RR
9/4/14
Item No. 28B

AN ORDINANCE 2014-09-04-0662

AUTHORIZING AND APPROVING THE TERMS AND CONDITIONS OF A TAX ABATEMENT AGREEMENT WITH UNITED PARCEL SERVICE, INC. TO EXEMPT FORTY-PERCENT (40%) OF AD VALOREM REAL AND PERSONAL PROPERTY TAXES FOR A PERIOD OF SIX (6) YEARS ON PERSONAL PROPERTY IMPROVEMENTS WITHIN THE UNITED PARCEL SERVICE REINVESTMENT ZONE.

* * * * *

WHEREAS, United Parcel Service, Inc. (hereinafter referred to as "UPS"), a large-scale parcel delivery service provider, has determined that it will expand its distribution facility located at 6400 Seven States Blvd., San Antonio, TX 78244 with an estimated investment of approximately $85 million in real and personal property improvements, to provide for the retention of 600 full-time jobs and the creation of 25 full-time jobs; 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 an $80 million investment is eligible for an 40% abatement of ad valorem personal property taxes for a term of up to six (6) years; and

WHEREAS, the City Council finds that offering UPS a Tax Abatement Agreement for its personal property improvements is a reasonable incentive to help induce UPS to invest in the facility and retain and create a cumulative 625 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 UPS to induce the desired and beneficial economic development in the United Parcel Service 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 UPS granting a forty-percent (40%), six (6) year abatement of ad valorem real and personal property taxes within the United Parcel Service 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 on and after the tenth day after passage hereof.

RR
9/4/14
Item No. 28B

PASSED AND APPROVED this 4th day of September, 2014.

M A Y O R
Ivy R. Taylor

ATTEST:

Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:

Robert F. Greenblum, City Attorney

Agenda Item:	**28B (in consent vote: 5, 6, 7, 8, 9, 11, 12, 13, 14, 15, 16A, 16B, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28A, 28B, 28C)**
Date:	09/04/2014
Time:	09:32:40 AM
Vote Type:	Motion to Approve
Description:	An Ordinance approving a 6-year, 40% Tax Abatement Agreement with UPS on its planned investment of approximately $85 million in real and personal property improvements, and the creation of at least 25 new full-time jobs and the retention of 600 existing full-time jobs.
Result:	Passed

Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Ivy R. Taylor	Mayor		x				
Diego Bernal	District 1		x				
Keith Toney	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				
Mari Aguirre-Rodriguez	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**
	§	**TAX ABATEMENT AGREEMENT**
COUNTY OF BEXAR	§	**FOR REAL AND PERSONAL PROPERTY**

1. PARTIES

THIS AGREEMENT (the "Agreement") is entered into as of the 4th day of September, 2014, by and among BT-OH, LLC and UNITED PARCEL SERVICE, INC. (hereinafter collectively referred to as "UPS") 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. 2012-12-13-1014 on November 13, 2012, 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. 2014-____-____-_____ dated September 4, 2014, which designated the UPS REINVESTMENT ZONE (the "*Reinvestment Zone*"); and

4. CITY COUNCIL ORDINANCE NO. 2014-____-____-_____, dated September 4, 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 UPS for the uses contemplated herein will not constitute a hazard to public safety, health or morals.

3. PROPERTY

A. UPS has a fee-simple interest in real property located at 6400 Seven States Boulevard, San Antonio, Texas 78244 (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. UPS shall own, hold an interest in or otherwise control the Property and will conduct certain business activities including, but not limited to, an automated hub pertaining to activities typically conducted by a large-scale parcel delivery corporation or the business activities of a Related Organization, Successor or Contractor (as such terms are defined in Article 5, Paragraph H) so long as such business activities include the business activities of a large-scale parcel delivery corporation or similar activity (all of such activities hereinafter collectively referred to as the "*Business Activities*").

C. UPS is investing an approximate cumulative total of EIGHTY-FIVE MILLION DOLLARS ($85,000,000) in real and personal property improvements consisting of approximately THIRTY-TWO MILLION FOUR HUNDRED TWENTY-SIX THOUSAND THREE HUNDRED FIFTY-TWO DOLLARS ($32,426,352) in real property improvements (the "Real Property Improvements") and FIFTY-TWO MILLION FIVE HUNDRED SEVENTY-THREE THOUSAND SIX HUNDRED FORTY-EIGHT DOLLARS ($52,573,648) in new personal property improvements (the "Personal Property Improvements") to expand its Business Activities within the Reinvestment Zone. The Personal Property Improvements shall not be placed on the Property sooner than the Effective Date of this Agreement.

