

AN ORDINANCE 2015-04-09-0297

AUTHORIZING AND APPROVING THE TERMS AND CONDITIONS OF A TAX ABATEMENT AGREEMENT WITH HOLT TEXAS LTD TO EXEMPT ONE HUNDRED PERCENT (100%) OF AD VALOREM TAXES FOR A PERIOD OF TEN (10) YEARS ON REAL AND PERSONAL PROPERTY IMPROVEMENTS AT AN ESTIMATED VALUE OF \$20,200,000.00 WITHIN THE HOLT CAT REINVESTMENT ZONE.

* * * * *

WHEREAS, Holt Texas LTD (hereinafter referred to as "HOLT"), a seller, servicer, and renter of Caterpillar equipment, engines and generators for construction, mining, industrial, petroleum and agricultural applications, operates its corporate headquarters at 3302 South W.W. White Rd, San Antonio, TX 78222 (the "Project Site"); and

WHEREAS, Holt has determined that it will expand its facility in San Antonio with an estimated investment of \$20.2 million in real and personal property improvements and will retain 150 full-time jobs and create an additional 45 full-time jobs at the Project Site; and

WHEREAS, in accordance with the City of San Antonio Tax Phase-In Guidelines (the "Guidelines") property located within a Tax Abatement Reinvestment Zone with a \$20 million investment is eligible for a 100% abatement of ad valorem real and personal property taxes for a term of up to ten (10) years; and

WHEREAS, the City Council finds that offering Holt a Tax Abatement Agreement for its real and personal property improvements is a reasonable incentive to help induce Holt to invest in the Project Site and retain and create approximately 195 full-time jobs in San Antonio; and

WHEREAS, the City Council also finds that it is in the best interest of the City to approve a Tax Abatement Agreement with Holt to induce the desired and beneficial economic development in the Holt Cat Reinvestment Zone; **NOW THEREFORE:**

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

SECTION 1. The City Council approves the terms and conditions of a Tax Abatement Agreement with Holt Texas LTD granting a one hundred percent (100%), ten (10) year abatement of ad valorem real and personal property taxes within the Holt Cat Reinvestment Zone. A copy of the Agreement, in substantially final form, is attached hereto and incorporated herein as **Exhibit "A"**.

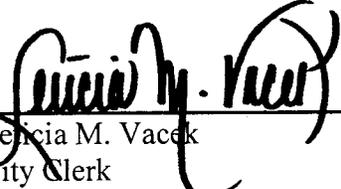
SECTION 2. The City Manager or a designated representative is authorized to execute the Tax Abatement Agreement as approved in Section 1 of this Ordinance.

SECTION 3. This Ordinance shall be effective immediately upon the passage by eight affirmative votes, otherwise it is effective after the tenth (10th) day after passage.

PASSED AND APPROVED this 9th day of April, 2015.


M A Y O R
Ivy R. Taylor

ATTEST:



Lencia M. Vacek
City Clerk

APPROVED AS TO FORM:



Martha G. Sepeda
Acting City Attorney

Agenda Item:	30B (in consent vote: 30A, 30B, 30C, 30D, 30E)						
Date:	04/09/2015						
Time:	11:34:30 AM						
Vote Type:	Motion to Approve						
Description:	An Ordinance approving a 10-year, 100% Tax Abatement Agreement based on a capital investment of at least \$20.2 million in new real and personal property improvements, the creation of 45 new full-time jobs, and the retention of 150 existing full-time jobs.						
Result:	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Ivy R. Taylor	Mayor		x				
Roberto C. Trevino	District 1		x				
Alan Warrick	District 2	x					x
Rebecca Viagran	District 3		x			x	
Rey Saldaña	District 4		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

STATE OF TEXAS §
 §
 § CITY OF SAN ANTONIO
COUNTY OF BEXAR § TAX ABATEMENT AGREEMENT
 § FOR REAL AND PERSONAL PROPERTY

1. **PARTIES**

THIS AGREEMENT (the "Agreement") is entered into on this ___ day of _____ 2015 (the Effective Date") by and between HOLT TEXAS, LTD., a Texas Limited Partnership _____ (hereinafter referred to as "HOLT"), who, along with its related entities, holds a fee simple interest in the real property described herein and owns or will own personal property located on said real property, and the CITY of SAN ANTONIO, a municipal corporation, (hereinafter referred to as the "CITY"), acting by and through its City Manager under the authority of its City Council.

