACHMENT B
RELEASE AND INDEMNITY AGREEMENT**

DRAFT

FULL AND FINAL RELEASE AND INDEMNIFICATION AGREEMENT

This Full And Final Release and Indemnification Agreement (hereinafter referred to as "Agreement") is made by and between VTLM TEXAS LP, a Texas limited partnership ("VTLM"), VERANO LAND GROUP, a Nevada limited partnership ("Verano") (collectively, the "Verano Parties"), and CITY OF SAN ANTONIO, SAN ANTONIO WATER SYSTEM and as successor in interest to Bexar Metropolitan Water District, and THE TEXAS A&M UNIVERSITY SYSTEM (collectively, the "Consenting Parties"), effective as of _____, _____ ("Effective Date"), which agreement is set forth as follows:

WHEREAS, the Verano Parties have requested that the Consenting Parties consent to that certain Assignment of Rights, by which VTLM is assigning Verano its rights and obligations under the Verano Tax Increment Reinvestment Zone # 28 TIRZ Documents set forth in the Assignment of Rights, and Verano is agreeing to assume such rights and obligations from VTLM; and

WHEREAS, the City Council of the City of San Antonio has consented to the Assignment of Rights subject to the Parties entering into this Agreement, pursuant to Ordinance _____, approved _____;

WHEREAS, the Board of Trustees of the San Antonio Water System has consented to the Assignment of Rights subject to the Parties entering into this Agreement pursuant to Resolution _____; and

WHEREAS, The Texas A&M University System has consented to the Assignment of Rights subject to the Parties entering into this Agreement pursuant to Attachment A to the Assignment of Rights;

WHEREAS, the Parties to this Agreement wish to finalize the Assignment of Rights and Consent thereto in order to proceed with the Development Agreement and related TIRZ documents;

NOW THEREFORE IN CONSIDERATION OF THE ABOVE AND FOREGOING RECITALS and the Consenting Parties' Consent to the Assignment of Rights, the Verano Parties agree as follows:

1. The Verano Parties, all and each of them, and their administrators, agents, assigns, attorneys, executors, heirs, insurers and representatives, FULLY AND FINALLY RELEASE AND FOREVER DISCHARGE the Consenting Parties and their administrators, agents, assigns, employees, executors, heirs, insurers and representatives, FROM ALL CLAIMS AND/OR ALLEGATIONS RELATING TO OR ARISING OUT OF THE Assignment of Rights and the Consenting Parties' Consent thereto, whether ACCRUED OR UNACCRUED, LIQUIDATED OR UNLIQUIDATED, KNOWN OR UNKNOWN, including but not limited to claims for attorney's fees and court costs.

2. Verano further AGREES TO INDEMNIFY AND HOLD FOREVER HARMLESS AND DEFEND SAN ANTONIO WATER SYSTEM and THE TEXAS A&M UNIVERSITY SYSTEM FROM ANY CLAIMS OR LAWSUITS OF ANY KIND BY ANY INDIVIDUAL OR ENTITY, AT LAW OR IN EQUITY, REGARDING OR ARISING OUT OF the Assignment of Rights and the Consenting Parties' Consent to the Assignment of Rights.

VTLM TEXAS, LP, a Texas limited partnership

By: Texas Manager, LLC, a Nevada limited liability company, its General Partner

By: *Robert Lozzi*
Robert Lozzi, Manager

VERANO LAND GROUP, LP
a Nevada limited partnership

By: South San Antonio Management, LLC,
A Nevada limited liability company,
its General Partner

By: *Joseph M. Desimone*
Joseph M. Desimone,
Managing Member

DRAFT

AMENDMENT OF UTILITY SERVICE AGREEMENT

This Amendment of Utility Service Agreement ("Amendment") is entered into as of _____, _____ by and among the SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES ("SAWS"), THE TEXAS A&M UNIVERSITY SYSTEM ("TAMUS"), VERANO LAND GROUP, LP, a Nevada limited partnership (formerly a Texas limited partnership) ("Owner"), and VTLM TEXAS, LP, a Texas limited partnership ("VTLM"). SAWS, TAMUS, Owner and VTLM are referred to herein collectively as the "Parties" and each separately as a "Party".

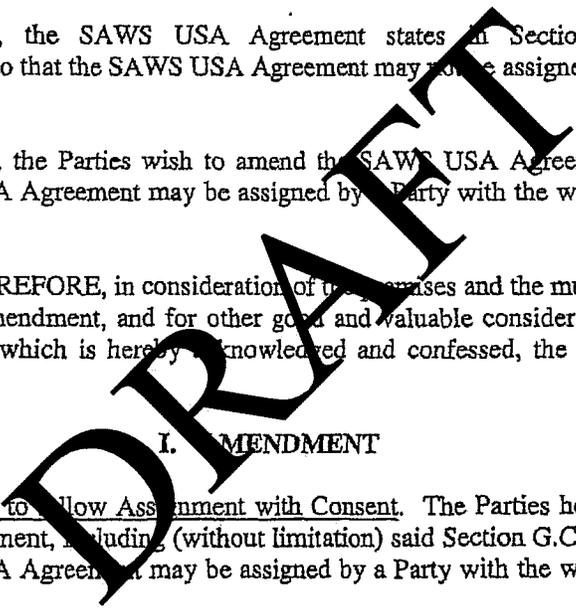
RECITALS

WHEREAS, the Parties entered into that one certain Utility Services Agreement dated October 15, 2009 (the "SAWS USA Agreement"); and

WHEREAS, the SAWS USA Agreement states in Section G.C.6.00 of Attachment 1 thereto that the SAWS USA Agreement may not be assigned in whole or in part; and

WHEREAS, the Parties wish to amend the SAWS USA Agreement to provide that the SAWS USA Agreement may be assigned by a Party with the written consent of the other Parties;

NOW, THEREFORE, in consideration of the promises and the mutual agreements set forth in this Amendment, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged and confessed, the Parties agree as follows:



I. AMENDMENT

1.1 Amendment to Allow Assignment with Consent. The Parties hereby amend the SAWS USA Agreement, including (without limitation) said Section G.C.6.00, to provide that the SAWS USA Agreement may be assigned by a Party with the written consent of the other Parties.

II. GENERAL

2.1 Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose or be given any substantive effect.

2.2 Applicable Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

2.3 Successors and Assigns. This Amendment shall be binding upon the Parties hereto and their respective successors and permitted assigns and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

2.4 Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

3.5 Public Information. The Parties each acknowledge that this instrument and all documents ancillary to it may be public information within the meaning of Chapter 552 of the Texas Government Code and accordingly may be subject to disclosure to the public. Nothing in this agreement waives an otherwise applicable exception to disclosure.

[remainder of the page intentionally left blank, signature page follows]

DRAFT

EXECUTED as of the date first written above.

SAN ANTONIO WATER SYSTEM

THE TEXAS A&M UNIVERSITY
SYSTEM, an agency of the State of Texas

Robert R. Puente
President/CEO
Date: _____

John Sharp
Chancellor
Date: _____

ATTEST/SEAL:

VERANO LAND GROUP, LP
a Nevada limited partnership

WTLN TEXAS, LP, a Texas limited
partnership

By: South San Antonio Management, LLC
a Nevada limited liability company, its
General Partner

By: Texas Manager, LLC, a Nevada
limited liability company, its General
Partner

By: _____
Joseph M. Desimone, Jr.
Managing Member

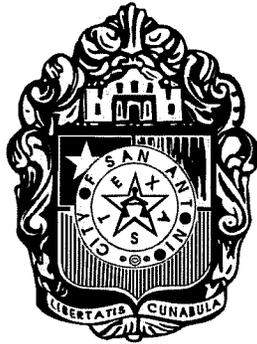
By: _____
Robert Lozzi, Manager

Date: 12/20/2013

Date: 12-11-13

EXHIBIT G

CITY OF SAN ANTONIO, TEXAS
Department of Planning and Community Development



VERANO

**Tax Increment Reinvestment Zone
Twenty-Eight**

Project Plan

November 20, 2008
Amended June 24, 2010
Amended January 28, 2016

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY 3

2. POLICY AND PROGRAM 5

 POLICY..... 5

 PROGRAM..... 5

3. PARTICIPATION 8

 CITY OF SAN ANTONIO..... 8

 BEXAR COUNTY..... 8

 ALAMO COLLEGES 9

 SAN ANTONIO RIVER AUTHORITY..... 9

 DEVELOPER..... 9

4. EXISTING CONDITIONS 10

 REGIONAL.....10

 SITE CONDITIONS11

 DEMOGRAPHICS.....12

5. PROJECT INFORMATION 14

 CONCEPT14

 PUBLIC IMPROVEMENTS19

 ZONING19

 CONSTRUCTION SCHEDULE21

 ESTIMATED NON-PROJECT COSTS22

 RELOCATION OF DISPLACED PERSONS.....23

EXHIBITS 24

 Exhibit A - Schools & School Districts.....25

 Exhibit B - Boundary & Floodplain Map26

 Exhibit C - Location Map & Existing Uses.....27

 Exhibit D - Updated Market and Demographic Information28

 Exhibit E - Master Land Use Plan33

 Exhibit F - Gateway Planning Letter.....34

 Exhibit G - 2015 Re-Zoning35

1. EXECUTIVE SUMMARY

The Verano Tax Increment Reinvestment Zone (TIRZ) Number 28 will provide the financing needed to develop public improvements for the Verano development which is anchored by the Texas A&M – San Antonio (TAMU-SA) campus. This Project Plan describes, pursuant to Section 311.011 of the Texas Tax Code:

- (1) An overview of the TIRZ project,
- (2) Existing uses and conditions of real property in the TIRZ,
- (3) Proposed improvements and property uses in the TIRZ,
- (4) Proposed changes to municipal ordinances,
- (5) Estimated non-project costs, and
- (6) Relocation of persons to be displaced as a result of plan implementation.

The Verano TIRZ was designated by City Council on December 6, 2007 through Ordinance 2007-12-06-1257. The TIRZ Project and Finance Plans were originally approved by City Council on November 20, 2008 through Ordinance 2008-11-20-1016. In addition to approval of the Project and Finance Plans, City Council amended the TIRZ boundary increasing the size of the TIRZ from 2,700 to approximately 3,100 acres. Additional amendments to the TIRZ Project Plan are as follows:

- June 24, 2010 – Amended Plans to ensure consistency with executed Interlocal Agreements and amended Development Agreement
 - Ordinance #2010-06-24-0621
- January 28, 2016 – Amended Plans and Development Agreement incorporating Assignment or Rights, term extension and changes to the construction schedule
 - Ordinance #2016-01-28-

The Verano TIRZ encompasses approximately 3,100 acres in South San Antonio primarily southeast of the intersection of Highway 16 and Loop 410 south. At completion, the Verano development will include an estimated 2,461 single-family detached homes, 2,500 multi-family homes, 750 condos/town homes, 3,015,000 square feet of non-residential and the TAMU-SA campus with an estimated future enrollment of 25,000 students.

The Verano Site is eligible for the Tax Increment Financing Tool as defined in the City's 2006 TIF Guidelines. Pursuant to the Act, designation of an area as an enterprise zone under Chapter 2303, Government Code constitutes designation of the area as a reinvestment zone under the Act. The TIRZ is located in City Council Districts 3 and 4,

and Bexar County Precinct 1. The project is located in the Southwest, Southside, South San Antonio, and Harlandale Independent School Districts.

Participating taxing entities are the City of San Antonio, Bexar County, Alamo Colleges, and the San Antonio River Authority. The City of San Antonio will participate at 75% of its tax rate with a maximum contribution of \$118,992,476.00; Bexar County will participate at 70% of the Operations and Maintenance portion of its tax rate with a maximum contribution of \$81,393,692.00; the Alamo Colleges will participate at 50% of the Maintenance and Operations portion of its tax rate with a maximum contribution of \$15,000,000.00; the San Antonio River Authority will participate at 60% of its tax rate with a maximum contribution of \$4,397,567.00.

Public Improvements within the Project include streets, streetscapes, streetscape enhancements, drainage/retention, water, sewer, telecom, gas, non-potable water, drainage & detention facilities, streetlights, street signs, dry utilities, electric utilities, storm water pollution prevention, linear parks, parks/plazas, public parking garages, drainage, off site drainage, and associated engineering, surveying, geotechnical, architect/landscape, construction management, environmental review, storm water pollution plans, park fees, planning/zoning fees, impact fees, sewer/water impact fees, and environmental support, and contingency.

On January 28, 2016, City Council through Ordinance 2016-01-28-____ approved an "Assignment of Rights" transferring the rights and obligations for all executed agreements from VTLM TEXAS LP to Verano Land Group LP. In addition, City Council approved the 2nd Amendment to the TIRZ Project and Finance Plans and extended the term of the TIRZ by eight (8) years. The change in term increased the life of the TIRZ from 30 to approximately 38 years with the TIRZ estimated to be in existence through fiscal year 2045. The amendments to the Project Plan included zoning changes, changes to the development schedule and the build-out schedule. These changes to the Project Plan and the term extension necessitated changes to TIRZ Finance Plan which was also amended through the same Ordinance.

2. POLICY AND PROGRAM

POLICY

The City of San Antonio uses Tax Increment Financing to encourage development in areas where it is desired but is not being provided by traditional market mechanisms or other city incentives. Through TIF, the city intends to achieve goals and objectives established in City adopted plans and policies and to support projects that increase diversity of uses and decrease income segregation.

Public investment in TIRZ, using tax increment as a financing mechanism, stimulates private sector investment in areas of the City that would not otherwise attract market interest.

PROGRAM

Tax Increment Financing supports the policies of the 1997 Master Plan, SA2020, and REnewSA. At the time of this amendment to the TIRZ Project Plan, the 1997 Master Plan was being updated through a comprehensive planning process initiated in 2013 and is expected to be completed in 2016. The shared goal of SA2020 is to transform San Antonio into a world-class city by the year 2020 in eleven key vision areas. REnewSA is an inter-agency collaborative that brings together major policy-making and regulatory bodies in San Antonio to coordinate community development resources. The purpose of REnewSA is to leverage public resources to incentivize private investment and create value in the community. The policy will work to encourage investment in inner city neighborhoods, but minimize or prevent displacement of people or adverse impacts related to history, culture and quality of life of unique neighborhoods.

Each of these policies provides strategic objectives for the use of TIF. TIF provides a financing option that meets stated objectives as follows:

- Increases the diversity of property uses through support of mixed use development.
- Decreases income segregation by supporting mixed income development.
- Encourages a balance of new development and redevelopment throughout the city.
- Encourages growth within identified growth centers and adjacent to future high capacity transit stations.
- Prioritizes areas that are within CDBG-eligible census tracts, areas with high poverty and unemployment levels, areas with low educational attainment levels, and areas with concentrations of vacant, neglected, and underutilized properties.

- Invests resources in ‘tipping point’ areas that exhibit a balance of need and market potential. Utilize market data to identify areas with market potential.
- Improves infrastructure to support private sector investment in areas targeted for redevelopment and infill.
- Redevelops blighted areas or underutilized properties that impair or prevent investment.
- Pursues a balanced housing approach that facilitates the provision of affordable housing.
- Provides opportunities for employment within targeted industries.
- Embraces Smart Growth, Low Impact Development and Green Building principles.

TIF Guidelines

The City of San Antonio (City) adopted the current TIF Policy on May 14, 2015 through Ordinance 2015-05-14-0419. All TIRZ are governed by the Guidelines or Policies in effect at the time of the TIRZ designation. The Verano TIRZ, which was designated by City Council in December of 2007, falls under the 2006 TIF Guidelines which were approved by City Council through Ordinance 2006-11-16-1316 on November 16, 2006 (copies of the 2006 TIF Guidelines are available upon request from TIF staff).

TIRZ Board

Chapter 311 of the Texas Tax Code, the TIF Act, requires that the City Council establish a reinvestment zone Board of Directors when designating a TIRZ. The Act provides a formula for calculating the number of seats a taxing entity may have based on its anticipated pro rata contributions to the zone fund. Based upon the calculations for this Reinvestment Zone and the participation levels of the other taxing entities, the Verano Board consists of 13 members, and is established pursuant to Section 311.0091(b) of the Act.

The City shall appoint seven (7) directors, Bexar County shall appoint four (4) directors, Alamo Colleges shall appoint one (1) director, and San Antonio River Authority shall appoint one (1) director. Additionally, since this TIRZ is City initiated, the statute requirement for representation from the State Senator and State Representative would not apply. To be eligible for appointment, an individual must either be a qualified voter of the City, or be at least 18 years old and own real property in the zone or be an employee or agent of a person that owns real property in the zone. City appointees will be required to comply with all policies related to City Boards and Commissions to the extent there is no conflict with the TIF Act.

Universal Design

All projects supported by TIF should add long-term value to the public realm. Thus, projects must be built according to design principles that prioritize the safety and comfort of all public infrastructure users – whether they are walking, jogging, riding or driving. The City’s Unified Development Code (UDC) sets out a menu of approaches to help designers and developers meet the program’s urban design goals.

The City of San Antonio adopted a Universal Design Policy (Ord. No. 95641) on April 18, 2002, requiring that any person receiving financial assistance from city, state, or federal funds administered by the City of San Antonio for the construction of new single family homes, duplexes, or triplexes, shall construct the units in accordance with specific features including an entrance with no steps, wider doorways (2'-8"), lever door handles, lever controls on kitchen and lavatory faucets, and light switches and electrical receptacles within reachable height.

The Verano TIRZ will be required to comply with the City's Universal Design requirements (UD), as adopted in the City Code, Chapter 6, Article XII. New construction of all single family residential, duplex and triplex residential units shall comply with the Universal Design requirements. If it is discovered that the initial construction of any units do not comply, those non-compliant units will be deducted from the captured appraised value in every year of their existence until compliance is achieved.

Environmental Protection

No applications will be accepted for TIF where all or part of the proposed project falls over the Edwards Aquifer Recharge Zone. The Verano TIRZ is not located over the Edwards Aquifer Recharge Zone.

3. PARTICIPATION

The long-term success of any Tax Increment Reinvestment Zone is contingent on the participation of a number of taxing entities and the long-term economic viability of the developer. In addition to the City of San Antonio, the Developer has secured commitments from Bexar County, Alamo Colleges and the San Antonio River Authority to participate in this TIRZ project.

CITY OF SAN ANTONIO

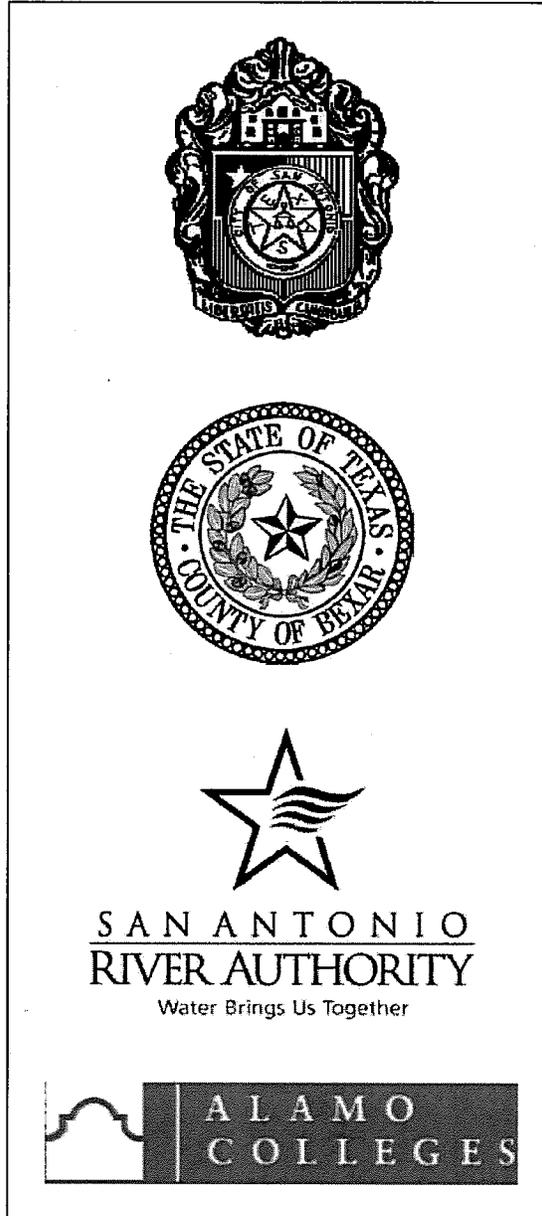
The City of San Antonio's TIF Unit of the Department of Planning and Community Development is responsible for the administration of the TIF Program. Its roles and responsibilities include, but are not limited to:

- Review, analysis, and plan preparation
- Statutory presentations
- TIRZ Board administration
- TIRZ Fund administration
- Processing of reimbursement requests for eligible public improvements
- Ongoing monitoring of construction

The City of San Antonio is participating at 75% of its tax rate with a maximum contribution of \$118,992,476.00. The City will receive an annual administrative fee of \$120,000.00 beginning in Fiscal Year 2016. The City has agreed to participate in the TIRZ until September of 2045.