D. UPS shall, promptly following the execution of this Agreement, establish a separate tax account for the Real Property Improvements and Personal Property Improvements with the Bexar Appraisal District and provide these tax account numbers to CITY.

4. UPS' REPRESENTATIONS

A. UPS 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. UPS further represents that it shall not knowingly sell, lease or otherwise convey such an interest 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. UPS represents that there is no litigation pending against UPS for any violations under the Occupational Safety and Health Act.

5. OBLIGATIONS OF UPS

A. In addition to all other obligations and/or duties imposed on UPS by any other incentive agreements it has entered into with the State of Texas, Bexar County and/or the City of San Antonio, UPS shall:

1) own, hold an interest in or otherwise control the Property, the Real Property Improvements and the Personal Property Improvements that are the subject of this Agreement; and

2) invest, or cause to be invested, an approximate cumulative total amount of EIGHTY-FIVE MILLION DOLLARS ($85,000,000) in Real Property Improvements and Personal Property Improvements by January 1, 2017; and

(3) use the Property for its Business Activities; and

(4) retain at least SIX HUNDRED (600) of the Full-Time Jobs existing at the Property on the Effective Date for the duration of the Term of this Agreement; and

(5) in addition to the retention of the foregoing six hundred (600) Full-Time Jobs, create an additional TWENTY-FIVE (25) Full-Time Jobs and retain such additional twenty-five (25) jobs for the duration of the Term of the Agreement as follows:

a. Prior to December 31, 2015, UPS shall create and continue to maintain for the Term of this Agreement ten (10) Full-Time Jobs at the Property; and

b. Prior to December 31, 2016, UPS shall create and continue to maintain for the Term of the Agreement ten (10) Full-Time Jobs at the Property; and

c. Prior to December 31, 2017, UPS shall create and continue to maintain for the Term of the Agreement 5 (5) Full-Time Jobs at the Property.

(6) hold no less than two (2) job fairs in the Eastside Promise Zone to facilitate the hiring of the additional twenty-five (25) Full-Time Jobs as required in Article 5, Paragraph A (5) above; and

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

B. UPS 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. After one year of executing this Agreement, seventy percent (70%) of all employees at the Property must earn at least Fourteen Dollars and Forty-four Cents ($14.44) per hour.

C. A Full-Time Job, for the purposes of this Agreement, shall be equivalent to two thousand eighty (2,080) straight-time paid hours in a fiscal year.

D. UPS covenants and agrees that it shall offer all of its non-temporary, full-time employees employed at the Property substantially similar employee benefits as those employee benefits offered to similarly situated employees of UPS as set forth in **Exhibit B** attached hereto and incorporated herein.

E. UPS covenants and agrees that it shall comply with all applicable federal and state laws governing the employment relationship between employers and employees.

F. UPS also covenants and agrees that it shall conduct its Business Activities (as defined in Article 3, Paragraph B) on the Property in accordance with all applicable federal, state and local laws.

G. Any construction UPS performs or causes to perform on 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. Except as provided herein, UPS covenants and agrees 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 UPS or new entity created as a result of a merger, acquisition, or other corporate restructure or reorganization of UPS, 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 and automated hub large-scale parcel delivery company comparable to the Business Activities of UPS on 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, UPS covenants and agrees not to change the principal use of the Property without prior approval by the City Council, as evidenced in a duly approved ordinance.

I. UPS covenants and agrees that they 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 UPS excepted. Compliance with the maintenance obligations imposed herein shall be presumed if UPS follows its normal and customary maintenance procedures and schedules.

J. Upon five (5) business day's prior notice to UPS by CITY, UPS covenants and agrees that they shall allow designated representatives of 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. CITY's access to UPS's books and records will be limited to information needed to verify that UPS is and has been conducting Business Activities, and to verify the number of full-time employees at the Facility. Any information that is not required by law to be made public shall be kept confidential by CITY. Should any good faith dispute or question arise as to the validity of the data provided, CITY reserves the right to require UPS to obtain an independent firm to verify the information. This certified statement by an independent firm shall be provided at the sole cost of UPS. CITY representatives may be accompanied by UPS 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 UPS's reasonable security requirements.