2. **AUTHORIZATION AND FINDINGS**

A. This Agreement is entered into pursuant to the following authorities:

1. The Texas Property Redevelopment and Tax Abatement Act of 1987, V.A.T.S. Tax Code, Chapter 312, as amended;
2. CITY COUNCIL RESOLUTION No. 89-07-12, dated the 15th day of February 1989, and most recently revised by Ordinance No. 2014-12-11-1037 on December 11, 2014, together which established the City of San Antonio Guidelines and Criteria for Tax Phase-In and Reinvestment Zones, (hereinafter referred to as the "Guidelines and Criteria");
3. CITY COUNCIL ORDINANCE NO. 2015-04-09-_____ dated April 9, 2015, which designated the HOLT CAT REINVESTMENT ZONE (the "Reinvestment Zone"); and
4. CITY COUNCIL ORDINANCE NO. 2015-04-09-_____ dated April 9, 2014, which specifically approved this Agreement and authorized execution hereof.

B. The City Council, by its approval of this Agreement, hereby finds that the terms of this Agreement abide by the Guidelines and Criteria and approving this Agreement will not have any substantial long-term adverse effect on the provision of city services or the City's tax base and the planned use of the Property (defined below) inside the qualifying Reinvestment Zone by HOLT for the uses contemplated herein will not constitute a hazard to public safety, health or morals.

3. **PROPERTY**

A. HOLT and its related entities have a fee simple interest in real property located at 3302 South W.W. White Rd, San Antonio, TX 78222 (the "Property"), legally described in Exhibit A, attached hereto and incorporated herein. The Property is located within a qualifying Reinvestment Zone for the purposes of the Texas Property Redevelopment and Tax Abatement Act of 1987, V.A.T.S. Tax Code, Chapter 312.

B. HOLT shall conduct its "Business Activities" which are defined for the purposes of this Agreement as the selling, servicing, and renting of Caterpillar equipment, engines and generators for construction, mining, industrial, petroleum and agricultural applications and the general business operations of a corporate headquarters on the Property for the Term of this Agreement, to include any period HOLT is subject to the recapture of funds under this Agreement.

C. In order for HOLT to conduct the Business Activities on the Property, it will be necessary for HOLT to make certain real property improvements (the "Real Property Improvements") and certain personal property improvements (the "Personal Property Improvements"). The Real Property Improvements and Personal Property Improvements are sometimes referred to herein as the "Improvements". The actual cost of such Improvements shall be: 1) NINETEEN MILLION DOLLARS AND 0 CENTS (\$19,000,000.00) in Real Property Improvements; and 2) ONE MILLION TWO HUNDRED THOUSAND DOLLARS AND 0 CENTS (\$1,200,000.00) in Personal Property Improvements for a cumulative amount of TWENTY MILLION TWO HUNDRED THOUSAND DOLLARS AND 0 CENTS (\$20,200,000.00). HOLT shall not place any Personal Property Improvements on the Property sooner than the Effective Date of this Agreement or such personal property shall not be accounted for as a Personal Property Improvement investment by HOLT, and therefore, will not be subject to the abatement of personal property taxes.

D. Prior to HOLT undertaking Improvements at the Property, HOLT shall establish separate tax accounts with the Bexar Appraisal District for the Real Property Improvements and the Personal Property Improvements and shall provide these tax account numbers to the CITY. Such accounts shall be monitored by City staff as evidence of HOLT's investment in the Property.