BEXAR COUNTY

The City of San Antonio provided a statutory presentation of the Verano project to Bexar County on October 23, 2007; their participation level is 70% of the Operations and Maintenance portion of the tax rate with a maximum contribution of \$81,393,692.00. Bexar County will receive an annual



administrative fee of \$5,388.00 beginning in Fiscal Year 2016. Bexar County has agreed to participate in the TIRZ until September of 2045.

ALAMO COLLEGES

The City of San Antonio provided a statutory presentation of the Verano project to Alamo Colleges in August of 2008; their participation level is 50% of the Operations and Maintenance portion of their tax rate with a maximum contribution of \$15,000,000.00. Alamo Colleges will receive an annual administrative fee of \$344.83 beginning in Fiscal Year 2016. Alamo Colleges will participate in the TIRZ until September of 2037.

SAN ANTONIO RIVER AUTHORITY

The City of San Antonio provided a statutory presentation of the Verano project to the San Antonio River Authority in August of 2008; their participation level is 60% with a maximum contribution of \$4,397,567.00. The San Antonio River Authority will receive an annual administrative fee of \$1,000 beginning in Fiscal Year 2016. The River Authority has agreed to participate in the TIRZ until September of 2045.

DEVELOPER

In 2013, VTLM TEXAS LP, executed an "Assignment of Rights" to VLG effectively transferring VTLM's rights and obligations for all executed agreements related to the Verano development and the associated Verano TIRZ to VLG. The "Assignment of Rights" was approved by City Council through Ordinance 2016-01-28-____ on January 28, 2016.

The Verano Land Group or VLG is the owner and master developer of the Verano project. VLG's total contribution to Verano Project is estimated at \$276,523,078.95. As described in the executed Development Agreement, VLG agrees to retain and exercise supervision over the construction of all public and private improvements of the project, and is responsible for complying with all applicable laws, regulations, codes and Ordinances.

The Developer will be responsible for providing quarterly project status reports to the TIF Unit (due the 15th of January, April, July and October) as described in the executed Development Agreement. Additional information regarding VLG can be found at <http://www.veranocommunity.com>.

4. EXISTING CONDITIONS

REGIONAL

The Verano TIRZ is located in the south section of the City of San Antonio, generally south of Loop 410 and west of Pleasanton Road. The site is within the Lower Leon Creek and Elm Creek Watersheds and is in close proximity to Mitchell Lake. Hunter's Pond TIRZ #25 is adjacent to the subject area and TIRZ #6, Mission del Lago is nearby to the east of the subject area. The TIRZ abuts or includes major arteries, such as Loop 410, Zarzamora Road, Applewhite Road, and Pleasanton Road.

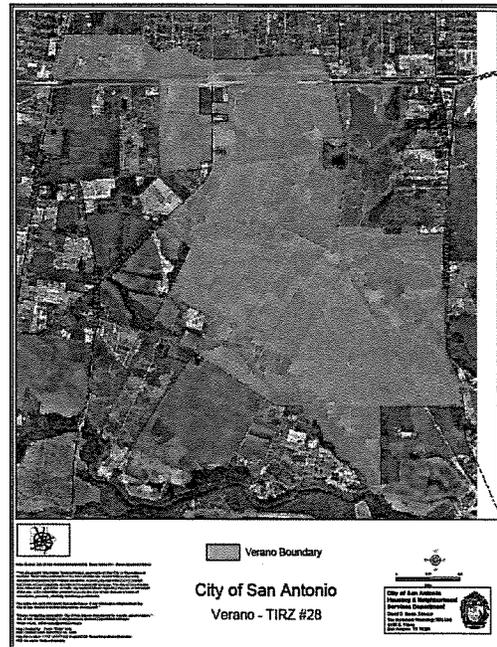
Schools and School Districts

The Verano TIRZ is in the Southside Independent School District (SISD), Southwest Independent School District (SWISD), South San Antonio School District (SSISD), and Harlandale Independent School District (HISD). Elementary Schools located in close proximity to the project include Bob Hope and Gillette. Middle Schools located near the project are Kazen and Tejada Academy. Walking to any of these schools would be hazardous given the distance from the project and lack of pedestrian infrastructure on Loop 410. A bus route would be needed to accommodate any students attending any of these schools. See Exhibit A for a map of School District Boundaries.

The development will incorporate two schools of undetermined grade levels in the project, one school in SWISD and one school in SSISD.

Parks and other facilities

The TIRZ site is within close proximity to both Leon Creek and the Medina River natural areas. Mission del Lago Golf Course, Mitchell Lake Audubon Center, Mitchell Lake, and Mission Espada are east of the subject area.



TIRZ #28

Emergency Services

The Verano TIRZ will be serviced by Fire Stations #2 and #50, which provide Firefighting and Emergency Medical services in the standard response time of 4.25 minutes.

Neighborhood Plans and Associations

The majority of the TIRZ is in the City South Community Plan. The City South Community Plan states, beyond the use of specific zoning districts that provide meaningful organization to land use, the implementation of design standards in all zoning districts can provide an identity for geographic areas in the context of the broader landscape.

SITE CONDITIONS

Topography and Hydrology

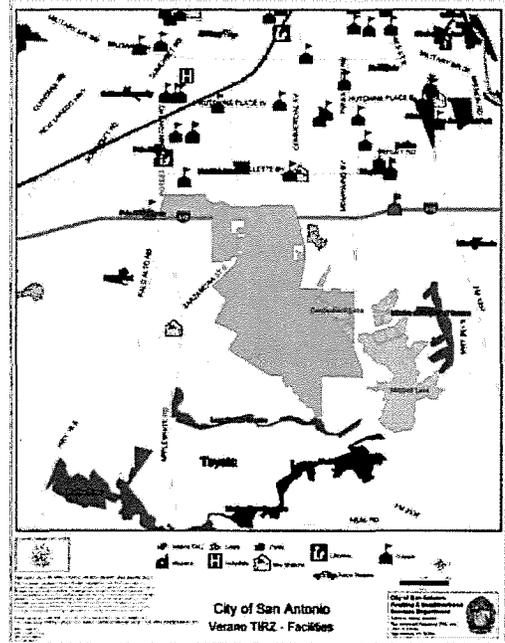
The TIRZ includes approximately 3,100 acres of largely undeveloped land, Palo Alto College, single family residential and commercial uses. The site lies approximately between 525 to 665 feet above mean sea level. Portions of the site lie within the 100-year flood plain at the eastern boundary and a small portion of the southwest boundary of the TIRZ. See Exhibit B for a map of current flood plains.

Environmental Assessment

Twelve separate Phase I ESAs (one for each tract within the project), were completed in sections between 2006 and 2007 by KBA EnviroScience, Inc.

At the time of designation, the majority of the site was characterized as undeveloped open and wooded pastures with areas of surface water. There are large areas of bare ground and areas where vegetation consists of shrubs and small trees. Trees were present mostly along fence lines, except in the northeast corner, where the property is dominated by honey mesquite, yaupon holly, sweet acacia, southern hackberry, prickly pear cactus, King Valley bluestem, and silver nightshade. A variety of birds appeared to utilize the property, and doves were observed in the fields.

Environmental reports already completed adhere to the generally accepted method and practice for Phase I ESAs. No Phase II ESAs have been completed. The developer is responsible to address any findings and to coordinate with the proper agencies prior to development of specific sites.



Verano Community Facilities

Environmental Considerations

The Project will be consistent with the San Antonio River Authority's long-range plans regarding environmental objectives, stormwater management, water quality, regional flood controls, and parks and recreational opportunities. As part of the City South Community Plan, the Project is committed to sustainable neighborhoods which preserve natural resources as much as possible and fit within regional plans for managing stormwater and water quality.

Historic Use

Based on the reviewed information, it appears that the primary use of the property has been farming and cattle ranching since before 1938. Topographic maps indicate oil wells on some portions of the property starting between 1953 and 1967 and continuing in some areas to the present day.

The surrounding area is primarily rural, and is used for ranching, farming, and oil production. Residential development is present north of Loop 410 and is scattered along Zarzamora Road. Zarzamora Road also contains numerous scattered small industrial and other commercial/retail establishments such as a storage facility (rental storage units), plant nurseries, a house moving and a construction company, an auto auction facility, and an equestrian training center. Exhibit C is a map of the TIRZ Boundary and existing uses.

DEMOGRAPHICS

Verano TIRZ is located in Census Block Groups 1512.006, 1513.003, 1520.001 and is immediately bounded by Block Groups 1512.005, 1517.003, 1519.002, 1611.004, 1611.005, 1612.001. These Census Block Groups are within a quarter-mile of the project boundaries, and, at the time of designation, were used to analyze demographics and property values for the TIRZ. Updated market and demographic information was provided by VLG and is attached as Exhibit D.

Education

According to the 2000 U.S. Census the percentage of San Antonio's population without a high school degree is 23.5%. The Verano Census Block Groups contain a percentage of people without a high school degree that is higher than the City average at 42.33%.

Poverty

According to the 2000 Census, 17.3% of San Antonio's population was living at or below the poverty level. Of the population living within the Verano census block groups, 24%, a significantly higher percentage, was living at or below the poverty level.

Employment

According to the 2000 Census San Antonio's percentage of unemployed civilians was 6.2 percent. Verano Census Block Groups unemployment percentage is higher than the City average, at 8.67%.

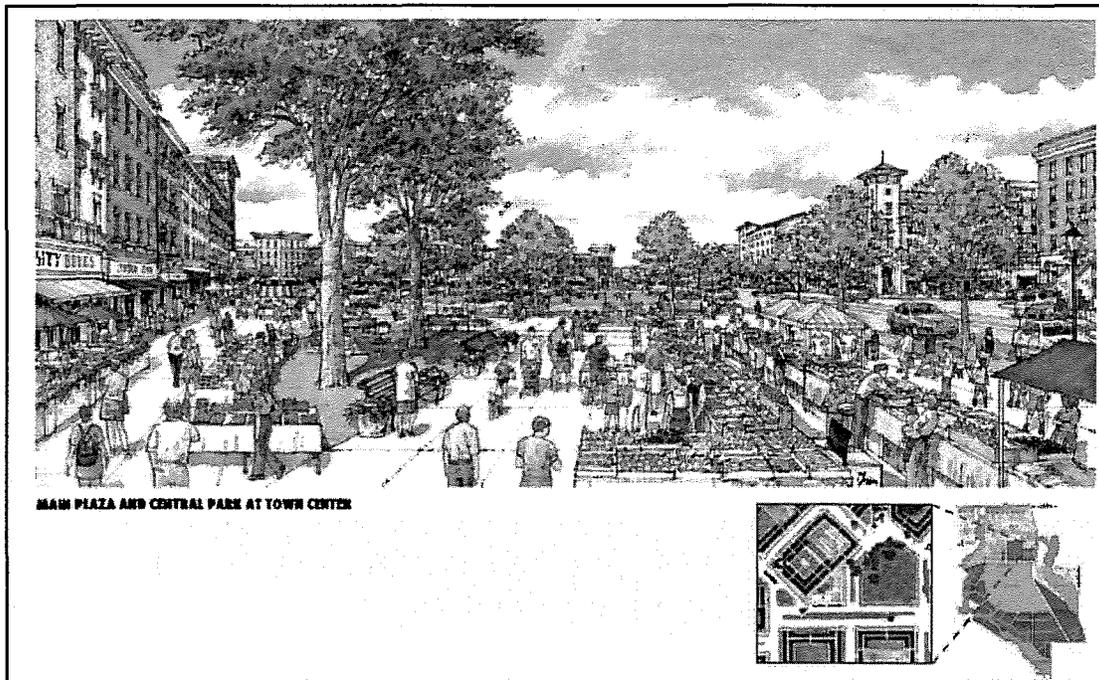
5. PROJECT INFORMATION

CONCEPT

The objective of the Verano Plan is to develop a unique walkable mixed-use community built on the concept of an integrated urban village. A conceptual master plan showing the location of the proposed areas of improvement and the proposed uses of the project site is attached as Exhibit E.

Town Center

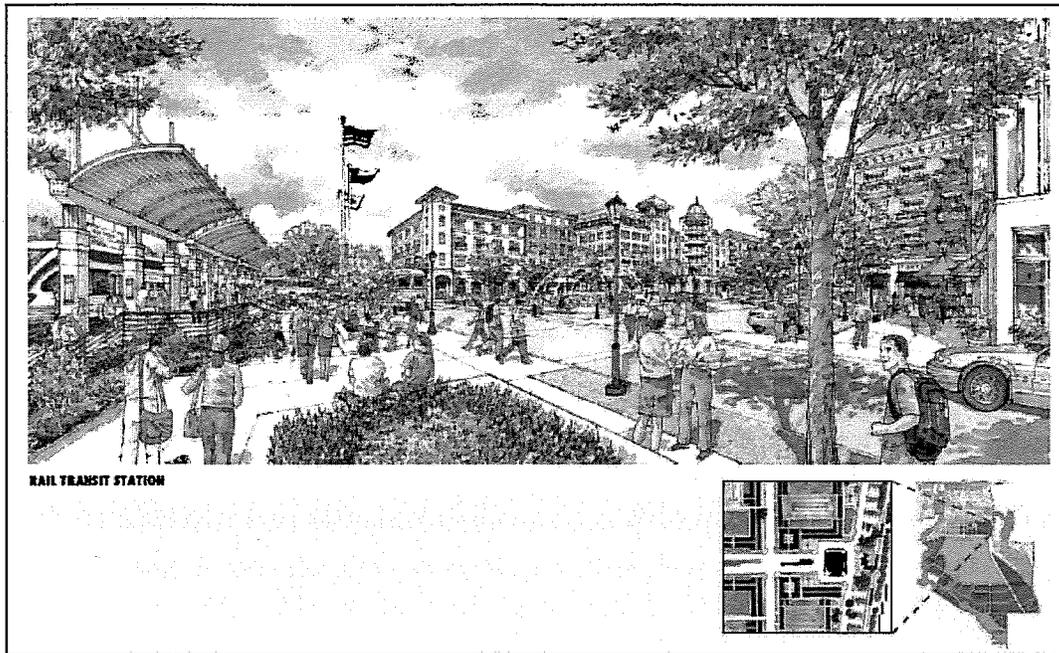
The plan proposes a town center, located immediately north of the TAMU-SA main campus. The proposed town center would be a vertical mixed-use university community destination and a hub for activity in the project area. Commercial and residential development will flow from this center in carefully planned transects that will maintain the character and integrity of the urban village. The town center and the TAMU-SA campus will straddle the East-West Arterial, which will be designed as a multi-way boulevard. This design will facilitate faster regional traffic in the main lanes and dedicated transit lanes, as well as slower local traffic on the slip lanes with bicycles and parking to provide a cafe environment for the university community.



The Austin-San Antonio Rail District has acknowledged that the Verano town center could potentially be the most southern stop for the proposed Austin-San Antonio Commuter Rail System which will link the Austin-San Antonio corridor (See Exhibit F). Achieving future densities and goals articulated in this plan will be enhanced with a robust transit system.

Typical buildings may include two to four-story commercial loft buildings with retail and restaurants on the ground floor and offices and residential above. Some buildings may go higher, from six to twenty stories, to facilitate condominium living and student housing given the town center's location across from the main entrance to the TAMU-SA campus. Community structures may include meeting halls and other quasi-public institutions such as entertainment businesses as well as places for the arts and culture.

The proposed town center is intended to be a walkable urban destination with cafe streets, integrated pocket parks and an urban scale environment with buildings built to the street, on-street parking and wider sidewalks. The architecture will be eclectic and varied to adapt to development over time as markets change.



Renderings Courtesy of Gateway Planning Group, Inc

Residential

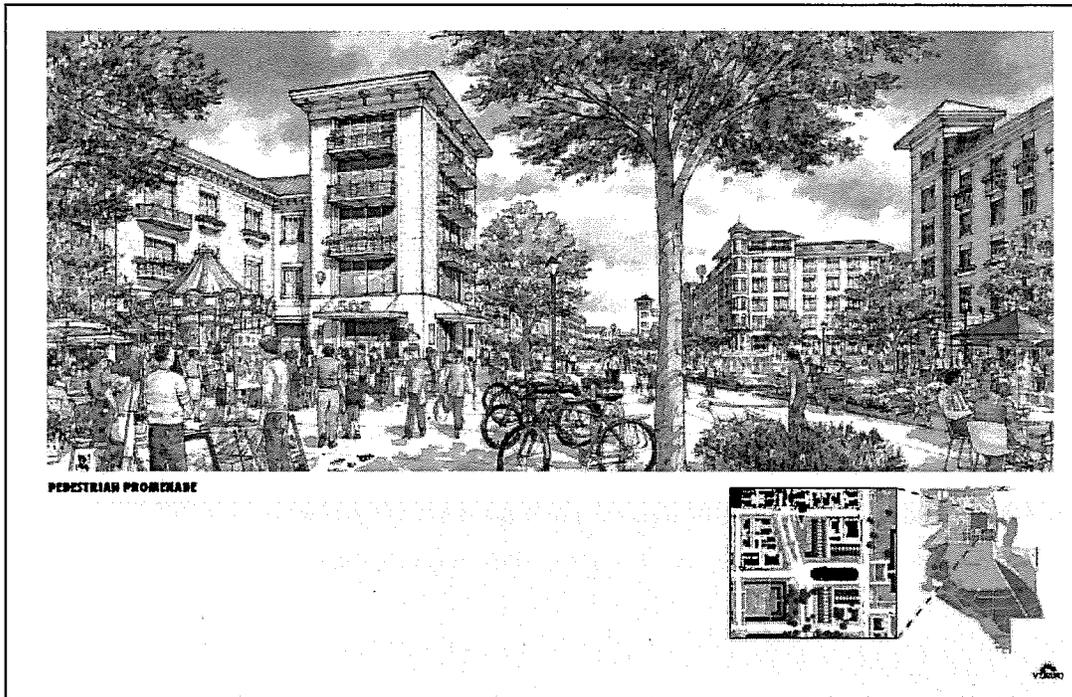
Approximately 431 acres of the project are projected to be developed for mixed residential use, from single family houses to high-density multi-family structures, including affordable student housing. Single family housing may include detached single family homes, duplexes, town homes and live-work units. Multifamily may include multi-unit houses, courtyard apartments, and loft apartments/condominiums. Student housing will be an integral part of the Verano community and may include town center

dormitories, loft housing, and student housing integrated into each of the surrounding Verano neighborhoods. See Table 1 for proposed residential unit mix.