K. During the Term of this Agreement, UPS covenants and agrees 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.

L. UPS covenants and agrees that it shall provide CITY's Director of Economic Development or designated representative with a semi-annual certification from an officer of UPS attesting to the number of full-time jobs created at the Property, as well as wages paid to each of the employees, by UPS at this office. UPS shall also submit this information to CITY upon request, as deemed necessary at the sole discretion of CITY, during the term of this Agreement. The information provided shall be on the form set forth in, or substantially similar to the form labeled "Tax Abatement Form" set forth in **Exhibit "C"** (attached hereto and incorporated herein), as amended.

M. UPS covenants and agrees to make a good faith effort to hire local employees for its Property to fulfill its requirements under Article 5, Paragraph A. "Local" is defined, for the purposes of this Paragraph, as an employee whose principal residence is located within the city limits of the City of San Antonio or within the county limits of Bexar County.

N. UPS covenants and agrees to notify CITY in writing at least thirty (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 UPS 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 N may render UPS subject to the termination and recapture provisions under Article 7 without benefit of the Cure Period (as defined in Article 7, Paragraph E).

O. UPS covenants and agrees to notify CITY in writing at least thirty (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 O may render UPS 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 the Term of this Agreement UPS fails to retain the six hundred (600) Full-Time Jobs and create and then retain the twenty-five (25) Full-Time Jobs required under Article 5, Paragraph A (5) of this Agreement for a period of two (2) or more consecutive months, then upon the occurrence of any one the foregoing events, CITY shall have the right to recapture from UPS previously abated taxes in accordance with Article 7, Paragraphs D and G of this Agreement. If, during the Term of this Agreement UPS fails to pay at least the minimum wages required under Article 5, Paragraph B of this Agreement then the termination and recapture provisions of Article 7 of this Agreement shall apply against UPS.

Q. If, during the Term of this Agreement, UPS 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 UPS.

6. TAX ABATEMENT

A. The tax abatement period (the "Abatement Term") for the Real Property Improvements and Personal Property Improvements shall be six (6) years beginning on January 1, 2015. The base year for calculating the value of real property improvements and personal property existing and located upon the Property prior to the Effective Date of this Agreement shall be January 1, 2014. The "Base Year Value" of the real property and personal property not covered by this Agreement shall be its assessed value (determined by the Bexar Appraisal District), as of the Base Year. This Agreement only provides for the abatement of taxes on Real Property Improvements and Personal Property Improvements made to the Property after the execution of this Agreement.

B. At the commencement of the Term, UPS 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.

C. Provided that UPS: 1) invests in both Real Property Improvements and Personal Property Improvements as described in Article 3, Paragraph A of this Agreement by December 31, 2017, 2) hires and retains the number of employees specified in Article 5, Paragraph A (5) of this Agreement, 3) pays at least the minimum wages required under Article 5, Paragraph B of this Agreement, 4) uses the Property for its Business Activities, and 5) is otherwise in compliance with the conditions of this Agreement, then FORTY PERCENT (40%) of the ad valorem taxes for the Real Property Improvements and Personal Property Improvements above the Base Year Value, shall be abated for the Abatement Term. There shall be no abatement of taxes for the underlying land value, inventory or supplies.

D. UPS 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 UPS to CITY

attributable to the Property during the Term shall not be less than the amount of taxes attributable to the Property paid to CITY for the base year tax year, if any, except in the event of casualty or condemnation of the Property in the Zone.

E. Upon written notice to the City, UPS shall have the right to protest appraisals of the Property, real or personal, or any portion thereof, over and above the Base Year Value as applicable, provided, however, any reductions to the appraised value of the Property, real or personal, shall cause a proportional decrease to the taxes abated under this Agreement, and CITY shall be entitled to the payment of such decrease in abated taxes within thirty (30) calendar days from the date UPS receives a rebate or return of such overpayment of taxes.

F. The term of this Agreement (herein, the "Term") shall commence on the Effective Date and shall continue in force and effect unless terminated pursuant to the provisions of Article 7 or until the end of the fourth calendar year after termination of the Abatement Term.

7. DEFAULT/TERMINATION/RECAPTURE

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

B. Should UPS occupy and use the Property for its Business Activities and subsequently Relocates (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 UPS 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 UPS in writing of termination.

C. If UPS occupies and uses the Property for its Business Activities and subsequently ceases conducting Business Activities (or a substantial portion thereof) at the site 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 CITY shall have the right to terminate this Agreement. Said termination shall be effective for the calendar year during which the Property was no longer used for the required purposes stated herein. Unless UPS 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 UPS in writing of termination.