4. **HOLT'S REPRESENTATIONS**

A. HOLT represents that it has no knowledge that any interest in the Property is presently owned, held or leased by a member of the San Antonio City Council, Zoning Commission, Planning Commission, the City's Economic Development Department, or any other City officer or employee. HOLT further represents that it shall not knowingly sell, lease or otherwise convey an interest of any type of kind to a member of the San Antonio City Council, the Zoning Commission, the Planning Commission, the City's Economic Development Department or any other City officer or employee, as long as this Agreement remains in effect.

B. HOLT represents that there is no litigation pending against HOLT for any violations under the Occupational Safety and Health Act (“OSHA”) in Bexar County.

5. **HOLT’S OBLIGATIONS**

A. In addition to all other obligations and/or duties imposed on HOLT by any other incentive agreements it has entered into with the State of Texas, Bexar County and/or the City of San Antonio, HOLT is required to accomplish the following in order to receive the full amount of tax abatement provided in this Agreement:

- 1) own, hold an interest in or otherwise control the Real Property Improvements and Personal Property Improvements that are the subject of this Agreement; and
- 2) invest, or cause to be invested, NINETEEN MILLION DOLLARS AND 0 CENTS (\$19,000,000) in Real Property Improvements by DECEMBER 31, 2017 and ONE MILLION TWO HUNDRED THOUSAND DOLLARS AND 0 CENTS (\$1,200,000.00) in Personal Property Improvements by DECEMBER 31, 2017; and
- (3) continuously use the Property for Business Activities for the Term of this Agreement; and
- (4) retain approximately ONE HUNDRED AND FIFTY (150) full-time jobs at the Property and create an additional forty-five (45) full-time jobs at the Property in accordance with Table 1 below:

TABLE 1

Year 1 (2015)	Prior to December 31, 2015, HOLT shall retain 150 full-time jobs at the Property and create an additional FIVE (5) full-time jobs for a cumulative total of ONE HUNDRED AND FIFTY-FIVE full-time jobs at the Property.
Year 2 (2016)	Prior to December 31, 2016, HOLT shall retain 155 full-time jobs at the Property and create an additional TEN (10) full-time jobs for a cumulative total of ONE HUNDRED AND SIXTY-FIVE full-time jobs at the Property.
Year 3 (2017)	Prior to December 31, 2017, HOLT shall retain 165 full-time jobs at the Property and create an additional TEN (10) full-time jobs for a cumulative total of ONE HUNDRED AND SEVENTY-FIVE full-time jobs at the Property.
Year 4 (2018)	Prior to December 31, 2018, HOLT shall retain 175 full-time jobs at the Property and create an additional TEN (10)

full-time jobs for a cumulative total of ONE HUNDRED AND EIGHTY-FIVE full-time jobs at the Property.

Year 5 (2019) Prior to December 31, 2019, HOLT shall retain 185 full-time jobs at the Property and create an additional TEN (10) full-time jobs for a cumulative total of ONE HUNDRED AND NINETY-FIVE full-time jobs at the Property.

Following December 31, 2019, HOLT shall retain ONE HUNDRED AND NINETY-FIVE full-time jobs at the Property for the duration of the Term of this Agreement, to include any period HOLT is subject to the recapture of funds under this Agreement; and

(5) comply with all other applicable terms of this Agreement.

B. HOLT covenants and agrees that it shall pay one hundred percent (100%) of its employees located at the Property at least the City's effective prevailing "living" wage as determined by the City Council in its Tax Abatement Guidelines, which is ELEVEN DOLLARS AND FORTY-SEVEN CENTS (\$11.47) per hour. Commencing on the first anniversary of the Effective Date of this Agreement, seventy percent (70%) of all new and existing employees working at the Property must earn at least FOURTEEN DOLLARS AND SIXTY-SIX CENTS (\$14.66) per hour.

C. For the purposes of this Agreement, a "Full-Time Job", "full-time job," and "job" shall constitute one position that performs two thousand eighty (2,080) straight-time paid hours in a fiscal year.