Table 1

<i>Residential Unit Type</i>	<i>No. of Units</i>
Single Family	2,461
Townhome / Condo	750
Apartment	2,500
<i>Total Units</i>	5,711

The current plan includes several walkable neighborhoods in addition to a town center. The hamlets by Canvasback Lake are proposed to be low density residential featuring open space and walkability. The villages are proposed to be mixed-use walkable urban neighborhoods and may include integrated plazas and greens containing town homes and playgrounds.



Rendering Courtesy of Gateway Planning Group, Inc

Commercial/Industrial

The project proposes over 740 acres of commercial and industrial usage, from retail to light manufacturing. See Table 2 for a breakout of projected square footage commercial/industrial uses.

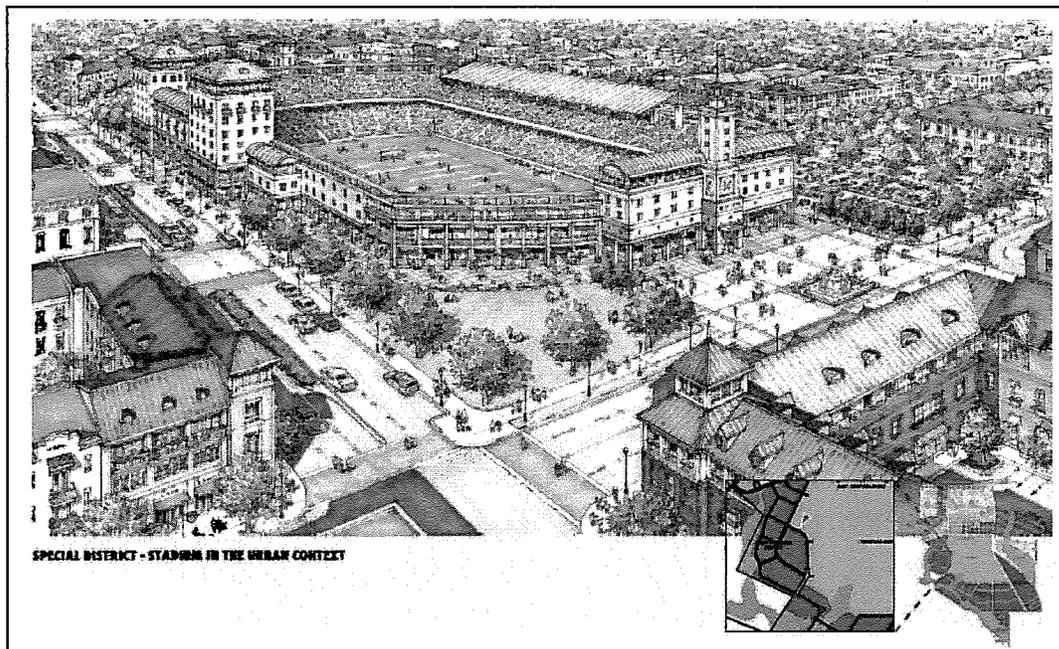
Table 2

<i>Non-Residential Use</i>	<i>Square Footage</i>
Office	925,000
Retail/Restaurant	665,000
Industrial	1,225,000
Institutional / Medical	200,000
<i>Total Square Footage</i>	3,015,000

Neighborhood commercial buildings may include live-work units and corner retail buildings. Institutional support structures may include day care, active living facilities, assisted living centers and potential allied trade schools.

Sports and Hospital Facilities

Over 200 acres of the Project are proposed to be used for sports and hospital facilities. The proposed Sports and Entertainment Complex could provide a wide range of recreation opportunities from potential joint-use university competition and intramural sports to community fields for baseball and soccer. The hospital district could include a regional hospital that could also act as a teaching/nursing hospital for TAMU-SA. It is envisioned that the district could also provide a wide-range of allied clinics and doctors' offices to support the needs of Verano, the University and the surrounding region of South Texas.



Rendering Courtesy of Gateway Planning Group, Inc

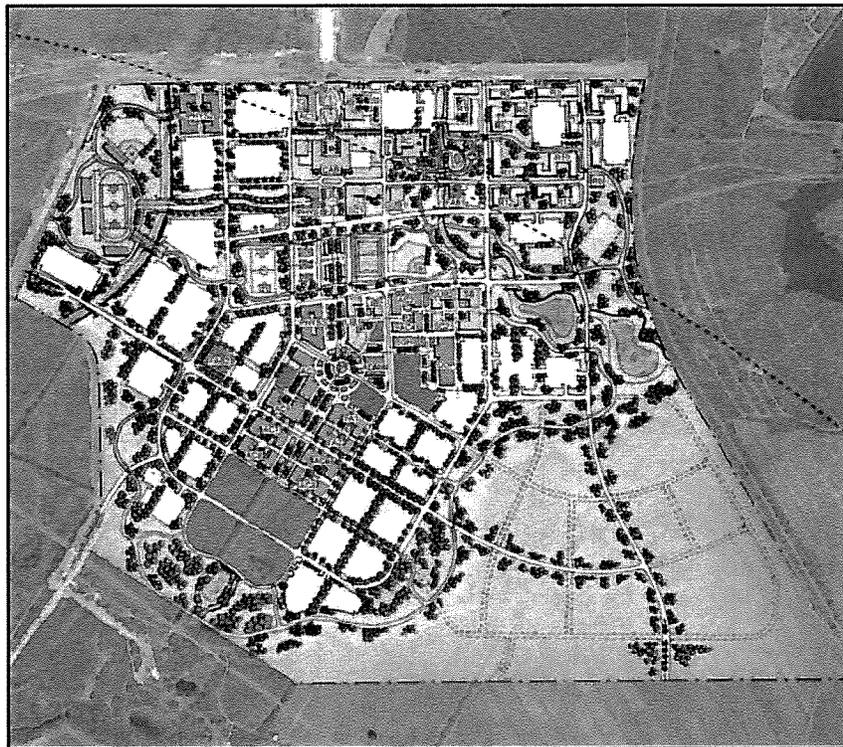
Parks and Greenspace

Large community parks, linear parks and pocket parks are proposed to be incorporated throughout the project in order to create amenities accessible by walking and cycling. Large parks are proposed to be primarily destination natural areas with both improved and naturally preserved areas for passive recreation, hiking and nature preservation. It is proposed that the integration of greenspace be part of the master planning for all of the projected uses within the project. The embedding of the neighborhood greenspace can create adjacency value premiums for development within the neighborhoods in addition to generally elevating quality of life.

Texas A&M University – San Antonio



The TAMU-SA site is made up of three parcels: i) a ten (10) acre “gateway” parcel located along the access road for Loop 410 South that will serve as an entryway presence for the University along Loop 410; ii) a five hundred eighty (580) acre main campus in the center of the Project Site, of which up to sixty (60) acres may be used for student housing; and iii) a one hundred four (104) acre site south of Mauermann Road for the establishment of the proposed Irrigation Technology Center.



The Project proposes a “town and gown” strategy to integrate the TAMU-SA campus with the rest of the development. Development will be planned to ensure the contiguity of quality and design in the structures built on the campus and adjacent privately-owned parcels. Street networks and street types should also be planned so as to integrate the university and surrounding community.

PUBLIC IMPROVEMENTS

The successful development of the Verano project will require reimbursements of public improvements and related capital costs associated with the following: streets, streetscapes, streetscape enhancements, drainage/retention, water, sewer, telecom, gas, non-potable water, drainage & detention facilities, streetlights, street signs, dry utilities, electric utilities, storm water pollution plans, storm water pollution prevention, linear parks, parks/plazas, public parking garages, drainage, off site drainage, environmental review, construction management, and associated engineering, surveying, geotechnical, architect/landscape, and environmental support, and contingency.

Maintenance of Public Improvements

The Developer is responsible for maintaining all public improvements until acceptance by the City and providing a one year extended warranty bond for defects discovered during the first year after completion. The City will assume maintenance responsibility for public improvements after the warranty period has expired. For specifics regarding the maintenance and repair of public improvements please see Section 5.12 of the Amended and Restated Development Agreement between the City of San Antonio, Bexar County, VLG and the Verano TIRZ Board of Directors approved by City Council on January 28, 2016.

ZONING

The Verano NS Blvd FBZD Plat #080489 was approved by Planning Commission on October 22, 2008. The Verano Master Development Pattern Plan (MDPP) #01108 was approved October 28, 2008 and the Master Development Plan (MDP) #01008 was approved on January 5, 2009. In addition, the project is subject to the Form Based Zoning District (FBZD).

In January of 2015, VLG, made a request to the City of San Antonio to change the zoning in Villages 2&3 in the Verano development from Form Based Zoning Districts (FBZD) to Master Planned Community Districts (MPCD) (See Exhibit G). The rezoned portion of the development represents approximately 358.26 acres or 12% of the overall Verano TIRZ boundary. The zoning change, by easing regulatory restrictions required under FBZD, would help to jump start the development, which had stalled as a result of a stagnant real estate market and legal issues. The changes honor the intent of the original Master Pan to create a walkable mixed use development increasing the amount of green space, including a pedestrian loop and retaining street designs consistent with the original

plan. The proposed changes are intended to increase the marketability of the single-family homes and help initiate further development within the TIRZ. Verano has identified two homebuilders to begin construction of over 500 homes. These builders have agreed to produce products that complement the spirit of the original master plan while allowing for a more practical and less costly footprint. VLG has agreed to maintain FBZD in the remaining areas of the development. Zoning changes (Case # Z2015248) were approved by the Zoning Commission on September 1, 2015 and approved by City Council on January 28, 2016 through Ordinance 2016-01-28-____. Changes resulting from the zoning change are described in Table 3.

Table 3

Verano Zoning Comparison

	FBZD Zoning	MPCD Zoning
Roadway Design	Multiple cross-sections approved within the design guidelines	Utilizing the 54' and 62' streets approved with FBZD
Roadway Lengths	109,844 Linear Feet	72,827 Linear Feet
Alleys	Not required but included	Not required or included
Connectivity	3 East West corridors (Zarzamora to University) 3 East West Corridors (University to Train Tracks) Loop Road around the green space Two "pedestrian promenades" 7 Driveable connections from 410 commercial Two Bridges connecting the south Village Low density along University	3 East West corridors (Zarzamora to University) 3 East West Corridors (University to Train Tracks) Loop road around the green space Two "pedestrian promenades" 6 Driveable connections from 410 commercial Two Bridges connecting the south Village Townhome density along University
Green Space	Total Area = 48.13 ac.	Total Area = 60.43 ac.
Trails	14,264 LF	22,414 lf (Additional 1.5 Mi.)
Unit Mix	3 types (5% minimum usage)	2 types (60%, 40%)
Total Units	Detached House (x2 types) Sideyard House Cottage Courtyard House Quadplex Townhouse Courtyard Apartments Mixed Use Blocks	Detached House (x2 types) Townhouse Courtyard Apartments Garden Style Apartments Mixed Use
Average Block Size	130 ft	650 ft.

CONSTRUCTION SCHEDULE

Development Schedule

In an effort to rationalize development assumptions in line with changed market conditions, in 2015, VLG adjusted the development schedule taking a more conservative and realistic approach. While decreasing the overall vertical development, the infrastructure improvements, with the exception of Villages 2 & 3, maintain the basic street design and grid pattern as detailed in the original plan. Changes to the vertical development are detailed in Tables 4 & 5 below.

Table 4

Vertical Development - Residential				
	Original	Proposed	Difference	% Difference
Total Single Family	2,542.00	2,461.00	(81.00)	-3%
Total Multi Family	3,375.00	2,500.00	(875.00)	-26%
Total Condo/Townhomes	1,021.00	750.00	(271.00)	-27%
Total Residential	6,938.00	5,711.00	(1,227.00)	-18%

Table 5

Vertical Development - Commercial/Industrial				
	Original	Amended	Difference	% Difference
Total Office Sq Ft	1,395,440.00	925,000.00	(470,440.00)	-34%
Total Retail Sq Ft	1,245,439.00	665,000.00	(580,439.00)	-47%
Total Industrial Sq Ft	3,136,321.00	1,225,000.00	(1,911,321.00)	-61%
Total Institutional Sq Ft	200,000.00	200,000.00	-	0%
Total Non Residential	5,977,200.00	3,015,000.00	(2,962,200.00)	-50%

In addition to the reduction in vertical development, the unit mix in the rezoned sections has changed to better reflect market conditions. The revised plan for Villages 2 & 3 will include two types of detached houses, townhomes, courtyard apartments, garden style apartments and mixed use structures. Housing types from the original plan that are no longer in the rezoned section include; side-yard houses, cottages, courtyard houses and quadplexes.

Build-out Schedule

In addition to the aforementioned changes, VLG has requested an amendment to the TIRZ build-out schedule which will take into account the lack of development over the initial years of the TIRZ and reflects the increased term. The build-out schedule is an approximation of the proposed vertical construction. It should be understood that with any long term development project, build-out timelines are subject to change. The amended build-out schedule is detailed in Table 6 below.

Table 6

Amended Build-out Schedule

Year	TYPE						
	Single Family	Multi-Family	Condo/Townhome	Office Sq Ft	Retail Sq Ft	Industrial Sq Ft	Institutional Sq Ft
2011	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-
2016	70	-	-	-	-	-	-
2017	70	-	-	-	-	-	-
2018	100	200	25	75,000	20,000	-	-
2019	100	-	25	-	20,000	75,000	-
2020	110	250	50	75,000	20,000	50,000	-
2021	150	-	50	-	75,000	50,000	-
2022	200	250	50	75,000	50,000	75,000	-
2023	200	-	50	-	50,000	50,000	-
2024	200	200	50	75,000	50,000	50,000	-
2025	200	-	50	-	20,000	50,000	50,000
2026	200	200	50	50,000	50,000	50,000	25,000
2027	200	-	50	-	20,000	50,000	25,000
2028	200	200	50	75,000	30,000	50,000	25,000
2029	161	-	50	-	20,000	50,000	25,000
2030	150	200	50	75,000	20,000	50,000	25,000
2031	150	-	50	-	20,000	50,000	25,000
2032	-	200	50	75,000	20,000	50,000	-
2033	-	-	50	-	20,000	50,000	-
2034	-	200	-	75,000	20,000	50,000	-
2035	-	-	-	-	20,000	50,000	-
2036	-	200	-	50,000	20,000	50,000	-
2037	-	-	-	-	20,000	50,000	-
2038	-	200	-	75,000	20,000	50,000	-
2039	-	-	-	-	20,000	50,000	-
2040	-	200	-	75,000	20,000	75,000	-
2041	-	-	-	-	-	-	-
2042	-	-	-	75,000	20,000	50,000	-
2043	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-
Totals	2,461	2,500	750	925,000	665,000	1,225,000	200,000

ESTIMATED NON-PROJECT COSTS

Estimated non-project costs include administrative fees for each of the Participating Taxing Entities.

The City will charge an administrative fee of \$120,000.00 for each year beginning in FY 2016 and continuing throughout the life of the TIRZ. The total estimated City administrative fee is \$3,600,000.00. In addition, the City has previously collected \$28,297.47 for startup fees. The City has agreed to not collect any additional start-up

fees beyond this initial collection and will forego uncollected administrative fees before Fiscal Year 2015.

Bexar County will be paid an annual administrative fee of \$5,388.00 beginning in FY 2016 totaling \$161,640.00 over the life of the TIRZ.

Alamo Colleges will be paid an annual administrative fee of \$344.83 beginning in FY 2016 totaling \$7,586.26 over the life of the TIRZ.

San Antonio River Authority will be paid an annual administrative fee of \$1,000.00 beginning in FY 2016 totaling \$30,000.00 over the life of the TIRZ.

RELOCATION OF DISPLACED PERSONS

Implementation of the Project Plan does not require the developer or any other agency or participating taxing entity to relocate or find housing for any current residents due to their displacement under the plan.