D. If UPS, a Related Organization or City-approved assignee fails to hire and retain the minimum number of permanent full-time employees as required in Article 5, Paragraph A above, calculated by the averaging of the two most current semi-annual employee wage information, on the Tax Abatement Form attached hereto as **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 number of employees. For example, if UPS hires and retains ninety percent (90%) of the minimum number of full-time employees in a given year, UPS shall be entitled to ninety percent (90%) of the forty percent (40%) ad valorem real property and personal property tax abatement for the Property for that following year. However, should UPS fail to hire and retain at least fifty percent (50%) of the minimum number of full-time employees required hereunder during the Abatement Term 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 number of permanent full-time employees stated herein have not been hired or retained 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 UPS in writing of termination.

Notwithstanding the foregoing, should UPS fail to hire and retain at least eighty (80%) percent of the minimum number of full-time employees required hereunder after the expiration of the Abatement Term 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 number of permanent full-time employees stated herein have not been hired or retained as required, and any tax abatement recaptured after the expiration of the Abatement Term shall be in accordance with Article 7, Paragraph G of this Agreement, and CITY shall be entitled to the payment of such recaptured taxes within sixty (60) calendar days from the date it notifies UPS in writing of termination.

E. During the Term, CITY may declare a default if UPS fails to comply with any of the terms of this Agreement. Should CITY determine UPS is in default under any of the terms of this Agreement, CITY will notify UPS 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. CITY may, in its sole discretion, extend the Cure Period if UPS commences the cure within the Cure Period and UPS is diligently pursuing such cure. 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 UPS all previously abated property taxes under this Agreement and said taxes shall be paid by UPS 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 UPS 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 UPS 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 UPS, its parent, subsidiary, affiliate or its CITY-approved successor or assignee continues conducting Business Activities or other authorized activities thereon as provided hereinabove.

G. Calculation of Taxes Subject to Recapture. If UPS fails to comply with any of the terms of this Agreement including, but not limited to, those pertaining to this Article 7 then the City Council shall have the right to recapture from UPS a percentage of the abated real and personal property taxes based on the following table:

TERM YEAR	TOTAL TAX PREVIOUSLY ABATED SHALL BE MULTIPLIED BY:
1-6	100%
7	100%
8	75%
9	50%
10	25%

FORMULA: The recapture formula shall be:

Total Taxes Abated	X	Applicable Percentage from above Schedule	=	Amount to be Recaptured

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 UPS.

8. AUTHORIZED RELIEF FROM PERFORMANCE (Force Majeure)

For purposes of this section, "Force Majeure" is defined as an act of God or 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 UPS. In addition to relief expressly granted in this Agreement, CITY may grant relief from performance of this Agreement if UPS 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 UPS. To obtain release based upon this Article 8, UPS must file a written request with 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 UPS:

- (Whether personally delivered or mailed):

United Parcel Service, Inc.
1331 S. Vernon Street
Anaheim, California 92805
Attn: Brenda Fountain

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 Street
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 2014-____-____-_____, dated September 4, 2014.

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. UPS 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 UPS, a subsidiary of UPS, an affiliate entity of UPS, or to any new entity created as a result of a merger, acquisition or other corporate restructure or reorganization of UPS. However, UPS 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 N. 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. UPS 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 UPS or other party designated by UPS 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

UPS, 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 UPS 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. 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 4th day of September, 2014 (the "Effective Date").

CITY OF SAN ANTONIO,

a Texas Municipal Corporation

Sheryl L. Sculley
CITY MANAGER

ATTEST:

Leticia Vacek
CITY CLERK

APPROVED AS TO FORM:

Robert F. Greenblum
CITY ATTORNEY

UNITED PARCEL SERVICE, INC., an Ohio corporation

Brenda Fountain
WEST REGION TAX MANAGER

ATTEST:

BT-OH, LLC, a Delaware limited liability company

Brenda Fountain
Title

ATTEST:

EXHIBIT A: PROPERTY DESCRIPTION

PAPE-DAWSON ENGINEERS
CIVIL & ENVIRONMENTAL
9310 BROADWAY, SAN ANTONIO, TEXAS 78217
512/824 9494

FIELD NOTES
FOR

A 27.881 acre tract of land, being all of Lot 5 and a portion of Lots 2, 3, 4, and 6, Block 1, Woodlake Industrial Park, Unit-2, as recorded in Volume 9200, Pages 28-31 of the Deed and Plat Records of Bexar County, Texas, and being more particularly described by metes and bounds as follows:

BEGINNING: At a point on the northerly right-of-way line of Rittiman Road, said point being the southeasterly corner of the said Lot 2, Block 1, Woodlake Industrial Park, Unit-2 as recorded in Volume 9200, Page 28-31 of the Deed and Plat Records of Bexar County, Texas, said point also being the southwesterly corner of Lot 1, Block 1, Woodlake Industrial Park, Unit-1 as recorded in Volume 9000, Page 195 of the Deed and Plat Records of Bexar County, Texas, and also being the most southerly corner of the herein described tract of land;

THENCE: N 72°39'34" W, a distance of 40.00 feet along the said northerly right-of-way line of Rittiman Road and the southerly line of the said Lot 2, Block 1 to an angle point;

THENCE: N 17°20'26" E, a distance of 576.40 feet departing from the aforementioned northerly right-of-way line of Rittiman Road to an angle point on a common line between the aforementioned Lots 2 and 3, Block 1;

THENCE: N 53°10'00" W, a distance of 390.50 feet to a point of curvature to the left;

THENCE: 367.35 feet along a curve to the left, said curve having a radius of 458.37 feet, a central angle of 45°55'08" and a chord bearing of N 76°07'34" W, a distance of 357.60 feet to a point on the southeasterly line of the Southern Pacific Railroad R.O.W., said point being a southwesterly corner of the aforementioned Lot 5 and the herein described tract of land;

THENCE: N 52°07'54" E, a distance of 1,569.17 feet along the said southeasterly line of the Southern Pacific Railroad R.O.W. to a point for the most northerly corner of the herein described tract of land;

THENCE: S 37°52'06" E, a distance of 503.00 feet departing from the aforementioned southeasterly line of the Southern Pacific Railroad R.O.W. to a point on the northerly right-of-way line of Seven States;

THENCE: S 52°07'54" W, a distance of 274.70 feet along the said northerly right-of-way line of Seven States to a point of curvature to the right;

EXHIBIT A

Page 1 of 2 pages

THENCE: 59.66 feet along a curve to the right continuing along the said northerly right-of-way line of Seven States, said curve having a radius of 75.00 feet, a central angle of 45°34'23" and a chord bearing of S 74°55'05" W, a distance of 58.10 feet to a point of reverse curvature to the left;

THENCE: 354.93 feet along a curve to the left around a cul-de-sac at the end of the said Seven States, said curve having a radius of 75.00 feet, a central angle of 271°08'46" and a chord bearing of S 37°52'06" E, a distance of 105.00 feet to a point of reverse curvature to the right on the southerly right-of-way line of the said Seven States;

THENCE: 59.66 feet along a curve to the right on the said southerly right-of-way line of Seven States, said curve having a radius of 75.00 feet, a central angle of 45°34'23" and a chord bearing of N 29°20'43" E, a distance of 58.10 feet to a point of tangency;

THENCE: N 52°07'54" E, a distance of 274.70 feet continuing along the said southerly right-of-way line of Seven States to an angle point;

THENCE: S 37°52'06" E, a distance of 400.00 feet departing from the aforementioned southerly right-of-way line of Seven States to an angle point;

THENCE: S 52°07'54" W, a distance of 793.46 feet to a point of curvature to the right;

THENCE: 544.51 feet along a curve to the right, said curve having a radius of 458.37 feet, a central angle of 68°03'46" and a chord bearing of S 86°09'47" W, a distance of 513.05 feet to an angle point;

THENCE: S 17°20'26" W, a distance of 20.41 feet to a point of curvature to the left;

THENCE: 10.35 feet along a curve to the left, said curve having a radius of 458.37 feet, a central angle of 01°17'38" and a chord bearing of S 57°41'58" E, a distance of 10.35 feet to a point at the northeasterly corner of the aforementioned Lot 2, Block 1;

THENCE: S 17°20'26" W, a distance of 564.23 feet to the POINT OF BEGINNING and containing 27.881 acres or 1,214,481 square feet of land, more or less.