D. HOLT shall covenant and agree that it shall offer all of its Full-time, non-temporary employees performing Business Activities at the Property substantially similar employee benefits as those employee benefits offered to similarly situated employees of HOLT.

E. HOLT shall covenant and agree that it shall comply with all applicable federal and state laws governing the employment relationship between employers and employees.

F. HOLT shall covenant and agree that it shall conduct its Business Activities (as defined in Article 3, Paragraph B) at the Property in accordance with all applicable federal, state and local laws.

G. Any construction HOLT shall perform or cause to be performed at the Property shall be in accordance with all applicable federal, state and local laws including, but not limited to, Texas Commission on Environmental Quality regulations, Bexar County and City of San Antonio laws, Building Codes and ordinances, Historic Preservation and Urban Design ordinances, flood, subdivision, building, electrical, plumbing, fire and life safety codes and regulations, current and as amended.

H. Reserved.

I. Except as provided herein, HOLT shall covenant and agree that it shall use the Property only to conduct its Business Activities. Without additional consent or approval by the City Council, a parent, subsidiary or affiliate organization of HOLT or new entity created as a result of a merger, acquisition, or other corporate restructure or reorganization of HOLT, or any component thereof (hereinafter "Related Organization") may occupy and use the Property for such Related Organization's normal business activities, so long as such business activities are those of the HOLT at the Property. To be eligible for the tax abatements as provided in this Agreement, such Related Organization must agree in writing to fully comply with all applicable terms of this Agreement. Except as authorized above, HOLT covenants and agrees during the term of this Agreement not to change the principal use of the Property without prior approval by the City Council, as evidenced in a duly approved City Ordinance.

J. HOLT shall covenant and agree that it shall maintain the Property and any constructed improvements in good repair and condition during the Term of this Agreement, normal wear and tear and damage by fire or other casualty not caused as a result of the negligence, intentional act or misconduct of HOLT excepted. Compliance with the maintenance obligations imposed herein shall be presumed if HOLT follows its normal and customary maintenance procedures and schedules.

K. HOLT shall covenant and agree that, upon five business days prior notice received by it from the CITY, HOLT shall allow designated representatives of the CITY access to the Property during normal business hours for inspection to determine if the terms and conditions of this Agreement are being met. This inspection is independent of CITY'S police powers to inspect for purposes of assuring compliance with applicable City Codes and Ordinances. The CITY's access to HOLT's books and records will be limited to information needed to verify that HOLT is and has been conducting Business Activities, and to verify the number of full-time employees at the Facility; provided, however, that the CITY shall not have the ability to obtain copies of HOLT's records or remove any information or documents from HOLT's files. Should any good faith dispute or question arise as to the validity of the data provided, the CITY reserves the right to require HOLT to obtain an independent firm to verify the information. This certified statement by an independent firm shall be provided at the sole cost of HOLT. CITY representatives may be accompanied by HOLT representatives and such inspections shall be conducted in such a manner as to (a) not unreasonably interfere with the operation of the Property or the Facility; and (b) comply with HOLT's reasonable security requirements.

L. During the Term of this Agreement, HOLT shall covenant and agree to furnish each year, as applicable, the Chief Appraiser of Bexar Appraisal District with information outlined in Chapter 22, V.A.T.S. Tax Code, as amended, as may be necessary for the tax phase-in and for appraisal purposes.

M. Certification. On or before January 31 and July 31 of each year during the Term of this Agreement, GRANTEE shall provide GRANTOR's Director of Economic

Development Department with a certification (the “**Semi-Annual Certification**”) from an officer of GRANTEE attesting to the following information as of the preceding December 31st and June 30th respectively: (i) the number of Full-Time Jobs and New Full-Time Jobs maintained as of such date, (ii) the hire dates of each Full-Time Employee and New Full-Time Employee, (iii) the healthcare benefits offered to all Full-Time Employees and New Full-Time Employees and their respective eligible dependents, (iv) the total wages paid in connection with the Full-Time Jobs and the New Full-Time Jobs during the six months preceding such date, and v) the aggregate investments made prior to such date that qualify toward the Property Improvement Investment hereunder. The information provided shall be on the form set forth in, or substantially similar to the form labeled “Monitoring Form” attached and incorporated herein as **EXHIBIT “C”**, as the same may be revised by GRANTOR from time to time.