EXHIBITS

Exhibit A - Schools & School Districts

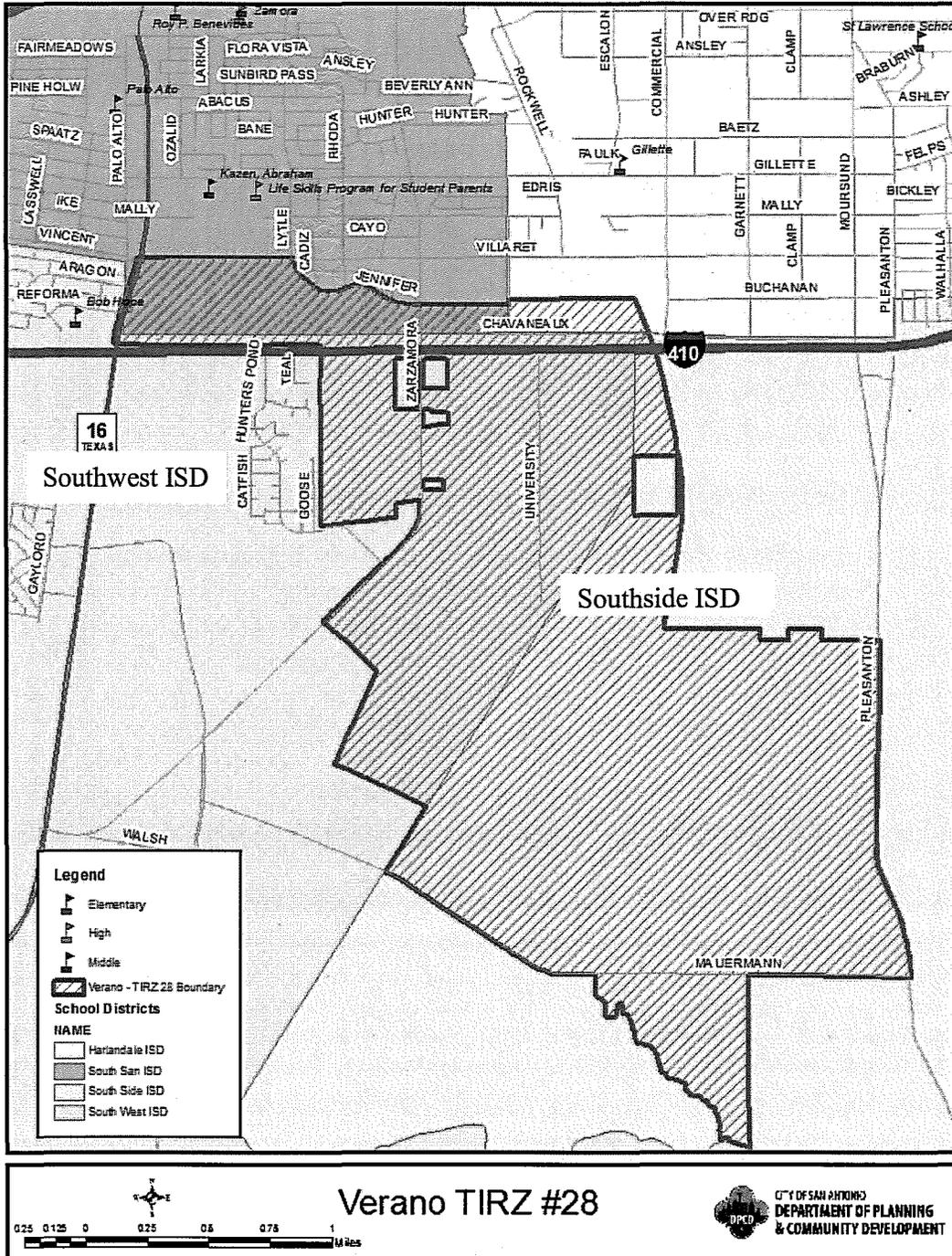


Exhibit B - Boundary & Floodplain Map

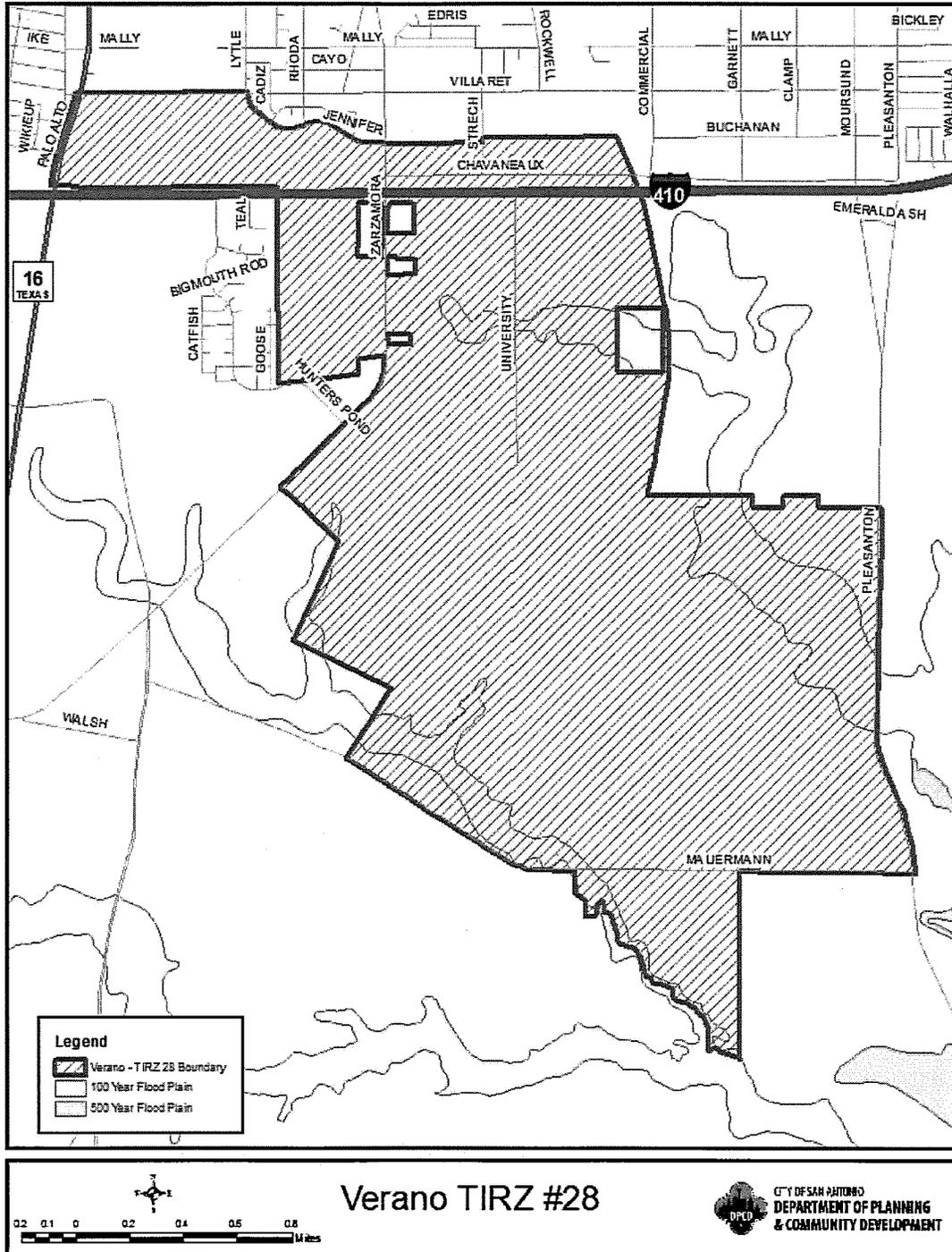


Exhibit C - Location Map & Existing Uses

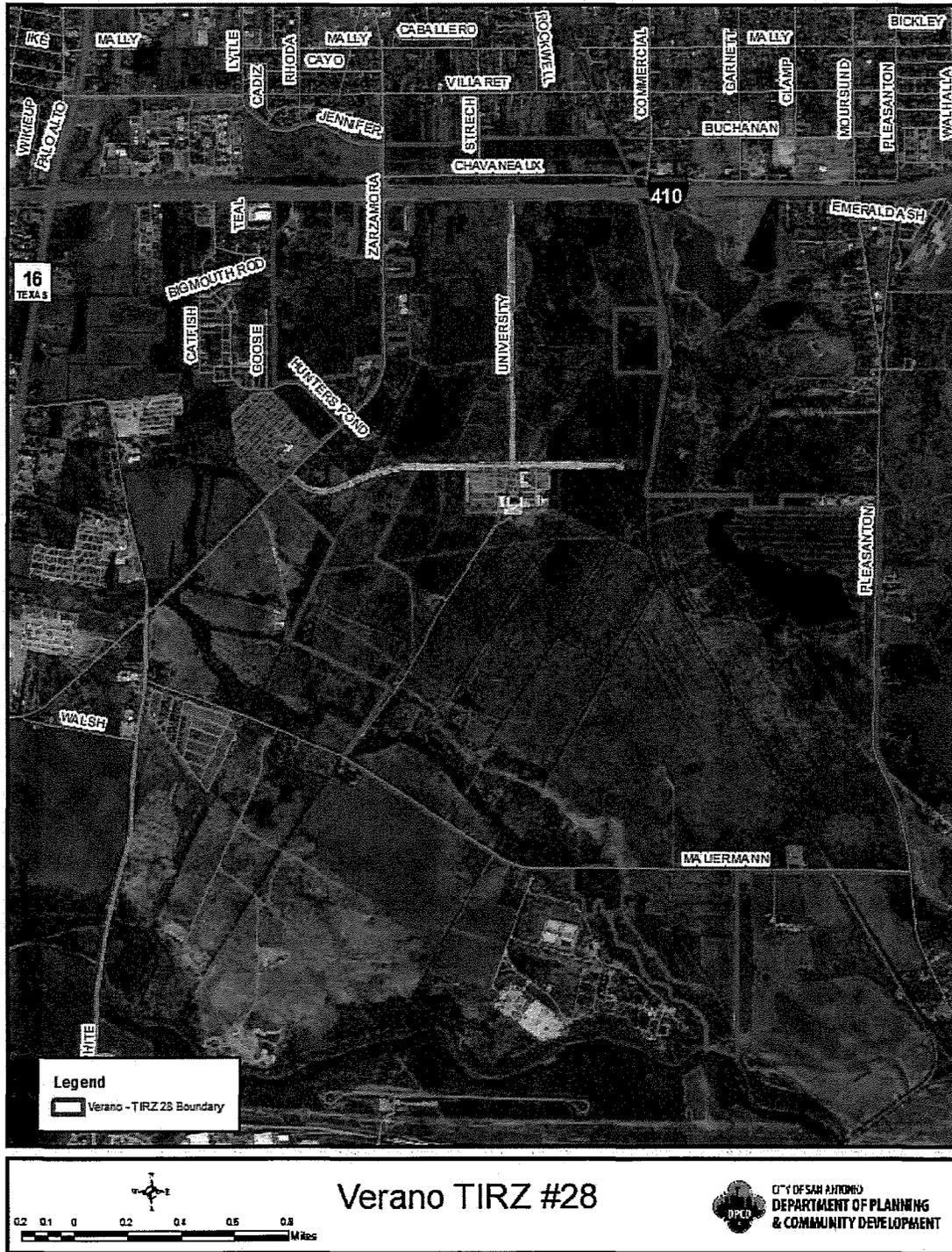


Exhibit D – Updated Market and Demographic Information

Verano 2015

Updated Market and Demographic Information

San Antonio, the seventh largest city by population (within the city limits) in the nation, is the center of economic activity for the South Texas area. San Antonio, the county seat of Bexar County, is located 150 miles north of the Mexico border, 70 miles south of Austin, 190 miles west of Houston, and 250 miles south of Dallas. San Antonio lies within an eight- county area known as the San Antonio Metropolitan Statistical Area (MSA), which includes the counties of Bexar, Atascosa, Bandera, Comal, Guadalupe, Kendall, Medina, and Wilson. The MSA changed in 2003 from four counties to eight counties.

Population

The 2010 population for the City of San Antonio was 1,327,407, with the 2010 population of the San Antonio MSA being 2,142,508. San Antonio's population increased 19.1% between 1980 and 1990, increased 22.3% between 1990 and 2000, and increased 15.97% between 2000 and 2010. The population of the San Antonio MSA increased 21.68% between 1980 and 1990, increased 20.2% between 1990 and 2000, and increased 20.1% between 2000 and 2010.

Employment

San Antonio has enjoyed steady employment growth and “low” unemployment during the years leading up to the economic downturn in 2008. Unemployment in the San Antonio MSA has remained relatively low when compared to the statewide and national rates during the last four years. According to the Texas Workforce Commission, the May 2014 unemployment rate was 4.7%, compared to the statewide average of 5.1%, and a national average of 6.1%. The 4.7% rate is down 12 basis points from 12 months prior of 5.9%.

San Antonio relies on commercial trade, service, government employment, and manufacturing, which results in a more balanced economy than other Texas cities that may rely on one dominant industry such as technology or oil. However, the Eagle Ford Shale oil and gas play occurring in South Texas has had a notable impact on employment figures for the San Antonio and South Texas market area.

Economic Base

The major industries in San Antonio include tourism, insurance, healthcare/ biotechnology, military and telecommunications/telemarketing. The oil and gas industry has become a newly created economic driver for San Antonio and South Texas.

Tourism

San Antonio is a year-round tourist destination; tourism remains one of San Antonio's most important industries. Approximately 20 million people visit San Antonio annually. The direct impact of the tourism industry is over \$7 billion annually. The economic impact rose by 86% in a decade. The industry employs 86,000 people and raises approximately \$160 million in taxes and fees for local governments. San Antonio has also developed into a major convention city. Several new hotels have recently been completed or are under construction in downtown San Antonio to host convention visitors.

Insurance

Several major insurance companies have operations located in San Antonio, including United Services Automobile Association (USAA). USAA is a primary employer in San Antonio and is the fifth largest insurer of private automobiles in the country and the fourth largest homeowner insurer.

Healthcare/Biotechnology

The estimated annual economic impact of the city's medical community exceeds \$6 billion. The healthcare/biotech industry has grown significantly in the recent past and has become increasingly important in the health services industry. There are several major research organizations located in the city, including Southwest Foundation for Biomedical Research, Southwest Research Institute, The University of Texas Health Science Center, and the University of Texas at San Antonio.

Military

San Antonio is "home" to three military bases, including Randolph Air Force Base, Fort Sam Houston and Lackland Air Force Base. Kelly Air Force Base closed in 2001 (now Port San Antonio); however, several major functions of the base are used for privatization. The City of San Antonio purchased the base from the United States Air Force to redevelop Kelly for use by private industry. Brooks Air Force Base has also been reformatted into Brooks City Base.

Eagle Ford Shale

The Eagle Ford Shale, beginning just 40 miles south of San Antonio, benefits from high liquid yields across much of the play. Higher oil prices have helped spur development as oil, condensate, and NGLs (ethane, propane and butane) all command better prices than natural gas. The Eagle Ford Shale is a geological formation directly beneath the Austin Chalk Shale. It is considered to be the "source rock" or the original source of hydrocarbons contained in the Austin Chalk above. The Eagle Ford Shale has a depth

between 4,000 and 12,000 feet. The shale is up to 250 feet thick in some places, generally without natural fracturing present. To date, the most prolific area for production occurs at the convergence of the Stuart City Reef trend and the Sligo Reef trend. The region south of San Antonio is not new to the oil and gas industry, but the Eagle Ford drilling boom has brought development levels not seen before. The best shale oil wells have come on line producing more than 1,000 barrels per day.

Within the last two years, the oil and gas industry has revived the economy of South Texas. New oil and gas technology used to extract hydrocarbons from beneath the surface (horizontal drilling and shale fracturing), along with the elevated price of oil has created substantial increase in demand for oil and gas exploration. Supporting services of the industry are numerous and include deed research, mineral leasing, permitting and a great number of oil drilling and extracting services. While it is believed that some of this initial influx activity might be short lived, there is also notable residual activity in terms of production once wells have been drilled and established.

Corporate Influence

While a number of large corporations such as USAA, Valero, H-E-B, Frost National Bank, etc. have headquartered in San Antonio, AT&T, the nation's largest telecommunications company, announced in early 2008 its decision to move its corporate headquarters along with 700 employees to Dallas, Texas. A statement released by AT&T stated that "San Antonio will continue to be a major operations and employment center" with approximately 5,300 telecom operations division employees remaining in the city; about 1,700 more than was originally relocated to the city from St. Louis in 1992.

Summary

San Antonio, the second largest city in the state, enjoys a diverse economy with continued growth in the fields of healthcare, biotechnology, telecommunications, higher education and an expanding tourism market, a developing oil/gas industry and continued job growth. The location of San Antonio at the crossroads of three interstate highways and its proximity to Mexico are expected to increase San Antonio's role in international trade in the future because of the North American Free Trade Agreement (NAFTA). The economic outlook for San Antonio is for continued above-average growth due to the low business costs, young bilingual workforce and proximity to Mexico and the Eagle Ford Shale oil and gas play.

Neighborhood Analysis

Overview

The appraised property is located along the south side of Loop 410 in the south central sector of San Antonio. The property is located west of Pleasanton Road and east of

Zarzamora Road. General neighborhood boundaries include Military Drive to the north, Loop 1604 to the south, IH-35 to the west and IH-37 and U.S. Highway 181 to the east.

Transportation Routes

Major traffic arteries in the immediate vicinity of the subject include Loop 410, State Highway 16, U.S. Highway 281, IH-37 and IH-35. Loop 410 is a major traffic artery connecting with U.S. Highway 281, IH-10, IH-37 and IH-35. Loop 410 is the main east/west traffic artery serving the neighborhood. The main north/south traffic arteries in the vicinity of the subject include U.S. Highway 281, Pleasanton Road and State Highway 16. Pleasanton Road is located east of the appraised property, and transitions to Moursund Boulevard north of Loop 410. Zarzamora Road is the west boundary of the subject and intersects with Highway 16, south of the subject.

Neighborhood Land Use

Land utilization in the general area is somewhat rural in nature with mixed rural residential uses interspersed throughout the neighborhood. The large development in the market area is the Toyota Motor Corporation Plant located on the former Applewhite Reservoir site. The Toyota plant opened in October 2006. Prior to the construction of the Toyota plant, the southerly portion of Bexar County experienced little growth as compared to the northerly half of Bexar County. The southern quadrant of the county received investor interest from affordable home builders and others beginning in 2006. Following the announcement of the Toyota manufacturing plant, there was land speculation in the vicinity which resulted in a run up of land prices. The run subsided and much of the land near Toyota remains for sale.

In November of 2007, the site of the now opened Texas A&M University San Antonio campus was dedicated. The 696.1 acre site is surrounded by the appraised property. The Texas A&M Campus is situated on approximately 581.5 acres with an additional 104.6 acres located farther to the south. The additional site will be allocated for the Texas A&M Irrigation and Technology Center. The campus has been opened and the first buildings have been constructed. Texas A&M University San Antonio will begin accepting Freshmen and Sophomores in the Fall of 2016. This will lead to expedited development at Verano.

Properties in the immediate vicinity of the subject include the Palo Alto College, Hunters Pond residential subdivision, San Antonio Car Auctions to the west and southwest, agricultural land and Mitchel Lake to the southeast and the San Antonio Police Academy and multi-family development to the east. North of the appraised property across Loop 410 is an area of light industrial development, residential, and some commercial development. Further to the north are older, established residential neighborhoods. As discussed in the City Analysis, the general market area of the subject property has experienced renewed interest from end users and speculative purchasers due to the

Eagle Ford Shale. From a market prospective, the Eagle Ford Shale has notable positive impact on market activity. This is one of the largest oil and gas plays to occur over the last several decades in the United States.

Demographics

DEMOGRAPHIC TRENDS*

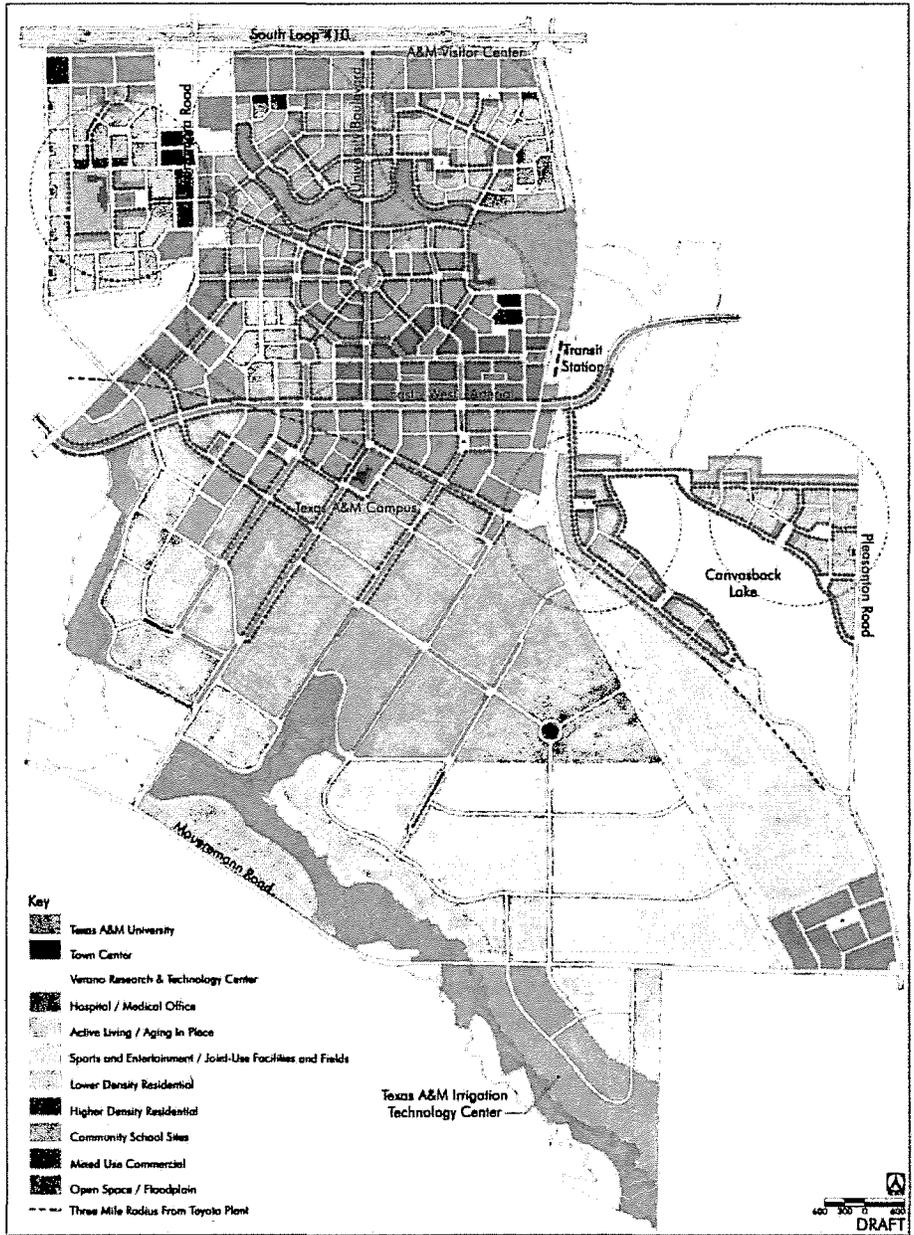
Description	1-Mile Radius	3-Mile Radius	5-Mile Radius
Population			
2010	2,619	52,238	122,395
2013	2,739	54,174	125,189
2018 Projection	2,981	58,055	133,005
2013-2018 Annual Rate	1.71%	1.39%	1.22%
Households			
2010	790	15,688	37,712
2013	766	16,331	38,731
2018 Projection	838	17,556	41,336
2013-2018 Annual Rate	1.81%	1.46%	1.22%
2013 Median Age	30.8	31.6	32.2
2013 Avg. Household Size (persons)	3.46	3.28	3.19
Household Income (Year 2013)			
Median HH Income	\$41,214	\$35,184	\$31,498
Average HH Income	\$50,461	\$43,018	\$39,553
Est. Per Capita Income	\$14,613	\$13,231	\$12,533

* Per City to Do Business (December 2014)

Conclusions

In summary, growth potential is possible as defined herein. Overall, the southern half of Bexar County has experienced some degree of momentum in developer interest through the Texas A&M University at San Antonio campus, Toyota, and developing Eagle Ford Shale interest south of the appraised property in neighboring counties. State Highway 16 continues to be one of the main traffic arteries in carrying vehicular traffic through the subject neighborhood connecting Loop 410 and San Antonio to Poteet, Jourdan, Tilden and Freer to the south.