PREPARED BY: PAPE-DAWSON CONSULTING ENGINEERS, INC.
JOB NO.: 1370-41-20
DATE: August 7, 1985
DOC. ID: FN3/1.56/1-2

EXHIBIT A

Page 2 of 2 pages

EXHIBIT A

LAND DESCRIPTION

The following described land located in Bexar County, Texas:

Tract One:

A 5.538 acre tract of land, being a portion of Lot 4, Block 1, Woodlake Industrial Park Unit-2, as recorded in Volume 9200, pages 28-31 of the Deed and Plat Records of Bexar County, Texas, and being more particularly described by metes and bounds as follows:

COMMENCING: At the point of intersection of the westerly right-of-way line of Railway with the southerly right-of-way line of Seven States and proceeding along the following course:

S 37°47'52" E, a distance of 40.05 feet to the northeast corner and POINT OF BEGINNING of the herein described tract of land;

THENCE: S 37°47'52" E, a distance of 359.95 feet along the said westerly right-of-way line of Railway to the southeast corner of the said Lot 4 and the herein described tract of land;

THENCE: S 52°07'54" W, a distance of 603.65 feet departing from the aforementioned westerly right-of-way line of Railway to the southwest corner of the herein described tract of land;

THENCE: N 37°52'06" W, a distance of 400.00 feet to a point on the aforementioned southerly right-of-way line of Seven States, said point being the northwest corner of the herein described tract of land;

THENCE: N 52°07'54" E, a distance of 564.09 feet along the said southerly right-of-way line of Seven States to a point of curvature to the right;

THENCE: 62.88 feet along a curve to the right departing from the aforementioned southerly right-of-way line of Seven States, said curve having a radius of 40.00 feet, a central angle of 90°04'14", a chord bearing of S 82°49'59" E, and a chord distance of 56.60 feet to the POINT OF BEGINNING and containing 5.538 acres or 241,214 square feet of land, more or less, in Bexar County, Texas.

10604 PG 1661

EXHIBIT "A"

Tract Two:

A 7.670 acre tract of land, being a portion of Lot 6, Block 1, Woodlake Industrial Park Unit-2, as recorded in Volume 9200, page 28-31 of the Deed and Plat Records of Bexar County, Texas, and being more particularly described by metes and bounds as follows:

BEGINNING: At a point on the northerly right-of-way line of Seven States, said point being the southeast corner of the said Lot 6, Block 1, and the southeast corner of the herein described tract of land;

THENCE: S 52°07'54" W, a distance of 664.22 feet along the said northerly right-of-way line of Seven States to the Southwest corner of the herein described tract of land;

THENCE: N 37°52'06" W, a distance of 503.00 feet departing from the aforementioned northerly right-of-way line of Seven States to a point on the southerly line of the Southern Pacific Railroad R.O.W., said point being the northwest corner of the herein described tract of land;

THENCE: N 52°07'54" E, a distance of 188.84 feet along the said southerly line of the Southern Pacific Railroad R.O.W. to an angle point;

THENCE: N 52°12'08" E, a distance of 476.00 feet continuing along the said southerly line of the Southern Pacific Railroad R.O.W. to the northeast corner of the said Lot 6 and the northeast corner of the herein described tract of land;

THENCE: S 37°47'52" E, a distance of 502.41 feet departing from the aforementioned southerly line of the Southern Pacific Railroad R.O.W. to the POINT OF BEGINNING and containing 7.670 acres or 334,119 square feet of land, more or less, in Bexar County, Texas.

VOL 6042 PG 1662

Exhibit A

Legal Description

BEING ALL OF A 14.913 ACRE TRACT OF LAND SITUATED IN THE CITY OF SAN ANTONIO, BEXAR COUNTY, TEXAS, BEING A PORTION OF LOT 7, BLOCK 1, NEW CITY BLOCK 17631, WOODLAKE INDUSTRIAL PARK UNIT 2, ACCORDING TO THE SUBDIVISION PLAT OF RECORD IN VOLUME 9508, PAGE 186 AND AMENDED IN VOLUME 9552, PAGE 192, OF THE DEED AND PLAT RECORDS OF BEXAR COUNTY, TEXAS, SAME BEING ALL OF THAT CERTAIN 14.923 ACRE TRACT OF LAND CONVEYED TO SAGE-WOODLAKE ASSOCIATES BY DEED RECORDED IN VOLUME 6034, PAGE 1504 OF THE OFFICIAL PUBLIC RECORDS OF BEXAR COUNTY, TEXAS, AND ALL OF THAT CERTAIN 14.527 ACRE TRACT CONVEYED TO MOORE-BURROW, LTD. BY DEED RECORDED IN VOLUME 6473, PAGE 2018 (TO WHICH REFERENCE IS HEREIN MADE) OF SAID OFFICIAL PUBLIC RECORDS, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a 1/2" iron rod found in the northeast right-of-way line of Rittiman Road (110 foot wide right-of-way), for the southernmost southwest corner of that certain 27.881 acre tract of land conveyed to Dalho Corporation by deed per Volume 3513, Page 176, same being the southeast corner and POINT OF BEGINNING of this herein described tract, from which a 1/2" iron rod found for the southeast corner of said Lot 7, same being the southernmost southeast corner of said 27.881 acre tract bears S 72° 35' 51" E, a distance of 40.17 feet;