N. HOLT shall covenant and agree to notify CITY in writing at least 30 days prior to any sale, transfer or sub-lease of the Property during the Term. CITY shall not unreasonably withhold approval of any requests for Assignment of this Agreement by HOLT under Article 11 and any new purchaser or transferee requesting Assignment shall be bound by same. Failure to provide the required notification under this Article 5, Paragraph O shall render HOLT subject to the termination and recapture provisions under Article 7 without benefit of the Cure Period (as defined in Article 7, Paragraph E).

O. HOLT shall covenant and agree to notify CITY in writing at least 30 days prior to Relocating or Ceasing its Business Activities (as defined in Article 7, Paragraphs B and C). Failure to provide the required notification under this Article 5, Paragraph P shall render HOLT subject to the termination and recapture provisions under Article 7 without benefit of the Cure Period (as defined in Article 7, Paragraph E).

P. If, during this Agreement HOLT fails to create and retain at least the minimum number of full-time jobs required under Article 5, Paragraph A (5) of this Agreement, or HOLT fails to pay at least the minimum wages required under Article 5, Paragraph B of this Agreement for a period of two (2) or more consecutive months, then the termination and recapture provisions of Article 7 of this Agreement shall apply against HOLT.

Q. If, during this Agreement, HOLT allows its ad valorem taxes due on the land, real and personal property or inventory and supplies to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest, then the termination and recapture provisions of Article 7 of this Agreement shall apply against HOLT.

6. **TAX ABATEMENT**

A. In the event HOLT meets all obligations of Section 5(A) of this Agreement and otherwise performs all obligations set forth in Articles 5 and 6 of this Agreement, the City shall give HOLT a ONE HUNDRED PERCENT (100%) tax abatement for the Real Property Improvements and the Personal Property Improvements at the Property for a term of ten (10) years commencing on the earlier to occur of (a) substantial completion of the Improvements and commencement of Business Activities or (b) January 31, 2017__

(the "Abatement Term"). The Base Year for calculating the value of the Real Property Improvements and the Personal Property Improvements existing and located upon the Property prior to the effective date of this Agreement shall be January 1, 2015. This Agreement only provides for the abatement of taxes on the Real Property Improvements and Personal Property Improvements made and brought onto the Property following the execution of this Agreement. There shall be no abatement of taxes for the underlying land value, inventory or supplies.

B. At the commencement of the Abatement Term, HOLT shall own, have an interest in or otherwise control the Property and shall be conducting its Business Activities on a daily basis and continuously throughout the Term of this Agreement.

C. HOLT acknowledges and agrees that the Base Year Value of the Property and the tax levy based on said Base Year Value of the Property in the Zone shall not decrease, but taxes may increase and that the amount of property taxes paid by HOLT to the CITY attributable to the Property during the Abatement Term shall not be less than the amount of taxes attributable to the Property paid to the CITY for the base year tax year, if any, except in the event of casualty or condemnation of the Property in the Zone, or if the Bexar County Appraisal District reduces the value of the Property in the Zone

7. **DEFAULT/TERMINATION/RECAPTURE**

A. For purposes of this section, "Relocation" or "Relocate" shall mean HOLT, or a Related Organization which has taken the place of HOLT, transferring substantially all Business Activities to a location outside the Zone.

B. Should HOLT occupy and use the Property for its Business Activities and subsequently Relocate (as defined in this Article 7, Paragraph A) during the Term, unless such Relocation is caused by a Force Majeure, as defined in Article 8, then CITY shall have the right to terminate this Agreement. Said termination shall be effective for the calendar year during which the Relocation occurred. Unless HOLT presents credible evidence to clearly indicate a date of Relocation, CITY's determination shall be final and conclusive.