Exhibit E - Master Land Use Plan



Verano - Texas A&M Revised Conceptual Master Plan
Campus Internal Layout Illustrative Only

PATE ENGINEERS **Gateway**
Planning Group
www.gatewayplanning.com
101 S. Houston Ave., 112-204
Fort Worth, Texas 76102
952.431.4499

City South - San Antonio, Texas

July 19, 2007

Exhibit F – Gateway Planning Letter



January 8, 2007

Scott Polikov, AICP
Gateway Planning Group, Inc.
101 Summit Avenue, Suite 804
Fort Worth, Texas 76102

Re: Austin – San Antonio Commuter Rail System

Dear Mr. Polikov,

You have asked about the potential utilization of the freight rail line that runs south from the westside of downtown San Antonio and parallel to and just west of SH 281 for commuter rail transit. The legislative goal for the Austin—San Antonio Commuter Rail System is to link San Antonio with Austin by rail transit. In this regard, the Rail District is seeking to provide a comprehensive commuter rail system for the region.

Currently the Rail District is assessing an initial phase of operation. Long term, the Commuter Rail District wants to ensure that a network of stations can serve as many communities in the corridor as possible. In this context, the Bexar County Metropolitan Planning Organization (MPO) and the Texas Department of Transportation (TxDOT) will be studying the best combination of lines for the San Antonio area, both in terms of freight rail and commuter rail. Serving the Southside of San Antonio with rail transit should be considered in this long term analysis. Accordingly, you should track the progress of the Bexar County MPO/TxDOT Study.

We understand that the line in question has relatively few daily trains. We also understand that it crosses Loop 410 into the center of the City South area of San Antonio, an area identified for substantial growth by the City of San Antonio.

In this context, we can say that the line would be a potential candidate for commuter rail service subject to (i) the forthcoming Bexar County MPO/TxDOT Study, (ii) State and Federal environmental processes, (iii) ridership and economic impact analyses by the Rail District, (iv) coordination with the rail freight operators and (v) the availability of funding.

Please contact me if you need any additional information.

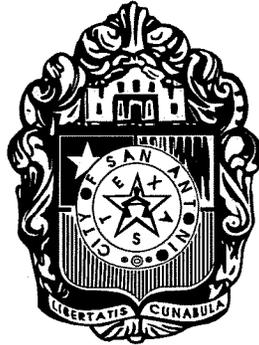
Sincerely,

Ross E. Milloy
Executive Director, Austin—San Antonio Rail District

P.O. Box 1618 San Marcos, Texas 78667 512/558-7360 512/558 7365 fax www.searail.org

EXHIBIT H

CITY OF SAN ANTONIO, TEXAS



Verano Tax Increment Reinvestment Zone Twenty-Eight

Participation Levels:

City (75%), Bexar County (70% of Operation and Maintenance portion of tax rate), Alamo Colleges (50% of Operation and Maintenance portion of tax rate) and San Antonio River Authority (60%)

Finance Plan

Approved: November 20, 2008

Amended: June 24, 2010

Amended: January 2016

Verano

Tax Increment Reinvestment Zone – Finance Plan

Introduction

The City of San Antonio's Verano Tax Increment Reinvestment Zone Twenty-Eight ("TIRZ" or "Zone") was Designated on December 6, 2007. The Verano TIRZ boundary, originally 2,700 acres, has been amended to include portions of the area north of South Loop 410 to include Palo Alto College and surrounding properties. The new TIRZ boundary is approximately 3,100 acres of largely undeveloped land that will be utilized to construct 2,461 single-family homes, 2,500 multi-family homes, 750 condos/townhomes, 3,015,000 square feet of non-residential, and the new Texas A&M – San Antonio ("TAMU-SA") campus with an estimated 25,000 student enrollment at full build-out. The tax year 2007 beginning assessed value is \$39,087,452.00 and the projected captured value is \$2,780,592,431.13 in tax year 2044 net of exemptions. The total public improvements capital cost and associated administrative costs are estimated to be approximately \$468,672,611.06. The life of the TIRZ is projected to be 37.82 years with the TIRZ being in existence through September 30, 2045.

Public Infrastructure and Related Eligible Expenses

The public improvements and related capital costs the reimbursement of a parcel conveyed to Alamo Colleges (AC), signage for Palo Alto College, San Antonio Water System infrastructure, TAMU-SA water and sewer impact fees, streets, drainage, water, sewer, dry utilities, non-potable, storm water pollution plan, streetscape, linear park, park/plazas, public parking garages, plat fees, drainage impact fees, sewer impact fees, water impact fees, repairs/replacements/re-constructions if necessary, construction management, engineering-surveying, geo-technical, architect/landscape, and contingency. The capital cost is estimated to be approximately \$464,845,105.33.

Plan of Finance

The tax year 2007 beginning assessed value of the TIRZ was \$39,087,452.00 with a base taxable value of \$8,976,102.00. After the Boundary Amendment in 2008 the tax year 2008 base taxable value increased to \$12,891,602.00. Projected captured values that would be taxed to produce revenues to pay for the capital costs of the public improvements commence in tax year 2008 with collections commencing in tax year 2008 (fiscal year 2009). Projected captured value is expected to grow from \$4,592,033.00 in tax year 2008 to approximately \$2,780,592,431.13 in tax year 2044.

The latest taxing jurisdictions and participating tax rate per \$100 valuation utilized in the analysis include: City of San Antonio at \$0.418703; Bexar County at \$0.167994; Alamo Community College at \$0.053200; and the San Antonio River Authority at \$0.010374. This produces annual revenues of \$28,037.56 in fiscal year 2009 to an estimated amount of \$4,860,485.19 in fiscal year 2045. A 3.25% growth factor is assumed. The City of San Antonio

has negotiated a 75% participation level and a maximum contribution of \$118,992,476.00; Bexar County has negotiated a 70% (Operation and Maintenance portion of tax rate) participation level and a maximum contribution of \$81,393,692.00; the Alamo Community College has negotiated a 50% (Maintenance and Operations portion of tax rate) participation level and a maximum contribution of \$15,000,000.00; the San Antonio River Authority has negotiated a 60% participation level and a maximum contribution of \$4,397,567.00.

The City and the Board may disburse funds in the Tax Increment Fund to pay expenditures in the following order or priority of payment:

- (i) The initial startup Administrative Costs of \$28,279.47 for the City, all reimbursement for which has already been received by the City in Fiscal Years 2009 and 2014;
- (ii) to pay all other ongoing Administrative Costs to the Participating Taxing Entities for administering the TIF Fund and/or the TIRZ, except that if there are insufficient funds for the full reimbursement of ongoing Administrative Costs to each Participating Taxing Entity, then the ongoing Administrative Costs of each Participating Taxing Entity shall be reimbursed on a pro rata basis based on each Participating Taxing Entity's level of participation in the TIRZ;
- (iii) to reimburse the City for costs of the repair, replacement, or re-construction of Public Infrastructure and associated costs as described in Section 5.12 of the Development Agreement;
- (iv) to reimburse the City maintenance expenses, if any, pursuant to Article III of the Development Agreement;
- (v) to reimburse a Participating Taxing Entity under any reclaim of funds pursuant to Article X of the Development Agreement;
- (vi) to reimburse Alamo Colleges up to \$150,000.00 for public improvements associated with Palo Alto College Signage Project to the extent that Alamo Colleges' tax increment funds are available;
- (vii) to reimburse the San Antonio Water System for (i) the design and construction of wastewater improvements that have been completed and that were funded by SAWS pursuant to the Prior Utilities Services Agreement (the "SAWS-Funded Wastewater Improvements") up to \$2,131,618.50; (ii) actual costs incurred by SAWS if and to the extent it is necessary for SAWS to repair or reconstruct any wastewater infrastructure designed or constructed by Developer within two (2) years from the date of completion of such infrastructure, as and to the extent set forth in the Utility Services Agreement and contemplated in the Amended and Restated Consent Agreement; and (iii) the actual amount of water and wastewater impact fees attributable to certain water and wastewater capacity reserved and allocated to TAMU-SA in the Utility Services Agreement (i.e., 100 EDUs for water service to the tract identified as the "ITC Tract" in the Prior Utility Services Agreement, and 2,783 EDUs for wastewater service to the tract identified as the "TAMU-SA Tract" in the Prior Utility Services Agreement) until the earlier of (A) August 2034 or (B) such time as the water service EDUs reserved and allocated to TAMU-SA for the ITC Tract under the Utility Services Agreement (i.e., a maximum of 100 EDUs of water service) and the wastewater service EDUs

- reserved and allocated to TAMU-SA for the TAMU-SA Tract under the Utility Services Agreement (i.e., a maximum of 2,783 EDUs of wastewater service) are committed or utilized, as and to the extent set forth in the Utility Services Agreement and contemplated in the Amended and Restated Consent Agreement.
- (viii) to reimburse the City up to one million eight hundred eighty-five thousand dollars (\$1,885,000.00) for the value of the Zachry Parcel conveyed to the Alamo Colleges at a maximum rate of \$1,000,000.00 per year and to the extent that Alamo Colleges' tax increment funds are available; and
 - (ix) To reimburse the Developer for Project Costs of Public Improvements, in accordance with the Development Agreement, any applicable Interlocal Agreements, the Project Plan, and to the extent that funds in the Tax Increment Fund are available for this purpose.

The foregoing, notwithstanding, no funds will be paid from the Tax Increment Fund to a Participating Taxing Entity for its financial or legal services in any dispute arising under the Development Agreement with another Participating Taxing Entity or Participating Taxing Entities.

The total capital cost incurred for public improvements is \$464,845,105.33, which includes the developer's capital cost. It is projected that the developer would not receive any payments until fiscal year 2023. The earliest projected payoff of the capital cost would occur in fiscal year 2045 and includes an estimated developer contribution of \$276,526,699.42 out of total project cost of \$468,672,611.06.

The TIRZ collections for this project shall not extend beyond September 30, 2045 and may be terminated earlier once each taxing entity has deposited its respective amount described in the table below. Some taxing entities may reach their maximum dollar contribution prior to others and/or prior to the end of the TIRZ; the term of the TIRZ will continue through September 30, 2045 or will terminate once all taxing entities have deposited their maximum dollar contribution.

TABLE – TIRZ Maximum Contributions *		
Participating Taxing Entities	Maximum Dollar Contribution	Max. Length of Contribution
City of San Antonio	\$ 118,992,476.00	September 30, 2045
Bexar County	\$ 81,393,692.00	September 30, 2045
Alamo Colleges	\$ 15,000,000.00	September 30, 2037
San Antonio River Authority	\$ 4,397,567.00	September 30, 2045
Maximum Contribution Amt	\$ 219,783,735.00	

* Maximum Contributions are based on negotiated amendments to Interlocal Agreements with other participating tax entities.

Limited Obligation of the City or Participating Taxing Entities

The City and Participating Taxing Entities shall have a limited obligation to impose and collect taxes, and deposit such tax receipts into a TIRZ fund so long as the project is viable and capital costs incurred by the Developer have not been fully paid. The TIRZ collections for this project shall not extend beyond September 30, 2045, and may be terminated prior to September 30,

2045, upon payment of the negotiated amount for public improvements capital costs incurred by the Developer or for the failure of the Developer to perform. The City may elect to terminate the TIRZ according to Article X of the Development Agreement. Furthermore, any default of the terms contained in the Interlocal and/or Development Agreements that is not cured within the timeframe contained in the Interlocal and/or Development Agreements may also result in TIRZ termination.

Any costs incurred by the Developer are not and shall never in any event become general obligations or debt of the City or any of the Participating Taxing Entities. The public improvement costs incurred by the Developer shall be paid solely from the TIRZ revenues and shall never constitute a debt, indebtedness or a pledge of the faith and credit or taxing power of the State, the City, the Participating Taxing Entities, any political corporation, subdivision, or agency of the State.

**City of San Antonio
Verano - Tax Increment Reinvestment Zone
Summary Fact Sheet
January 2016**

Plan of Finance Site Area	2010 Final Finance Plan		2016 Amended Finance Plan	
Residential Neighborhoods	3,100	acres	3,100	acres
High Density Residential	500	acres	363	acres
Town Center	55	acres	68	acres
Form Based Zone (Town Center/Mixed Use)	88	acres		
Commercial			234	acres
Industrial	115	acres	80	acres
Sports Complex	640	acres	663	acres
Civic	92	acres	201	acres
Hospital Complex			23	acres
Texas A&M University	65	acres		
Linear Park/Open spaces/ROW	694	acres	694	acres
Palo Alto College and additional Property	451	acres	246	acres
	400	acres	528	acres
Beginning Assessed Value (2007) In City	\$ 39,087,452		\$ 39,087,452	
Average Price ¹		Avg		Initial
Single Family ²	\$ 211,552		\$ 195,000	\$ Avg 258,362
Multi-Family	\$ 90,310		\$ 105,000	\$ 158,647
Condo/Townhome	\$ 175,103		\$ 175,000	\$ 210,939
Per Office Sq Ft	\$ 89		\$ 100	\$ 141
Per Retail/Restaurant Sq Ft	\$ 130		\$ 150	\$ 213
Per Industrial Sq Ft	\$ 85		\$ 85	\$ 128
Per Institutional Sq Ft	\$ 150		\$ 150	N/A
Project Year:				
Phase 1		2016	70	Single Family
		2017	70	Single Family
Phase 2		2018	100	Single Family
			200	Multi-Family
			25	Condo/Townhomes
			75,000	Office Sq Ft
			20,000	Retail Sq Ft
			-	Industrial Sq Ft
		2019	100	Single Family
			-	Multi-Family
			25	Condo/Townhomes
			-	Office Sq Ft
			20,000	Retail Sq Ft
			75,000	Industrial Sq Ft
Phase 3		2020	110	Single Family
			250	Multi-Family
			50	Condo/Townhomes
			75,000	Office Sq Ft
			20,000	Retail Sq Ft
			50,000	Industrial Sq Ft
		2021	150	Single Family
			-	Multi-Family
			50	Condo/Townhomes
			-	Office Sq Ft
			75,000	Retail Sq Ft
			50,000	Industrial Sq Ft
Phase 4		2022	200	Single Family
			250	Multi-Family
			50	Condo/Townhomes
			75,000	Office Sq Ft
			50,000	Retail Sq Ft
			75,000	Industrial Sq Ft
		2023	200	Single Family
			-	Multi-Family
			50	Condo/Townhomes
			-	Office Sq Ft
			50,000	Retail Sq Ft
			50,000	Industrial Sq Ft
Phase 5		2024	200	Single Family
			200	Multi-Family
			50	Condo/Townhomes
			75,000	Office Sq Ft
			50,000	Retail Sq Ft
			50,000	Industrial Sq Ft
		2025	200	Single Family

		-	Multi-Family
		50	Condo/Townhomes
		-	Office Sq Ft
		20,000	Retail Sq Ft
		50,000	Industrial Sq Ft
		50,000	Institutional Sq Ft
Phase 6	2026	200	Single Family
		200	Multi-Family
		50	Condo/Townhomes
		50,000	Office Sq Ft
		50,000	Retail Sq Ft
		50,000	Industrial Sq Ft
		25,000	Institutional Sq Ft
	2027	200	Single Family
		-	Multi-Family
		50	Condo/Townhomes
		-	Office Sq Ft
		20,000	Retail Sq Ft
		50,000	Industrial Sq Ft
		25,000	Institutional Sq Ft
Phase 7	2028	200	Single Family
		200	Multi-Family
		50	Condo/Townhomes
		75,000	Office Sq Ft
		30,000	Retail Sq Ft
		50,000	Industrial Sq Ft
		25,000	Institutional Sq Ft
	2029	161	Single Family
		-	Multi-Family
		50	Condo/Townhomes
		-	Office Sq Ft
		20,000	Retail Sq Ft
		50,000	Industrial Sq Ft
		25,000	Institutional Sq Ft
Phase 8	2030	150	Single Family
		200	Multi-Family
		50	Condo/Townhomes
		75,000	Office Sq Ft
		20,000	Retail Sq Ft
		50,000	Industrial Sq Ft
		25,000	Institutional Sq Ft
	2031	150	Single Family
		-	Multi-Family
		50	Condo/Townhomes
		-	Office Sq Ft
		20,000	Retail Sq Ft
		50,000	Industrial Sq Ft
		25,000	Institutional Sq Ft
Phase 9	2032	-	Single Family
		200	Multi-Family
		50	Condo/Townhomes
		75,000	Office Sq Ft
		20,000	Retail Sq Ft
		50,000	Industrial Sq Ft
		-	Institutional Sq Ft
	2033	-	Single Family
		-	Multi-Family
		50	Condo/Townhomes
		-	Office Sq Ft
		20,000	Retail Sq Ft
		50,000	Industrial Sq Ft
		-	Institutional Sq Ft
Phase 10	2034	-	Single Family
		200	Multi-Family
		-	Condo/Townhomes
		75,000	Office Sq Ft
		20,000	Retail Sq Ft
		50,000	Industrial Sq Ft
		-	Institutional Sq Ft
	2035	-	Single Family
		-	Multi-Family
		-	Condo/Townhomes
		-	Office Sq Ft
		20,000	Retail Sq Ft
		50,000	Industrial Sq Ft
		-	Institutional Sq Ft
Phase 11	2036	-	Single Family
		200	Multi-Family
		-	Condo/Townhomes
		50,000	Office Sq Ft

			20,000	Retail Sq Ft		
			50,000	Industrial Sq Ft		
			-	Institutional Sq Ft		
	2037		-	Single Family		
			-	Multi-Family		
			-	Condo/Townhomes		
			-	Office Sq Ft		
			20,000	Retail Sq Ft		
			50,000	Industrial Sq Ft		
			-	Institutional Sq Ft		
Phase 12	2038		-	Single Family		
			200	Multi-Family		
			-	Condo/Townhomes		
			75,000	Office Sq Ft		
			20,000	Retail Sq Ft		
			50,000	Industrial Sq Ft		
			-	Institutional Sq Ft		
	2039		-	Single Family		
			-	Multi-Family		
			-	Condo/Townhomes		
			-	Office Sq Ft		
			20,000	Retail Sq Ft		
			50,000	Industrial Sq Ft		
			-	Institutional Sq Ft		
			-	Single Family		
Phase 13	2040		200	Multi-Family		
			-	Condo/Townhomes		
			75,000	Office Sq Ft		
			20,000	Retail Sq Ft		
			75,000	Industrial Sq Ft		
			-	Institutional Sq Ft		
	2041		-			
	2042		75,000	Office Sq Ft		
			20,000	Retail Sq Ft		
			50,000	Industrial Sq Ft		
	2043		-			
	2044		-			
	2045		-			
		2,542		Total Single Family	2,461	Total Single Family
		3,375		Total Multi-Family	2,500	Total Multi-Family
		1,021		Total Condo/Townhomes	750	Total Condo/Townhomes
		<u>6,938</u>		Total Residential	<u>5,711</u>	Total Residential
		1,395,440		Total Office Sq Ft	925,000	Total Office Sq Ft
		1,245,439		Total Retail Sq Ft	665,000	Total Retail Sq Ft
		3,136,321		Total Industrial Sq Ft	1,225,000	Total Industrial Sq Ft
		200,000		Total Institutional Sq Ft	200,000	Total Institutional Sq Ft
		<u>5,977,200</u>		Total Non Residential Sq Ft	<u>3,015,000</u>	Total Non Residential Sq Ft

Performance Bonds: Per Texas Government Code Chapter 2253

Payment Bonds: Per Texas Government Code Chapter 2253

Assumptions:	Projected Captured Value	3,222,007,108.00		\$	2,780,592,431	
	Assessed Value Growth Factor	3.00%			3.25%	
	Collection Rate	97.50%			98.00%	
	Estimated Total Tax Increment Revenues	\$ 239,304,944		\$	192,145,639	
	Estimated TIF Life	29.84 Years			37.82 Years	
		(11/29/2007 to 9/30/2037)			(12/06/2007 to 9/30/2045)	

Note:

* Sports Complex, Linear Park/Open spaces/ROW, and Civic to be located at the TAMU-SA Campus are not part of the Developer's Projects.