THENCE, with the northeast right-of-way line of Rittiman Road, N 72° 35' 51" W (called N 72° 39' 34 W) a distance of 836.42 feet (called 837.00 feet) to a 1/2" iron rod set for the beginning of a curve to the right;

THENCE, continuing with the northeast right-of-way line of Rittiman Road, with said curve to the right whose chord bears N 65° 47' 07" W (called N 65° 50' 50" W) with an arc length of 272.08 feet (called 272.27 feet) and radius of 1145.00 feet, a chord distance of 271.44 feet (called 271.63 feet) to a ½" iron rod set for the end of said curve;

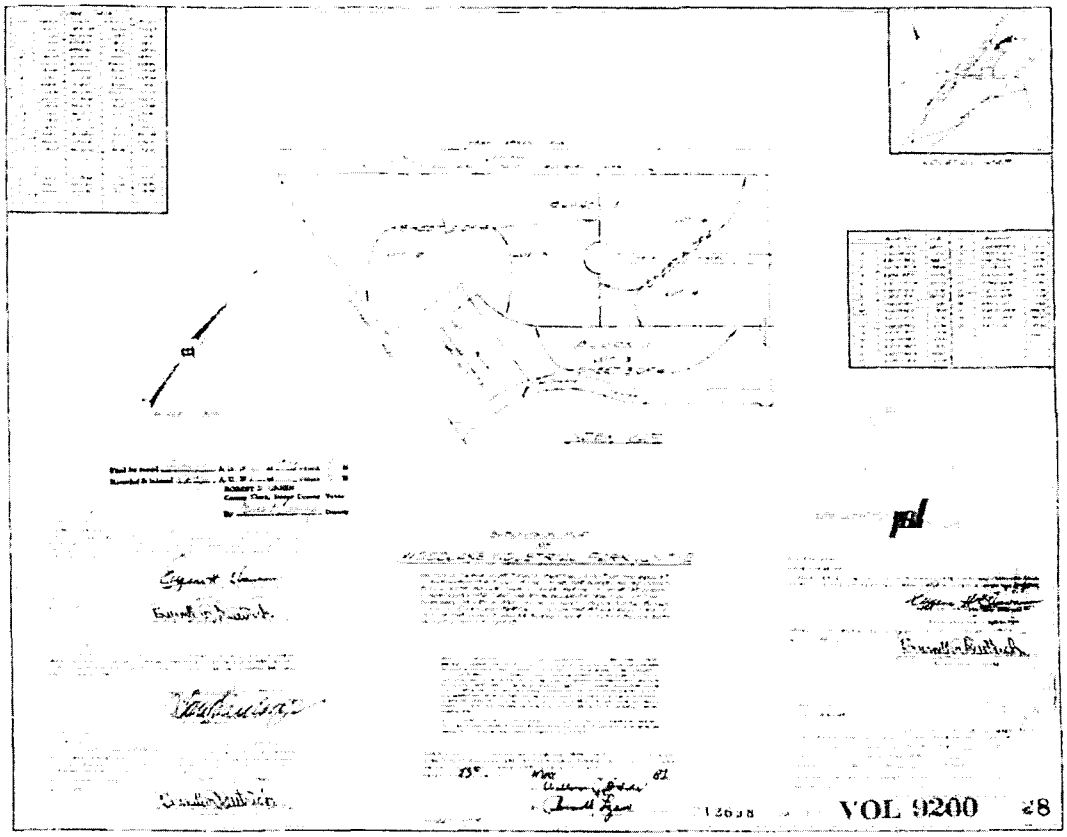
THENCE, continuing with the northeast right-of-way line of Rittiman Road, N 58° 58' 23" W (called N 59° 02' 06" E), a distance of 63.32 feet (called 63.36 feet) to a ½" iron rod set in the southeast right-of-way line of Southern Pacific Railroad, for the southwest corner of this herein described tract;