Upon termination, any and all taxes otherwise abated for that calendar year and all previously abated taxes under this Agreement shall be recaptured by CITY and CITY shall be entitled to the payment of such recaptured taxes within sixty (60) calendar days from the date it notifies HOLT in writing of termination of this Agreement.

C. If HOLT occupies and uses the Property for its Business Activities and subsequently ceases conducting Business Activities (or a substantial portion thereof) at the Property for a continuous period of three (3) months during the Term of this Agreement for any reason, except if such cessation is caused by a Force Majeure as defined in Article 8, then the CITY shall have the right to terminate this Agreement. Said terminations shall be effective for the calendar year during which the Property was no longer used for the required purposes stated herein. Unless HOLT presents credible

evidence to clearly indicate a date of cessation, CITY's determination of a date of cessation shall be final and conclusive.

Upon termination, any and all taxes otherwise abated for that calendar year and all previously abated taxes under this Agreement shall be recaptured by CITY and CITY shall be entitled to the payment of such recaptured taxes within sixty (60) calendar days from the date it notifies HOLT in writing of termination.

D. If HOLT, a Related Organization or City-approved assignee fails to hire and retain the number of Full-Time jobs as required in Section 5(A)(5) and Table 1 of this Agreement, calculated by the averaging of the two most current semi-annual Monitoring Forms, or substantially similar form (Exhibit "C") for such calendar year of noncompliance, then for each such calendar year of noncompliance, the tax abatement shall be reduced in the following tax year by the same percentage as the deficiency in the Full-time Jobs requirement. For example, if HOLT hires and retains ninety percent (90%) of the Full-Time Jobs required in this Agreement at the Property in a given year, HOLT shall be entitled to ninety percent (90%) of the ad valorem personal property tax abatement for the Property for the following year. However, should HOLT fail to hire and retain at least fifty percent (50%) of the Full-Time Jobs requirement at the Property in a given year then, at the option of CITY, this failure may be grounds for termination of this Agreement. Said termination shall be effective for the calendar year during which the Full-Time Jobs requirement as stated herein has not been met as required.

Upon termination, any and all taxes otherwise abated for that calendar year and all previously abated taxes under this Agreement shall be recaptured by CITY and CITY shall be entitled to the payment of such recaptured taxes within sixty (60) calendar days from the date it notifies HOLT in writing of termination of this Agreement.

E. During the Term, CITY may declare a default if HOLT fails to comply with any of the terms of this Agreement. Should CITY determine HOLT is in default under any of the terms of this Agreement; CITY will notify HOLT in writing at the address below in Article 9. If said default is not cured within sixty (60) calendar days from the date of such notice (hereinafter the "Cure Period"), then CITY shall have the right to terminate this Agreement. In the event that a default by HOLT cannot be cured within sixty (60) days after the date on which HOLT has received notice of such default, then the CITY shall not have the ability to terminate this agreement based on such default so long as HOLT has commenced to cure such default within the sixty (60) day cure period and the Parties agree that such cure is being diligently pursued to its completion. If the Agreement is terminated as a result of default, all taxes abated shall be due for the tax year during which the termination occurred and shall accrue without further abatements for all tax years thereafter; in addition, CITY shall have the right to recapture from HOLT all previously abated property taxes under this Agreement and said taxes shall be paid by HOLT within sixty (60) calendar days of receiving CITY'S written notification of recapture.

F. Other Remedies Available. CITY shall have the right to seek any remedy at law to which it may be entitled, in addition to termination and/or recapture, if HOLT defaults under the terms of this Agreement. However, such termination and/or recapture shall be subject to any and all lawful offsets, settlements, deductions or credits to which HOLT may be entitled. The termination and/or recapture of taxes provided in this Article 7 are not applicable to situations involving minor changes to the description of the Property, or changes in ownership or in management thereof, so long as HOLT, a Related Organization or its CITY-approved successor or assignee continues conducting Business Activities or other authorized activities at the Property as provided hereinabove.