¹ Average Prices in FY10 Final Finance Plan were provided by VTLM Texas LP. Average prices in FY15 updated Finance Plan are provided by Verano Land Group, LP.

² Single Family or equivalent commercial value.

Verano - Tax Increment Reinvestment Zone

	2018 Final Finance Plan	2018 Amended Finance Plan																	
	Source and Use	Source and Use																	
	Total	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total	
Sources of Funds																			
Tax Instruments Revenue	\$ 239,304,944.00	\$ 192,145,639.43																	
Interest earned in TIF Fund		272.21																	
Developer Contribution	267,833,998.00	276,526,699.42																	
Total Sources of Funds	\$ 507,138,942.00	\$ 468,672,611.06																	
Uses of Funds																			
Reimbursement for Parcel of Property ¹	\$ 1,885,000.00	\$ 1,885,000.00																	
Palo Alto College Easement	150,000.00	150,000.00																	
San Antonio Water System ²																			
- Wastewater System ³		2,131,618.50																	
- TAMU-SA Impact Fee ⁴		4,154,864.00																	
Villaret Divd. Improvements ⁵	5,000,000.00	-																	
Subtotal	\$ 7,035,000.00	\$ 8,321,482.50																	
Begin Construction (Tax Year)																			
Hard Cost																			
Roofs	\$ 33,894,538.00	\$ 27,150.00	\$ 111,852.00	\$ 436,349.00	\$ 1,095,971.00	\$ 1,888,053.00	\$ 2,102,717.00	\$ 2,130,415.00	\$ 2,337,333.00	\$ 3,136,002.49	\$ 3,476,979.27	\$ 2,905,568.42	\$ 3,011,328.49	\$ 2,440,228.24	\$ 561,703.89	\$ -	\$ -	\$ -	\$ 24,793,096.79
Drainage	19,909,444.00	5,609.17	44,403.19	663,256.37	867,175.18	1,171,666.25	1,383,110.32	1,300,938.35	1,205,960.00	2,193,812.00	2,427,117.00	2,519,748.00	2,108,778.00	1,771,623.00	47,099.00	-	-	-	\$ 17,336,424.12
Water	32,275,583.00	26,698.00	109,981.00	826,847.00	1,345,258.00	1,894,450.00	2,443,612.00	2,470,845.00	2,693,847.00	3,652,113.00	4,082,193.00	3,691,150.00	3,510,393.00	2,892,563.00	78,464.00	-	-	-	\$ 26,760,833.00
Sewer	21,548,770.00	17,284.00	71,222.00	324,238.00	872,877.00	1,241,409.00	1,371,205.00	1,388,841.00	1,233,332.00	2,345,054.00	2,616,450.00	2,392,924.00	2,273,278.00	1,873,181.00	50,773.00	-	-	-	\$ 19,192,276.00
Dry Utilities	11,663,152.00	9,334.00	38,338.00	299,812.00	488,462.00	687,983.00	866,311.00	875,874.00	934,659.00	1,278,743.00	1,415,173.00	1,294,824.00	1,230,983.00	1,013,568.00	27,474.00	-	-	-	\$ 10,481,892.00
Non-Potable	14,623,339.00	13,175.00	54,282.00	498,881.00	694,593.00	1,248,624.00	1,496,823.00	1,510,266.00	1,420,389.00	1,802,222.00	1,994,121.00	1,823,763.00	1,712,375.00	1,427,642.00	38,897.00	-	-	-	\$ 14,423,339.00
SWTP	300,751.00	241.00	894.00	12,798.00	17,644.00	22,610.00	27,410.00	27,657.00	29,473.00	33,000.00	35,818.00	33,398.00	31,728.00	26,144.00	789.00	-	-	-	\$ 300,751.00
Streetscape	69,691,251.00	45,481.17	208,678.19	1,403,647.37	2,411,694.18	3,516,638.25	4,498,308.52	4,546,832.33	4,735,080.00	7,070,394.49	7,823,484.27	6,886,233.42	6,792,941.49	5,556,339.24	134,632.89	-	-	-	\$ 55,630,287.91
Linear Parks	39,446,361.00	31,805.00	131,038.00	1,294,345.00	1,933,806.00	2,614,215.00	3,220,420.00	3,233,966.00	3,518,907.00	4,351,328.00	4,813,838.00	4,402,665.00	4,182,443.00	3,446,339.00	93,414.00	-	-	-	\$ 37,289,361.00
Park/Parks	52,501,037.00	28,214.56	144,638.58	1,984,299.83	2,674,395.91	3,436,022.68	4,146,643.69	4,178,261.14	4,158,223.32	4,990,768.63	5,523,445.02	4,693,662.23	4,793,127.65	3,894,728.99	84,272.18	-	-	-	\$ 44,780,616.22
Public Parking Garages	34,131,675.00	-	-	-	-	-	-	-	16,309,664.00	-	-	17,823,011.00	-	-	-	-	-	-	\$ 34,131,675.00
Flat Fees	444,898.00	336.00	1,470.00	18,932.00	26,130.00	33,743.00	40,548.00	40,912.00	43,893.00	48,830.00	54,020.00	49,463.00	46,913.00	38,674.00	1,053.00	-	-	-	\$ 444,898.00
Drain Impact	5,729,354.00	50,050.00	50,050.00	255,773.70	316,523.30	393,210.73	506,503.36	543,279.15	576,829.00	629,008.86	683,961.68	636,854.50	626,459.50	538,104.10	139,289.15	129,772.50	129,772.50	\$ 6,227,382.24	
Sewer Impact	11,834,347.00	100,100.00	100,100.00	507,547.39	633,047.01	790,421.46	1,043,007.00	1,090,538.50	1,153,638.00	1,238,017.73	1,347,803.36	1,275,709.01	1,252,919.01	1,116,208.19	278,578.30	259,543.00	259,543.00	\$ 12,484,764.76	
Water Impact	33,884,337.00	300,850.00	300,850.00	1,543,712.51	1,927,918.89	2,407,192.87	3,085,865.92	3,321,564.74	3,518,413.00	3,811,233.81	4,165,582.96	3,879,022.80	3,813,707.89	3,399,341.81	844,347.53	790,432.50	790,432.50	\$ 37,904,419.89	
Hard Cost Subtotal	\$ 386,626,081.00	\$ 660,361.90	\$ 1,372,104.93	\$ 10,972,498.17	\$ 15,977,461.68	\$ 21,052,860.98	\$ 26,331,907.02	\$ 26,931,011.04	\$ 44,409,384.30	\$ 36,661,849.03	\$ 40,433,376.55	\$ 44,008,296.48	\$ 35,468,749.03	\$ 29,428,708.07	\$ 1,872,943.93	\$ 1,179,750.00	\$ 1,179,750.00	\$ 347,158,037.13	
Soft Cost																			
Construction Management	\$ 16,957,419.00	\$ 12,234.00	\$ 50,406.63	\$ 648,983.42	\$ 895,729.48	\$ 1,156,694.31	\$ 1,389,941.24	\$ 1,402,442.32	\$ 2,320,187.19	\$ 1,673,832.68	\$ 1,851,754.89	\$ 2,584,658.11	\$ 1,608,879.68	\$ 1,325,716.83	\$ 33,933.90	-	-	-	\$ 16,957,417.32
Engineering/Surveying	40,697,801.00	29,363.00	120,713.92	1,337,563.02	2,149,731.24	2,776,066.82	3,335,906.86	3,365,862.05	5,568,449.26	4,017,198.43	4,444,211.74	6,203,179.47	3,861,311.23	3,181,720.45	86,241.37	-	-	-	\$ 40,697,802.96
Geo-Technical	16,957,419.00	12,234.00	50,406.63	648,983.42	895,729.48	1,156,694.31	1,389,941.24	1,402,442.32	2,320,187.19	1,673,832.68	1,851,754.89	2,584,658.11	1,608,879.68	1,325,716.83	33,933.90	-	-	-	\$ 16,957,417.32
Architect/Landscape	16,957,419.00	12,234.00	50,406.63	648,983.42	895,729.48	1,156,694.31	1,389,941.24	1,402,442.32	2,320,187.19	1,673,832.68	1,851,754.89	2,584,658.11	1,608,879.68	1,325,716.83	33,933.90	-	-	-	\$ 16,957,417.32
Contingency	17,793,531.00	14,276.00	58,817.30	737,272.69	1,045,187.76	1,349,696.19	1,621,884.93	1,636,448.79	1,755,733.18	1,953,122.08	2,160,731.73	1,976,138.18	1,877,331.28	1,546,920.97	41,829.70	-	-	-	\$ 17,793,530.79
Soft Cost Subtotal	\$ 109,365,589.00	\$ 80,341.00	\$ 311,013.12	\$ 4,261,793.98	\$ 5,882,128.04	\$ 7,995,846.54	\$ 9,127,675.60	\$ 9,209,638.40	\$ 14,284,784.03	\$ 10,991,818.53	\$ 12,160,208.15	\$ 15,933,291.98	\$ 10,585,281.54	\$ 8,703,791.99	\$ 235,872.78	\$ -	\$ -	\$ 109,365,585.70	
Developer's Capital Cost	\$ 496,291,670.00	\$ 740,706.90	\$ 1,703,118.07	\$ 14,754,292.15	\$ 21,389,189.72	\$ 28,648,707.50	\$ 35,519,582.61	\$ 36,140,649.44	\$ 50,691,168.33	\$ 47,633,667.58	\$ 52,593,584.70	\$ 69,941,588.46	\$ 45,974,030.57	\$ 38,126,500.06	\$ 2,108,936.73	\$ 1,179,750.00	\$ 1,179,750.00	\$ 456,523,622.83	
Total Public Improvements	\$ 503,326,670.00	\$ 464,845,103.33																	
Total Infrastructure	\$ 503,326,670.00	\$ 464,845,103.33																	
Total Admin. Expenses	\$ 3,812,272.00	\$ 3,827,565.73																	
Grand Total	\$ 507,138,942.00	\$ 468,672,611.06																	
Project Financing Surplus (Shortage)	\$ -	\$ -																	

¹ To reimburse the City \$1,885,000.00 for the value of the Zachry Parcel conveyed to the Alamo Colleges at a maximum rate of \$1,000,000.00 per year.
² Ordinance 2009-08-29-0662 authorized to reimburse SAWS (1) up to \$2.7 million for the design and construction of wastewater improvements; (2) actual costs incurred to repair or reconstruct any wastewater infrastructure designed and constructed by Developer within two (2) years from the such infrastructure completion date; and (3) actual water and wastewater impact fees incurred by the TAMU-SA until earlier of August 2014 or the EDHs reserved and allocated to TAMU-SA is committed or utilized.
³ Under the amended USA, the wastewater improvement cost is \$2,131,618.50.
⁴ SAWS currently estimates TAMU-SA impact fees at \$4,154,864.00.
⁵ Villaret Divd Improvements was listed in 2010 Finance Plan. The City spent \$5,335,301.00 and the Alamo Colleges spent \$90,145.14. Neither party will seek reimbursement.

Verano - Tax Increment Reinvestment Zone
Projected Tax Increment Revenue

Tax Year	Tax Increment Zone					
	Beginning Assessed Value ¹	Annual Value of New Development	Amended Assessed Value ²	Growth	Projected Year-End Assessed Value	
2007	\$ 39,087,452.00	\$ -	\$ -	\$ -	\$ 39,087,452.00	
2008	39,087,452.00	-	7,476,860.00	12,961,703.00	52,049,155.00	
2009	59,526,165.00	-	(12,558,005.00)	46,968,160.00	46,968,160.00	
2010	46,968,160.00	-	1,428,090.00	48,396,190.00	48,396,190.00	
2011	48,396,190.00	-	(64,360.00)	48,331,830.00	48,331,830.00	
2012	48,331,830.00	-	7,360,191.00	55,718,021.00	55,718,021.00	
2013	55,718,021.00	-	1,569,080.00	57,087,101.00	57,087,101.00	
2014	57,087,101.00	-	979,933.00	58,067,034.00	58,067,034.00	
2015	58,067,034.00	-	3,736,737.00	61,803,791.00	61,803,791.00	
2016	61,803,791.00	-	2,008,623.00	63,812,414.00	63,812,414.00	
2017	63,812,414.00	13,650,000.00	2,073,903.00	79,536,317.00	79,536,317.00	
2018	79,536,317.00	14,639,500.00	2,584,930.00	96,180,747.00	96,180,747.00	
2019	96,180,747.00	58,747,337.50	3,125,874.00	158,053,958.50	158,053,958.50	
2020	158,053,958.50	36,333,172.75	3,136,734.00	199,523,885.25	199,523,885.25	
2021	199,523,885.25	80,136,227.27	6,484,526.00	286,144,638.52	286,144,638.52	
2022	286,144,638.52	62,021,162.98	9,209,701.00	357,465,502.50	357,465,502.50	
2023	357,465,502.50	113,882,737.78	11,617,629.00	482,965,869.28	482,965,869.28	
2024	482,965,869.28	73,177,494.99	15,696,391.00	571,839,755.27	571,839,755.27	
2025	571,839,755.27	111,475,767.16	18,584,792.00	701,909,314.43	701,909,314.43	
2026	701,909,314.43	71,765,525.11	22,811,760.00	796,474,599.54	796,474,599.54	
2027	796,474,599.54	114,904,850.43	25,885,424.00	937,264,873.97	937,264,873.97	
2028	937,264,873.97	76,132,862.80	30,461,108.00	1,043,858,844.86	1,043,858,844.86	
2029	1,043,858,844.86	121,189,675.38	33,925,412.00	1,198,973,922.24	1,198,973,922.24	
2030	1,198,973,922.24	69,601,355.55	38,966,653.00	1,307,541,740.59	1,307,541,740.59	
2031	1,307,541,740.59	111,553,492.21	42,495,107.00	1,461,590,339.80	1,461,590,339.80	
2032	1,461,590,339.80	70,498,025.60	47,501,686.00	1,579,590,051.40	1,579,590,051.40	
2033	1,579,590,051.40	71,409,436.54	51,336,677.00	1,702,336,164.94	1,702,336,164.94	
2034	1,702,336,164.94	26,445,562.12	55,225,925.00	1,784,107,652.06	1,784,107,652.06	
2035	1,784,107,652.06	60,861,981.94	57,983,499.00	1,902,953,133.00	1,902,953,133.00	
2036	1,902,953,133.00	12,712,918.88	61,465,977.00	1,977,132,028.88	1,977,132,028.88	
2037	1,977,132,028.88	60,053,198.55	64,269,141.00	2,101,834,368.43	2,101,834,368.43	
2038	2,101,834,368.43	13,487,135.64	68,309,617.00	2,183,631,121.07	2,183,631,121.07	
2039	2,183,631,121.07	68,500,696.87	70,968,011.00	2,333,099,828.94	2,333,099,828.94	
2040	2,333,099,828.94	14,308,502.21	75,500,744.00	2,412,909,075.15	2,412,909,075.15	
2041	2,412,909,075.15	76,992,078.78	78,419,545.00	2,568,320,696.93	2,568,320,696.93	
2042	2,568,320,696.93	31,809,721.20	83,470,423.00	2,683,179,119.93	2,683,179,119.93	
2043	2,683,179,119.93	-	86,183,211.00	2,769,784,652.13	2,769,784,652.13	
2044	2,769,784,652.13	-	90,017,982.00	2,859,802,634.13	2,859,802,634.13	
Existing Annual Value Growth Factors					\$ 1,633,707,218.14	\$ 1,177,530,564.00
Years						3.25%
Thereafter						0.00%
Combined Compound Growth Rate						3.25%