G. Calculation of Taxes Subject to Recapture. If HOLT fails to comply with any of the terms of this Agreement, then the CITY shall have the right to recapture from HOLT a percentage of the abated taxes based on the following table:

TERM YEAR	TOTAL TAXES PREVIOUSLY ABATED
During the Abatement Term	100%
First year after Abatement Term	100%
Second year after Abatement Term	80%
Third year after Abatement Term	60%
Fourth year after Abatement Term	40%
Fifth year after Abatement Term	20%
Sixth year after the Abatement Term	10%

FORMULA: The recapture formula shall be:

$$\begin{array}{rcccl} & & \text{Applicable Percentage} & & \text{Amount to be} \\ \text{Total Taxes Abated} & \times & & = & \\ & & \text{from above Schedule} & & \text{Recaptured} \end{array}$$

CITY shall recalculate the amount of recapture pertaining to each tax year utilizing the above formula. A bill for each year will then be sent to HOLT.

8. AUTHORIZED RELIEF FROM PERFORMANCE (Force Majeure)

For purposes of this section, "Force Majeure" is defined as an act of God or a natural disaster. It also includes explosion or other casualty or accident which is not the result of negligence, intentional act or misconduct on the part of HOLT. In addition to relief expressly granted in this Agreement, CITY may grant relief from performance of this Agreement if HOLT is prevented from compliance and performance by an event of Force Majeure. The burden of proof for the need for such relief shall rest upon HOLT. To obtain release based upon this Article 8, HOLT must file a written request with the CITY'S Economic Development Department for processing to City Council for a decision, authorized by a duly approved Ordinance.

9. NOTICE

Any notice required or permitted to be given hereunder by one party to the other shall be in writing and the same shall be given and shall be deemed to have been served and given if: (a) delivered in person to the address set forth herein below for the party to whom the notice is given; (b) placed in the United States mail with postage prepaid, return receipt requested, properly addressed to such party at the address hereinafter specified; or (c) deposited, with fees prepaid, into the custody of a nationally recognized overnight delivery service such as FedEx, addressed to such party at the address hereinafter specified. Any notice mailed in the above manner shall be effective upon its deposit into the custody of the United States Postal Service or such nationally recognized delivery service as applicable; all other notices shall be effective upon receipt. From time to time, either party may designate another address for all purposes under this Agreement by giving the other party no less than ten (10) calendar days advance written notice of such change of address in accordance with the provisions hereof.

TO HOLT:

- (Whether personally delivered or mailed):

TO CITY:

- If mailed:

Economic Development Department
Attn: Director
P.O. Box 839966
San Antonio, Texas 78283-3966

- If by personal or overnight delivery:

Economic Development Department
Attn: Director
100 W. Houston, 19th Floor
San Antonio, Texas 78205

10. CONDITION

This Agreement is conditioned entirely upon the approval of the San Antonio City Council, as evidenced by duly approved Ordinance Number 2015-04-09-____, dated April 9, 2015.

11. ASSIGNMENT

Except as otherwise expressly provided herein, this Agreement may be assigned or otherwise transferred only with City Council's prior approval (which approval shall not be unreasonably withheld), as reflected in a duly adopted ordinance. HOLT must submit a written request to CITY for approval of the proposed assignment or other transfer at least thirty (30) days prior to the effective date of the assignment or transfer of any part of the Property; however, no City Council consent is required for an assignment or transfer to a parent of HOLT, a subsidiary of HOLT, an affiliate entity of HOLT, or to any new entity created as a result of a merger, acquisition or other corporate restructure or reorganization of HOLT. However, HOLT shall give CITY prior written notice of all assignments or other transfers that do not require City Council consent, as required under Article 5, Paragraph P. All future assignees shall be bound by all terms and/or provisions and representations of this Agreement.

12. GENERAL PROVISIONS

A. None of the property improvements described in this Agreement are financed by tax increment bonds.

B. This Agreement is entered into subject to the rights of the holders of outstanding bonds of the CITY related to this project. No bonds for which the CITY is liable have been used to finance this project.

C. No amendment, modification, or alteration of the terms hereof shall be binding unless in writing dated subsequent to the date of this Agreement and duly authorized by the parties. HOLT acknowledges that City Council approval is required for any and all of these actions.

13. SEVERABILITY

In the event any section, subsection, paragraph, subparagraph, sentence, phrase or work herein is held invalid, illegal or unenforceable, the balance of this Agreement shall stand, shall be enforceable and shall be read as if the parties intended at all times to delete said invalid section, subsection, paragraph, subparagraph, sentence, phrase or word. In such event there shall be substituted for such deleted provisions a provision as similar as possible in terms and in effect to such deleted provision that is valid, legal and enforceable. This Agreement constitutes the entire Agreement between the parties hereto relating to the subject matter contained herein and supersedes all prior, oral or written agreements, commitments or understandings with respect to the matters provided for herein.

14. ESTOPPEL CERTIFICATE

Any party hereto may request an estoppel certificate related to this project (hereafter referred to as "Certificate") from another party hereto so long as the Certificate is requested in connection with a bona fide business purpose. The Certificate, which if requested, will be addressed to a subsequent purchaser or assignee of HOLT or other party designated by HOLT

which shall include, but not necessarily be limited to, statements that this Agreement is in full force and effect without default, if such is the case, the remaining Term of this Agreement, the levels of tax abatement in effect, and such other matters reasonably requested by the party(ies) to receive the Certificate.

15. OWNER STANDING

HOLT, as a party to this Agreement, shall be deemed a proper and necessary party in any litigation questioning or challenging the validity of this Agreement or any of the underlying ordinances, resolutions, or City Council actions authorizing same, and HOLT shall be entitled to intervene in said litigation.

16. APPLICABLE LAW

This Agreement shall be construed under the laws of the State of Texas and is performable in Bexar County, Texas, the location of the ZONE.

17. CONFLICTS OF INTEREST.

A. CITY warrants and undertakes that no council member, employee or agent of CITY will receive from or give to any director, employee or agent of HOLT any commission, fee, rebate, or any gift or entertainment of significant cost or value in connection with this Agreement except as expressly provided for in the Agreement. CITY shall promptly notify HOLT of any breach of this Section and any consideration received as a result of such breach shall be paid over or credited to HOLT, without prejudice to the right of HOLT to seek compensation or claim damages or any other rights that HOLT may have under applicable law.

B. CITY shall maintain and retain complete and accurate records of this transaction for the current calendar year plus the next preceding two (2) calendar years, to enable HOLT to exercise its rights under this Section. HOLT shall have the right, at its expense, upon reasonable prior written notice to CITY, to audit the records of CITY relevant to this Agreement during CITY's normal business hours solely for the purpose of confirming CITY's compliance with this Section, and for no other purpose. For purposes of this Section, "records" shall mean all records relevant to this Agreement and the intent of this Section.

18. DUPLICATE ORIGINALS

This Agreement shall be executed in two duplicate originals, with a duplicate original going to each party.

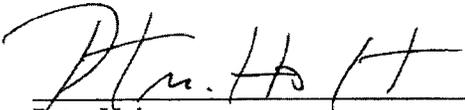
Signatures appear on next page.

EXECUTED and **AGREED** to as of the ___ of _____, 2015 (the "Effective Date").

CITY OF SAN ANTONIO,
a Texas Municipal Corporation

HOLT TEXAS, LTD.
a Texas corporation

Sheryl L. Sculley
CITY MANAGER



Peter Holt
CHAIRMAN AND CEO

ATTEST:

Leticia Vacek
CITY CLERK

APPROVED AS TO FORM:

Martha G. Sepeda
ACTING CITY ATTORNEY

EXHIBIT A: PROPERTY DESCRIPTION

EXHIBIT B: EMPLOYEE BENEFITS

EMPLOYMENT C: MONITORING FORM