City of San Antonio ⁴										Actual Tax Increments	Projected Tax Increments	Fiscal Year Estimate
Adjustment in Values Market Vs. Taxable	Tax Exemptions ³	Value Loss Due to AG ¹	Year-End Taxable Value	Base Taxable Value ²	Captured Taxable Value	Tax Rate Contribution	Actual Tax Increments	Projected Tax Increments				
\$ (30,111,350.00)			\$ 8,976,102.00	\$ 8,976,102.00	\$ 4,922,225.00	0.425225	\$ -	\$ -				
(42,042,470.00)			17,483,635.00	12,891,602.00	4,592,033.00	0.425355	19,532.44	-				
(37,746,540.00)			9,221,560.00	12,891,602.00	(3,670,042.00)	0.424268	-	-				
(40,003,280.00)			8,392,910.00	12,891,602.00	(4,498,692.00)	0.424268	-	-				
(40,997,746.00)			8,234,084.00	12,891,602.00	(4,657,518.00)	0.424268	-	-				
(47,461,257.00)			8,256,964.00	12,891,602.00	(4,634,638.00)	0.424268	-	-				
(48,463,607.00)			8,623,494.00	12,891,602.00	(4,268,108.00)	0.424268	-	-				
(50,574,440.00)			7,492,594.00	12,891,602.00	(5,399,008.00)	0.424268	-	-				
(26,231,290.00)	(27,633,578.00)		7,938,923.00	12,891,602.00	(4,952,679.00)	0.418703	-	-				
(27,083,807.00)	(20,725,183.50)		16,901,423.50	12,891,602.00	3,111,821.50	0.418703	12,768.69	2017				
(27,964,031.00)	(19,688,924.33)		31,883,361.68	12,891,602.00	18,991,759.68	0.418703	77,928.59	2018				
(28,872,862.00)	(18,704,478.11)		48,660,406.89	12,891,602.00	35,711,804.89	0.418703	146,535.70	2019				
(29,811,230.00)	(17,669,254.20)		110,473,474.30	12,891,602.00	97,581,872.30	0.418703	400,406.18	2020				
(30,780,095.00)	(16,880,791.49)		151,802,998.76	12,891,602.00	138,971,396.76	0.418703	570,239.18	2021				
(31,780,448.00)	(16,036,751.92)		238,327,438.60	12,891,602.00	225,435,836.60	0.418703	925,237.57	2022				
(32,813,133.00)	(15,234,914.32)		309,417,275.18	12,891,602.00	296,525,673.18	0.418703	1,216,729.20	2023				
(33,879,746.00)	(14,473,168.61)		434,612,954.67	12,891,602.00	421,721,352.67	0.418703	1,730,442.69	2024				
(34,980,838.00)	(13,749,510.18)		523,199,467.09	12,891,602.00	510,217,865.09	0.418703	2,093,568.81	2025				
(36,117,175.00)	(13,062,034.67)		652,726,564.76	12,891,602.00	639,828,962.76	0.418703	2,625,400.27	2026				
(37,291,541.00)	(12,408,932.93)		746,774,125.61	12,891,602.00	733,882,523.61	0.418703	3,011,328.78	2027				
(38,503,316.00)	(11,788,486.29)		886,973,871.68	12,891,602.00	874,081,269.68	0.418703	3,586,604.13	2028				
(39,754,880.00)	(11,199,061.97)		992,904,902.89	12,891,602.00	980,013,300.89	0.418703	4,021,273.39	2029				
(41,048,916.00)	(10,639,108.87)		1,147,287,908.37	12,891,602.00	1,134,396,307.37	0.418703	4,634,730.78	2030				
(42,380,539.00)	(10,107,153.43)		1,255,953,648.10	12,891,602.00	1,242,162,046.16	0.418703	5,096,944.27	2031				
(43,758,320.00)	(9,601,795.76)		1,406,230,224.04	12,891,602.00	1,395,338,622.04	0.418703	5,725,471.34	2032				
(45,180,465.00)	(9,121,705.97)		1,525,287,880.43	12,891,602.00	1,512,396,278.43	0.418703	6,205,792.21	2033				
(46,648,830.00)	(8,665,620.67)		1,647,021,714.27	12,891,602.00	1,634,130,112.27	0.418703	6,705,300.76	2034				
(48,164,617.00)			1,733,942,735.06	12,891,602.00	1,723,051,133.06	0.418703	7,070,169.01	2035				
(49,730,277.00)			1,853,222,854.00	12,891,602.00	1,840,331,254.00	0.418703	7,551,402.71	2036				
(51,346,511.00)			1,926,165,517.88	12,891,602.00	1,913,273,915.88	0.418703	7,850,707.20	2037				
(53,015,273.00)			2,048,819,098.43	12,891,602.00	2,035,927,496.43	0.418703	8,353,989.73	2038				
(54,748,269.00)			2,128,895,823.07	12,891,602.00	2,116,004,221.07	0.418703	8,682,535.13	2039				
(56,517,663.00)			2,266,382,565.94	12,891,602.00	2,253,490,963.94	0.418703	9,247,535.20	2040				
(58,334,074.00)			2,354,555,001.15	12,891,602.00	2,341,663,399.15	0.418703	9,608,511.13	2041				
(60,250,581.00)			2,508,070,119.93	12,891,602.00	2,495,178,517.93	0.418703	10,238,427.32	2042				
(62,208,725.00)			2,589,382,394.93	12,891,602.00	2,576,490,792.93	0.418703	1,063,133.79	2043				
(64,210,509.00)			2,703,553,543.13	12,891,602.00	2,692,661,941.13	0.418703	-	2044				
(66,318,001.00)			2,793,484,033.13	12,891,602.00	2,780,592,431.13	0.418703	-	2045				
							\$ 19,532.44	\$ 118,972,943.50				
							Participation Level	75%				
							Tax Rate Growth Factor	0.00%				
							Tax Rate Collection Factor	98.00%				

Notes:
¹ Beginning Assessed Value based on Market Value to account for agricultural appraisal.
² Base Value changed in accordance with Ordinance 2008-11-20-1016 amending the boundaries.
³ Exemptions are based on actual starting in Tax Year 2015 and grows at 3.25% thereafter.
⁴ City's contribution is capped at \$118,992,476.00.
⁵ Bexar County is participating at 70% of its Operation and Maintenance tax rate, and capped at \$81,393,692.
⁶ Alamo College's contribution is capped at \$15,000,000.00 and is participating at 50% of its Operations and Maintenance tax rate beginning in Tax Year 2010.
⁷ SAR's contribution is capped at \$4,397,567.00.
⁸ Tax Year 2008 includes \$3,915,500 expanded year end taxable value.

Verano - TIF Reinvestment Zone
 Projected Tax Increment Revenue

Tax Year	Deer County ³							Actual Tax Increments	Projected Tax Increments	Fiscal Year Ending
	Adjustment in Values Market Vs. Taxable	Tax Exemptions ³	Value Loss Due to AG	Year-End Taxable Value	Base Taxable Value ³	Captured Taxable Value	Tax Rate Contribution			
2007	\$ (30,111,350.00)			\$ 8,976,102.00	\$ 8,976,102.00	\$ -	0.189916	\$ -	\$ -	2008
2008	(42,042,470.00)			17,483,635.00	12,891,602.00	4,592,033.00	0.175644	8,065.63	-	2009
2009	(37,746,540.00)			9,221,560.00	12,891,602.00	(3,670,042.00)	0.175644	-	-	2010
2010	(40,803,280.00)			8,392,910.00	12,891,602.00	(4,498,692.00)	0.175644	-	-	2011
2011	(40,097,746.00)			8,234,084.00	12,891,602.00	(4,657,518.00)	0.175644	-	-	2012
2012	(47,461,057.00)			8,239,964.00	12,891,602.00	(4,654,638.00)	0.175644	-	-	2013
2013	(48,463,697.00)			8,623,494.00	12,891,602.00	(4,268,108.00)	0.175644	-	-	2014
2014	(50,574,440.00)			7,492,594.00	12,891,602.00	(5,399,008.00)	0.171316	-	-	2015
2015		(26,231,290.00)	(27,633,578.00)	7,938,923.00	12,891,602.00	(4,952,679.00)	0.167994	-	-	2016
2016		(27,083,807.00)	(20,725,183.50)	10,000,423.50	12,891,602.00	3,111,821.50	0.167994	-	5,123.11	2017
2017		(27,964,031.00)	(19,688,924.33)	11,843,361.68	12,891,602.00	18,991,759.68	0.167994	-	31,266.86	2018
2018		(28,872,862.00)	(18,704,478.11)	48,603,406.89	12,891,602.00	35,711,804.89	0.167994	-	58,793.71	2019
2019		(29,811,230.00)	(17,769,254.28)	110,473,474.30	12,891,602.00	97,581,872.30	0.167994	-	160,652.77	2020
2020		(30,780,095.00)	(16,880,791.49)	151,862,998.76	12,891,602.00	138,971,396.76	0.167994	-	228,793.93	2021
2021		(31,780,448.00)	(16,036,731.92)	238,227,538.60	12,891,602.00	222,433,836.60	0.167994	-	371,143.64	2022
2022		(32,812,313.00)	(15,234,914.32)	309,417,275.18	12,891,602.00	296,525,673.18	0.167994	-	488,181.56	2023
2023		(33,879,746.00)	(14,473,168.61)	434,612,934.67	12,891,602.00	421,721,332.67	0.167994	-	694,296.00	2024
2024		(34,980,838.00)	(13,749,510.18)	523,199,467.09	12,891,602.00	510,217,805.09	0.167994	-	839,991.09	2025
2025		(36,117,715.00)	(13,062,034.67)	651,200,564.76	12,891,602.00	630,828,962.76	0.167994	-	1,033,374.90	2026
2026		(37,291,541.00)	(12,408,912.91)	786,704,126.61	12,891,602.00	773,822,523.61	0.167994	-	1,208,218.88	2027
2027		(38,503,516.00)	(11,788,486.29)	886,972,871.68	12,891,602.00	874,081,269.68	0.167994	-	1,419,033.44	2028
2028		(39,754,880.00)	(11,199,961.97)	992,904,902.89	12,891,602.00	980,013,300.89	0.167994	-	1,613,433.39	2029
2029		(41,046,914.00)	(10,639,108.87)	1,147,287,909.37	12,891,602.00	1,134,396,307.37	0.167994	-	1,807,609.04	2030
2030		(42,380,939.00)	(10,107,153.43)	1,255,033,648.16	12,891,602.00	1,242,162,046.16	0.167994	-	2,045,018.90	2031
2031		(43,758,320.00)	(9,601,795.76)	1,408,230,224.04	12,891,602.00	1,395,338,622.04	0.167994	-	2,297,199.36	2032
2032		(45,180,465.00)	(9,121,705.97)	1,525,287,880.43	12,891,602.00	1,512,396,278.43	0.167994	-	2,489,915.86	2033
2033		(46,648,830.00)	(8,665,620.67)	1,647,021,714.27	12,891,602.00	1,634,130,112.27	0.167994	-	2,690,330.93	2034
2034		(48,164,917.00)		1,733,942,735.06	12,891,602.00	1,723,051,133.06	0.167994	-	2,836,725.00	2035
2035		(49,730,277.00)		1,831,222,856.00	12,891,602.00	1,840,331,254.00	0.167994	-	3,029,807.75	2036
2036		(51,346,511.00)		1,926,165,517.88	12,891,602.00	1,913,273,915.88	0.167994	-	3,149,896.05	2037
2037		(53,015,273.00)		2,048,819,095.43	12,891,602.00	2,035,927,493.43	0.167994	-	3,351,823.33	2038
2038		(54,738,269.00)		2,128,892,832.07	12,891,602.00	2,116,001,230.07	0.167994	-	3,483,833.82	2039
2039		(56,517,263.00)		2,266,582,665.94	12,891,602.00	2,253,690,963.94	0.167994	-	3,710,337.66	2040
2040		(58,354,074.00)		2,354,555,001.15	12,891,602.00	2,341,663,399.15	0.167994	-	3,853,170.05	2041
2041		(60,250,581.00)		2,508,070,115.93	12,891,602.00	2,495,178,513.93	0.167994	-	4,107,007.85	2042
2042		(62,208,725.00)		2,589,582,394.93	12,891,602.00	2,576,690,792.93	0.167994	-	4,242,104.64	2043
2043		(64,230,909.00)		2,705,531,443.13	12,891,602.00	2,692,641,941.13	0.167994	-	4,433,032.37	2044
2044		(66,318,001.00)		2,793,484,033.13	12,891,602.00	2,780,592,431.13	0.167994	-	4,577,795.70	2045
								\$ 8,065.63	\$ 60,360,624.59	
							Participation Level		70%	
							Tax Rate Growth Factor		0.00%	
							Tax Rate Collection Factor		98.00%	

Verano - TIF Reinvestment Zone
Projected Tax Increment Revenue

Alamo College ^d										Fiscal Year Ending	
Tax Year	Adjustment to Values Market Vs. Taxable	Tax Exemptions ^e	Value Lost Due to AGI	Year-End Taxable Value	Base Taxable Value ^a	Captured Taxable Value	Tax Rate Contribution	Actual Tax Increments	Projected Tax Increments		
2007	\$ (30,111,250.00)			\$ 8,976,102.00	\$ 8,976,102.00	\$ -		\$ -	\$ -	2008	
2008	(42,042,470.00)			17,483,635.00	12,891,602.00	4,592,033.00		-	-	2009	
2009	(37,746,540.00)			9,221,560.00	12,891,602.00	(3,670,042.00)		-	-	2010	
2010	(40,003,280.00)			8,392,910.00	12,891,602.00	(4,498,692.00)	0.048437	-	-	2011	
2011	(40,097,745.00)			8,234,084.00	12,891,602.00	(4,657,518.00)	0.048437	-	-	2012	
2012	(47,461,057.00)			8,256,904.00	12,891,602.00	(4,634,698.00)	0.052200	-	-	2013	
2013	(48,463,697.00)			8,623,494.00	12,891,602.00	(4,268,108.00)	0.052200	-	-	2014	
2014	(50,574,440.00)			7,492,594.00	12,891,602.00	(5,399,008.00)	0.052200	-	-	2015	
2015		(26,231,290.00)	(27,633,578.00)	7,938,923.00	12,891,602.00	(4,952,670.00)	0.052200	-	-	2016	
2016		(27,083,807.00)	(20,725,183.50)	16,003,423.50	12,891,602.00	3,111,821.50	0.052200	-	1,622.38	2017	
2017		(27,964,031.00)	(19,488,924.33)	31,883,261.68	12,891,602.00	18,991,759.68	0.052200	-	9,901.54	2018	
2018		(28,872,862.00)	(18,704,478.11)	48,603,406.89	12,891,602.00	35,711,804.89	0.052200	-	18,618.71	2019	
2019		(29,811,230.00)	(17,769,254.20)	110,473,474.30	12,891,602.00	97,581,872.30	0.052200	-	50,875.28	2020	
2020		(30,780,095.00)	(16,880,791.49)	151,862,598.76	12,891,602.00	138,971,396.76	0.052200	-	72,434.13	2021	
2021		(31,780,448.00)	(16,036,751.92)	238,327,038.60	12,891,602.00	225,435,836.60	0.052200	-	117,523.23	2022	
2022		(32,813,313.00)	(15,234,914.32)	309,417,275.18	12,891,602.00	296,525,673.18	0.052200	-	154,596.62	2023	
2023		(33,879,746.00)	(14,473,168.61)	434,612,954.67	12,891,602.00	421,721,352.67	0.052200	-	219,868.64	2024	
2024		(34,980,838.00)	(13,749,210.18)	523,109,407.09	12,891,602.00	510,217,805.09	0.052200	-	266,007.15	2025	
2025		(36,117,715.00)	(13,062,034.67)	632,200,564.76	12,891,602.00	619,308,962.76	0.052200	-	333,581.23	2026	
2026		(37,291,541.00)	(12,408,932.93)	746,774,125.61	12,891,602.00	733,865,223.61	0.052200	-	382,616.00	2027	
2027		(38,503,516.00)	(11,788,486.29)	886,972,871.68	12,891,602.00	874,081,269.68	0.052200	-	455,711.01	2028	
2028		(39,754,880.00)	(11,199,061.97)	992,904,802.89	12,891,602.00	980,013,300.89	0.052200	-	510,939.73	2029	
2029		(41,048,914.00)	(10,639,108.87)	1,147,287,909.37	12,891,602.00	1,134,396,307.37	0.052200	-	591,428.86	2030	
2030		(42,380,939.00)	(10,107,153.43)	1,255,953,648.16	12,891,602.00	1,243,162,046.16	0.052200	-	647,613.60	2031	
2031		(43,758,320.00)	(9,601,795.76)	1,408,230,224.04	12,891,602.00	1,395,338,622.04	0.052200	-	727,472.74	2032	
2032		(45,180,465.00)	(9,121,705.97)	1,525,287,880.43	12,891,602.00	1,512,396,278.43	0.052200	-	788,502.92	2033	
2033		(46,648,830.00)	(8,665,620.67)	1,647,021,714.27	12,891,602.00	1,634,130,112.27	0.052200	-	851,970.08	2034	
2034		(48,164,917.00)		1,735,942,735.06	12,891,602.00	1,723,051,133.06	0.052200	-	898,329.94	2035	
2035		(49,730,277.00)		1,833,222,856.00	12,891,602.00	1,840,331,254.00	0.052200	-	959,475.10	2036	
2036		(51,346,511.00)		1,926,165,517.88	12,891,602.00	1,913,273,915.88	0.052200	-	997,504.49	2037	
2037		(53,015,273.00)		2,048,819,095.43	12,891,602.00	2,035,927,493.43	0.052200	-	-	2038	
2038		(54,738,269.00)		2,128,892,852.07	12,891,602.00	2,116,001,250.07	0.052200	-	-	2039	
2039		(56,517,263.00)		2,266,842,655.94	12,891,602.00	2,253,951,053.94	0.052200	-	-	2040	
2040		(58,354,074.00)		2,354,555,001.15	12,891,602.00	2,341,663,399.15	0.052200	-	-	2041	
2041		(60,250,581.00)		2,508,070,115.93	12,891,602.00	2,495,178,513.93	0.052200	-	-	2042	
2042		(62,208,725.00)		2,589,582,394.93	12,891,602.00	2,576,690,792.93	0.052200	-	-	2043	
2043		(64,230,509.00)		2,703,551,543.13	12,891,602.00	2,690,660,941.13	0.052200	-	-	2044	
2044		(66,318,001.00)		2,793,484,033.13	12,891,602.00	2,780,592,431.13	0.052200	-	-	2045	
									\$ -	\$ 9,036,025.37	
Participation Level										50%	
Tax Rate Growth Factor										0.00%	
Tax Rate Collection Factor										98.00%	

Verano - Tax Increment Reinvestment Zone
Reimbursement for Public Improvements

Year	Tax Increments Revenue			TIF Fund Interest Rate	Interest Earned in TIF Fund		Start-up Fees and Admin Fees								Total Admin. Exp.*	
	Actual	Projected	Cumulative		Actual	Projected	City ¹		Bexar County ²		Alamo Colleges ³		San Antonio River Authority ⁴			
Ending	\$	\$	\$	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2007	-	-	-	3.3481%	-	-	-	-	-	-	-	-	-	-	-	-
2008	28,037.56	-	28,037.56	1.4135%	113.01	-	(19,563.47)	-	-	-	-	-	-	-	-	(19,563.47)
2009	-	-	28,037.56	0.3922%	-	-	37.29	-	-	-	-	-	-	-	-	-
2010	-	-	28,037.56	0.2009%	-	-	32.06	-	-	-	-	-	-	-	-	-
2011	-	-	28,037.56	0.2086%	-	-	30.57	-	-	-	-	-	-	-	-	-
2012	-	-	28,037.56	0.1838%	-	-	35.98	-	-	-	-	-	-	-	-	-
2013	-	-	28,037.56	0.1558%	-	-	21.75	-	-	-	-	-	-	-	-	(8,716.00)
2014	-	-	28,037.56	0.1532%	-	-	1.04	-	-	-	-	-	-	-	-	-
2015	-	-	28,037.56	0.4125%	-	0.10	-	-	-	-	-	-	-	-	-	-
2016	-	19,830.54	47,868.10	1.3750%	-	0.41	(14,076.54)	-	(5,123.11)	(344.83)	-	(316.36)	-	-	-	(19,860.84)
2017	-	121,027.79	168,895.89	2.3750%	-	-	(114,294.96)	-	(5,388.00)	(344.83)	-	(1,000.00)	-	-	-	(121,027.79)
2018	-	227,578.77	396,474.66	3.3125%	-	-	(220,845.94)	-	(5,388.00)	(344.83)	-	(1,000.00)	-	-	-	(227,578.77)
2019	-	621,854.91	1,018,329.57	3.5000%	-	-	(250,782.56)	-	(11,040.89)	(689.66)	-	(2,683.64)	-	-	-	(265,196.75)
2020	-	885,015.79	1,903,345.36	3.5000%	-	-	(120,000.00)	-	(5,388.00)	(344.83)	-	(1,000.00)	-	-	-	(126,732.83)
2021	-	1,436,623.22	3,340,368.58	3.5000%	-	-	(120,000.00)	-	(5,388.00)	(344.83)	-	(1,000.00)	-	-	-	(126,732.83)
2022	-	1,889,653.72	5,230,222.30	3.5000%	-	-	(120,000.00)	-	(5,388.00)	(344.83)	-	(1,000.00)	-	-	-	(126,732.83)
2023	-	2,687,481.72	7,917,704.02	3.5000%	-	-	(120,000.00)	-	(5,388.00)	(344.83)	-	(1,000.00)	-	-	-	(126,732.83)
2024	-	3,251,438.45	11,169,142.47	3.5000%	-	-	(120,000.00)	-	(5,388.00)	(344.83)	-	(1,000.00)	-	-	-	(126,732.83)
2025	-	4,077,404.74	15,246,547.21	3.5000%	-	-	(120,000.00)	-	(5,388.00)	(344.83)	-	(1,000.00)	-	-	-	(126,732.83)
2026	-	4,676,774.96	19,923,322.17	3.5000%	-	-	(120,000.00)	-	(5,388.00)	(344.83)	-	(1,000.00)	-	-	-	(126,732.83)
2027	-	5,570,212.23	25,493,534.40	3.5000%	-	-	(120,000.00)	-	(5,388.00)	(344.83)	-	(1,000.00)	-	-	-	(126,732.83)
2028	-	6,245,279.76	31,738,814.16	3.5000%	-	-	(120,000.00)	-	(5,388.00)	(344.83)	-	(1,000.00)	-	-	-	(126,732.83)
2029	-	7,229,108.31	38,967,922.47	3.5000%	-	-	(120,000.00)	-	(5,388.00)	(344.83)	-	(1,000.00)	-	-	-	(126,732.83)
2030	-	7,915,861.42	46,883,783.89	3.5000%	-	-	(120,000.00)	-	(5,388.00)	(344.83)	-	(1,000.00)	-	-	-	(126,732.83)
2031	-	8,892,061.82	55,775,785.71	3.5000%	-	-	(120,000.00)	-	(5,388.00)	(344.83)	-	(1,000.00)	-	-	-	(126,732.83)
2032	-	9,637,969.06	65,413,754.77	3.5000%	-	-	(120,000.00)	-	(5,388.00)	(344.83)	-	(1,000.00)	-	-	-	(126,732.83)
2033	-	10,413,735.93	75,827,490.70	3.5000%	-	-	(120,000.00)	-	(5,388.00)	(344.83)	-	(1,000.00)	-	-	-	(126,732.83)
2034	-	10,980,398.29	86,807,888.99	3.5000%	-	-	(120,000.00)	-	(5,388.00)	(344.83)	-	(1,000.00)	-	-	-	(126,732.83)
2035	-	11,727,783.21	98,535,672.20	3.5000%	-	-	(120,000.00)	-	(5,388.00)	(344.83)	-	(1,000.00)	-	-	-	(126,732.83)
2036	-	12,192,621.12	110,728,293.32	3.5000%	-	-	(120,000.00)	-	(5,388.00)	(344.83)	-	(1,000.00)	-	-	-	(126,732.83)
2037	-	11,912,798.04	122,641,091.36	3.5000%	-	-	(120,000.00)	-	(5,388.00)	(344.83)	-	(1,000.00)	-	-	-	(126,388.00)
2038	-	12,381,332.64	135,022,424.00	3.5000%	-	-	(120,000.00)	-	(5,388.00)	(344.83)	-	(1,000.00)	-	-	-	(126,388.00)
2039	-	13,186,994.80	148,209,418.80	3.5000%	-	-	(120,000.00)	-	(5,388.00)	(344.83)	-	(1,000.00)	-	-	-	(126,388.00)
2040	-	13,701,746.86	161,911,165.66	3.5000%	-	-	(120,000.00)	-	(5,388.00)	(344.83)	-	(1,000.00)	-	-	-	(126,388.00)
2041	-	14,600,007.99	176,511,173.65	3.5000%	-	-	(120,000.00)	-	(5,388.00)	(344.83)	-	(1,000.00)	-	-	-	(126,388.00)
2042	-	6,067,198.21	182,578,371.86	3.5000%	-	-	(120,000.00)	-	(5,388.00)	(344.83)	-	(1,000.00)	-	-	-	(126,388.00)
2043	-	4,705,782.38	187,284,154.24	3.5000%	-	-	(120,000.00)	-	(5,388.00)	(344.83)	-	(1,000.00)	-	-	-	(126,388.00)
2044	-	4,860,485.19	192,144,639.43	3.5000%	-	-	(120,000.00)	-	(5,388.00)	(344.83)	-	(1,000.00)	-	-	-	(126,388.00)
	\$	28,037.56	\$ 192,117,601.87		\$	271.70	\$ 0.51	\$ (28,279.47)	\$ (3,600,000.00)	\$ -	\$ (161,640.00)	\$ -	\$ (7,586.26)	\$ -	\$ (30,000.00)	\$ (3,827,505.73)

Note:
^{*} The initial startup Administrative Costs of \$28,279.47, for the City received in 2009 and 2014. All other startup Administrative Costs have been waived for all Participating Taxing Entities.
¹ City's annual administrative fees are \$120,000.00.
² Bexar County's annual administrative fees are \$5,388.00.
³ Alamo Colleges' annual administrative fees are approximately \$344.83.
⁴ SARA's annual administrative fees are \$1,000.00.

**Verano - Tax Increment Reinvestment Zone
Reimbursement for Public Improvements**

Reimbursement to Alamo Colleges		Reimbursement to SAWS ⁵		Reimbursement to SAWS ⁶		Reimbursement to City ⁷		Reimbursement to The Developer ⁸		Fiscal Year	TIF	Fiscal
Palo Alto Signage		Waste Water System		TAMU-SA Impact Fees		Zachry Property Conveyance		Public Improvements		Cash Flow	Fund	Year
Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Balance	Balance	Ending
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
-	-	-	-	-	-	-	-	-	-	8,587.10	8,587.10	2008
-	-	-	-	-	-	-	-	-	-	37.29	8,624.39	2010
-	-	-	-	-	-	-	-	-	-	32.06	8,656.45	2011
-	-	-	-	-	-	-	-	-	-	30.57	8,687.02	2012
-	-	-	-	-	-	-	-	-	-	35.98	8,723.00	2013
-	-	-	-	-	-	-	-	-	-	(8,694.25)	28.75	2014
-	-	-	-	-	-	-	-	-	-	1.04	29.79	2015
-	-	-	-	-	-	-	-	-	-	0.10	29.89	2016
-	-	-	-	-	-	-	-	-	-	(29.89)	-	2017
-	-	-	-	-	-	-	-	-	-	-	-	2018
-	-	-	-	-	-	-	-	-	-	-	-	2019
(50,530.45)		(306,127.71)								-	-	2020
(72,109.30)		(686,773.66)								-	-	2021
(27,360.25)		(1,138,717.13)		(143,813.01)						-	-	2022
-	-	-	-	(1,379,385.99)		(154,251.79)		(229,283.11)		-	-	2023
-	-	-	-	(216,675.00)		(219,523.81)		(2,124,550.08)		-	-	2024
-	-	-	-	(216,675.00)		(265,662.32)		(2,642,348.30)		-	-	2025
-	-	-	-	(216,675.00)		(333,236.40)		(3,400,760.51)		-	-	2026
-	-	-	-	(216,675.00)		(382,272.16)		(3,951,094.97)		-	-	2027
-	-	-	-	(216,675.00)		(455,366.18)		(4,771,438.22)		-	-	2028
-	-	-	-	(251,343.00)		(74,687.34)		(5,792,516.59)		-	-	2029
-	-	-	-	(251,343.00)		-		(6,851,032.48)		-	-	2030
-	-	-	-	(251,343.00)		-		(7,537,785.59)		-	-	2031
-	-	-	-	(251,343.00)		-		(8,513,923.99)		-	-	2032
-	-	-	-	(251,343.00)		-		(9,259,893.23)		-	-	2033
-	-	-	-	(291,575.00)		-		(9,995,428.10)		-	-	2034
-	-	-	-	-		-		(10,853,665.46)		-	-	2035
-	-	-	-	-		-		(11,601,050.38)		-	-	2036
-	-	-	-	-		-		(12,065,888.29)		-	-	2037
-	-	-	-	-		-		(11,786,410.04)		-	-	2038
-	-	-	-	-		-		(12,254,944.64)		-	-	2039
-	-	-	-	-		-		(13,060,606.80)		-	-	2040
-	-	-	-	-		-		(13,575,358.86)		-	-	2041
-	-	-	-	-		-		(14,473,619.99)		-	-	2042
-	-	-	-	-		-		(5,940,810.21)		-	-	2043
-	-	-	-	-		-		(4,580,394.38)		-	-	2044
-	-	-	-	-		-		(4,734,097.19)		-	-	2045
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
-	(150,000.00)	-	(2,131,618.50)	-	(4,154,864.00)	-	(1,885,000.00)	-	(179,996,923.41)	-	-	

⁵ Under the amended USA, the wastewater improvements cost is \$2,131,618.50.

⁶ SAWS currently estimates TAMU-SA impact fees at \$4,154,864.00.

⁷ To reimburse the City one million eight hundred eighty-five thousand dollars (\$1,885,000.00) for value of the Zachary Parcel conveyed to Alamo Colleges to the extent that Alamo Colleges' tax increment funds are available.

⁸ Subject to the Priority of Payments.

**Verano - Tax Increment Reinvestment Zone
Participation**

Entity	Tax Rate	Level of Participation	Tax Rate Based on			Tax Increments	
			Participation	% of Project ³	Revenues ⁴	TIF Expenses ⁵	
City of San Antonio	\$ 0.558270	75.00%	\$ 0.418703	61.93%	\$ 118,992,476.00	\$ 118,992,644.57	
Bexar County ¹	\$ 0.239991	70.00%	\$ 0.167994	31.42%	\$ 60,368,690.22	\$ 60,368,775.74	
Alamo Colleges ²	\$ 0.106400	50.00%	\$ 0.053200	4.71%	\$ 9,056,625.37	\$ 9,056,638.20	
San Antonio River Authority	\$ 0.017290	60.00%	\$ 0.010374	1.94%	\$ 3,727,847.84	\$ 3,727,853.12	
Total	\$ 0.921951		\$ 0.650270	100.00%	\$ 192,145,639.43	\$ 192,145,911.64	

¹ Bexar County's Participation is 70% of their O & M portion of the total tax rate.

² Alamo Colleges' Participation is 50% of their O & M portion of the total tax rate.

³ The '% of Project' is based on taxing entities' projected TIF Revenues.

⁴ Tax Increments Revenues exclude Interest Earned in TIF Fund.

⁵ TIF Expenses are reduced by the Developer's Contribution. (See Page 9.)

**Verano - Tax Increment Reinvestment Zone
Collections**

Taxing Entity	Maximum Length of Contribution	Maximum Dollar Contribution ¹	Tax Increments	
			Revenues ² Collected	Remaining/ (Refund)
City of San Antonio	September 30, 2045	\$ 118,992,476.00	\$ 19,532.44	\$118,972,943.56
Bexar County	September 30, 2045	\$ 81,393,692.00	\$ 8,065.63	\$ 81,385,626.37
Alamo Colleges	September 30, 2037	\$ 15,000,000.00	\$ -	\$ 15,000,000.00
San Antonio River Authority	September 30, 2045	\$ 4,397,567.00	\$ 439.49	\$ 4,397,127.51
Total		\$219,783,735.00	\$ 28,037.56	\$219,755,697.44

¹ Maximum Contributions are based on negotiated amendments to Interlocal Agreements with other participating tax entities.

² Tax Increments Revenues exclude Interest Earned in TIF Fund.

**Verano - Tax Increment Reinvestment Zone
Projected New Value of Development ***

Tax Year	Single Family	Multi-Family	Condo / Townhomes	Office	Retail	Industrial	Institutional	Total	Fiscal Year
2007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	2008
2008	-	-	-	-	-	-	-	-	2009
2009	-	-	-	-	-	-	-	-	2010
2010	-	-	-	-	-	-	-	-	2011
2011	-	-	-	-	-	-	-	-	2012
2012	-	-	-	-	-	-	-	-	2013
2013	-	-	-	-	-	-	-	-	2014
2014	-	-	-	-	-	-	-	-	2015
2015	-	-	-	-	-	-	-	-	2016
2016	-	-	-	-	-	-	-	-	2017
2017	13,650,000.00	-	-	-	-	-	-	13,650,000.00	2018
2018	14,059,500.00	-	-	-	-	-	-	14,059,500.00	2019
2019	20,687,550.00	22,278,900.00	4,641,437.50	7,956,750.00	3,182,700.00	-	-	58,747,337.50	2020
2020	21,308,176.50	-	4,780,680.63	-	3,278,181.00	6,966,134.63	-	36,333,172.75	2021
2021	24,142,163.97	29,544,606.26	9,848,202.09	8,441,316.08	3,376,526.43	4,783,412.44	-	80,136,227.27	2022
2022	33,908,766.67	-	10,143,648.15	-	13,041,833.34	4,926,914.82	-	62,021,162.98	2023
2023	46,568,039.56	31,343,872.78	10,447,957.59	8,955,392.22	8,955,392.22	7,612,083.39	-	113,882,737.78	2024
2024	47,965,080.75	-	10,761,396.32	-	9,224,053.99	5,226,963.93	-	73,177,494.99	2025
2025	49,404,033.17	26,602,171.71	11,084,238.21	9,500,775.61	9,500,775.61	5,383,772.85	-	111,475,767.16	2026
2026	50,886,154.17	-	11,416,765.36	-	3,914,319.55	5,545,286.03	-	71,762,525.11	2027
2027	52,412,738.79	28,222,243.97	11,759,268.32	6,719,581.90	10,079,372.85	5,711,644.61	-	114,904,850.43	2028
2028	53,985,120.96	-	12,112,046.37	-	4,152,701.61	5,882,993.95	-	76,132,862.89	2029
2029	55,604,674.59	29,940,978.62	12,475,407.76	10,693,206.65	6,415,923.99	6,059,483.77	-	121,189,675.38	2030
2030	46,104,615.93	-	12,849,669.99	-	4,405,601.14	6,241,268.28	-	69,601,155.35	2031
2031	44,243,249.45	31,764,384.22	13,235,160.09	11,344,422.94	4,537,769.17	6,428,506.33	-	111,553,492.21	2032
2032	45,570,546.94	-	13,632,214.90	-	4,673,902.25	6,621,361.52	-	70,498,025.60	2033
2033	-	33,698,835.22	14,041,181.34	12,035,298.29	4,814,119.32	6,820,002.37	-	71,409,436.54	2034
2034	-	-	14,462,416.78	-	4,958,542.90	7,024,602.44	-	26,445,562.12	2035
2035	-	35,751,094.29	-	12,768,247.96	5,107,299.18	7,235,340.51	-	60,861,981.94	2036
2036	-	-	-	-	5,260,518.16	7,452,400.73	-	12,712,918.88	2037
2037	-	37,928,335.93	-	9,030,556.17	5,418,333.70	7,675,972.75	-	60,053,198.55	2038
2038	-	-	-	-	5,580,883.72	7,906,251.93	-	13,487,135.64	2039
2039	-	40,238,171.59	-	14,370,775.57	5,748,310.23	8,143,439.49	-	68,500,696.87	2040
2040	-	-	-	-	5,920,759.53	8,387,742.67	-	14,308,502.21	2041
2041	-	42,688,676.24	-	15,245,955.80	6,098,382.32	12,959,062.43	-	76,992,076.78	2042
2042	-	-	-	-	-	-	-	-	2043
2043	-	-	-	16,174,434.51	6,469,773.80	9,165,512.89	-	31,809,721.20	2044
	\$620,500,411.47	\$390,002,270.82	\$177,691,691.40	\$143,236,713.69	\$144,115,976.01	\$160,160,154.74	\$-	\$1,635,707,218.14	

* Development schedule provided by Verano Land Group, LP.



CITY OF SAN ANTONIO
**DEPARTMENT OF PLANNING
& COMMUNITY DEVELOPMENT**

City Council – A Session
January 28, 2016
Agenda Item #29

Tax Increment Reinvestment Zone ~~#28~~
Verano

Summary

- Amendments to the Verano TIRZ
 - Project and Finance Plans
 - Development schedule
 - Financial assumptions
 - Term extension
 - Amendments to related legal documents

2

Background

- Verano Tax Increment Reinvestment Zone (TIRZ) designated by City in 2007
- 3,100 acre master planned development
- 500 acres donated for Texas A&M San Antonio
- Development delayed by economic recession and legal dispute between property owner and developer
- Settlement reached in 2014

3

TIRZ Boundary



4

Issue

- Development Agreement and related agreements assigned from VTLM to Verano Land Group
- Proposed term extension, 2037 to 2045 (8 years)
- Maximum contribution from all Taxing Entities reduced from \$254 million to \$220 million
- City's max contribution reduced from \$138 million to \$119 million
- Amended Development Agreement
- Amended Interlocal Agreements with Bexar County, SARA and Alamo Colleges

5

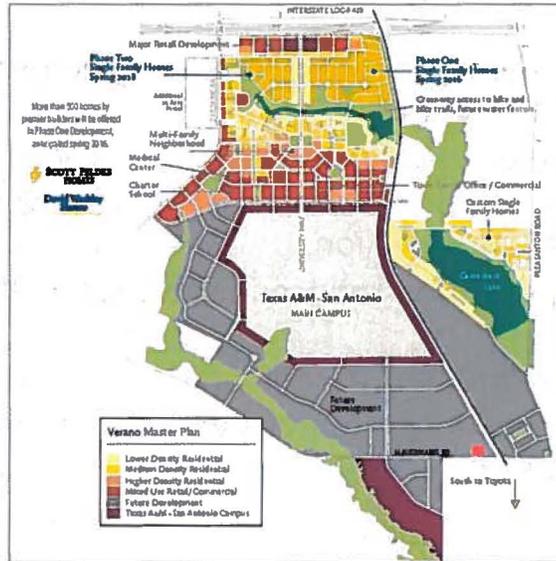
Issue

- Changes to the Development
 - 358 acres (7%) changed to Master Planned Community District (MPCD) from Form Based Zoning District (FBZD)
 - Increased greenspace by 20% (48.13 ac. to 60.43 ac.)
 - 1.5 miles of additional walking trails
 - Eliminated alleyways and rear loaded garages
 - Reduces average home price from \$443,000 to \$252,000

8

6

Proposed Development

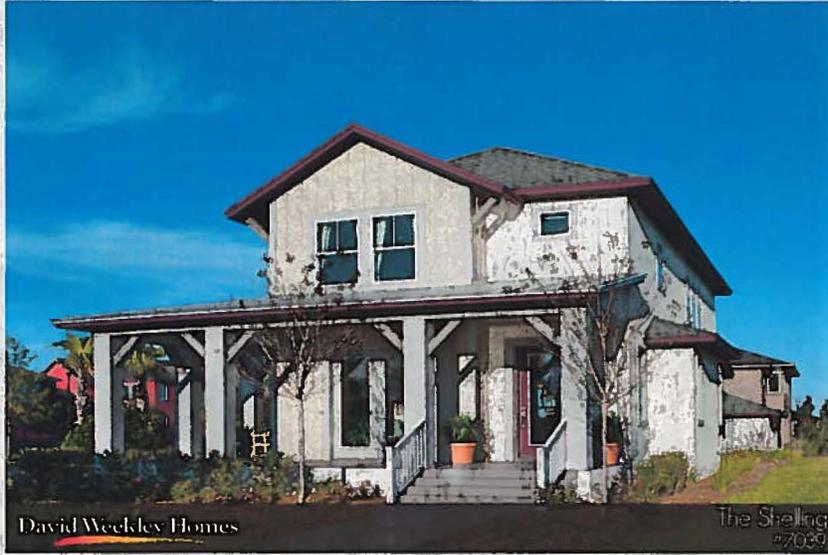


Home Builders


**SCOTT FELDER
HOMES**

Building Dreams, Enhancing Lives
David Weekley Homes

Sample Product



9

Sample Product



Sample Product



11

University Boulevard



12

Fiscal Impact

- City's participation: 75% of tax rate
- City's maximum contribution capped at \$118,992,476 - 14% reduction from previous agreement
- Tax Increment Financing is a special revenue fund so there is not direct impact to the City's general fund

13

Recommendation

- Staff recommends approval of the following:
- Amended TIRZ Project and Finance Plans
- Amended Development Agreement
- Approval of the "Assignment of Rights"
- Amended Consent Agreement
- Amended Interlocal Agreements with Bexar County, the San Antonio River Authority and Alamo Colleges

14