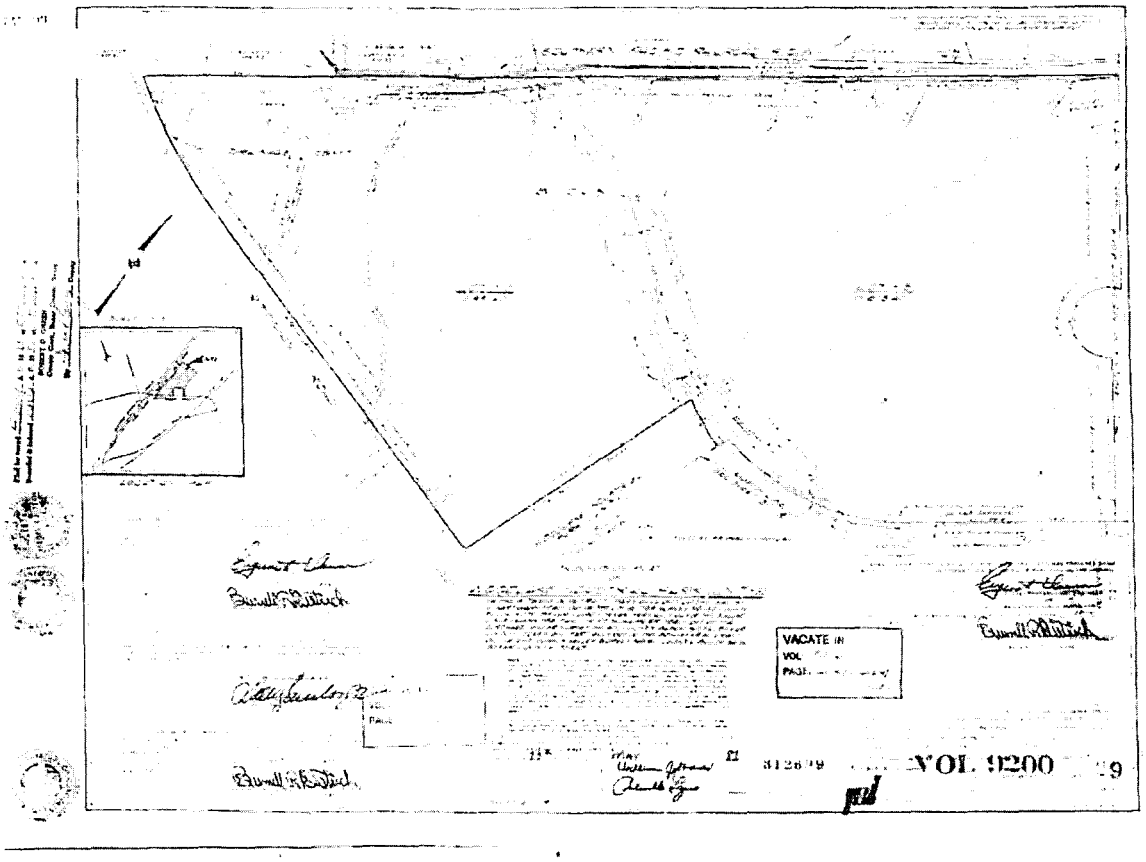
THENCE, with the southeast right-of-way line of Southern Pacific Railroad, N 52° 11' 37" E (called N 52° 07' 54" E), a distance of 776.27 feet (called 776.80 feet) to a ½" iron rod found for the westernmost southwest corner of said 27.881 acre tract, same being the southwest corner of Lot 5, Block 1, New City Block 17631, of the Woodlake Industrial Park Unit - 2 Subdivision, a subdivision of record in Volume 9200, Page 28 of the Map and Plat Records of Bexar County, Texas, same being the most northerly corner of this herein described tract and the point of curvature of a non-tangent curve to the right;

THENCE, leaving the southeast right-of-way line of Southern Pacific Railroad with the southwest line of said Lot 5 and said 27.881 acre tract, with said curve to the right whose chord bears S 76° 07' 34" E (called S 76° 07' 34" E) with an arc length of 367.34 feet (called 367.55 feet) and radius of 458.37 feet, a chord distance of 357.59 feet (called 357.59 feet) to a ½" iron rod found for the end of said curve;

THENCE, continuing with the southwest line of said Lot 5 and said 27.881 acre tract, S 53° 04' 48" E (called S 53° 10' 00" E), a distance of 390.28 feet (called 390.50 feet) to a concrete nail found for an interior ell corner of said 27.881 acre tract, same being the northeast corner of this herein described tract;

THENCE, S 17° 25' 21" W (called S 17° 20' 26" W), leaving the southwest line of said Lot 5, over and across said Lot 7 with a west line of said 27.881 acre tract, a distance of 576.23 feet (called 576.40 feet) to the POINT OF BEGINNING containing 14.913 acres (649,621 square feet) of land more or less within these metes and bounds.


VOL 9200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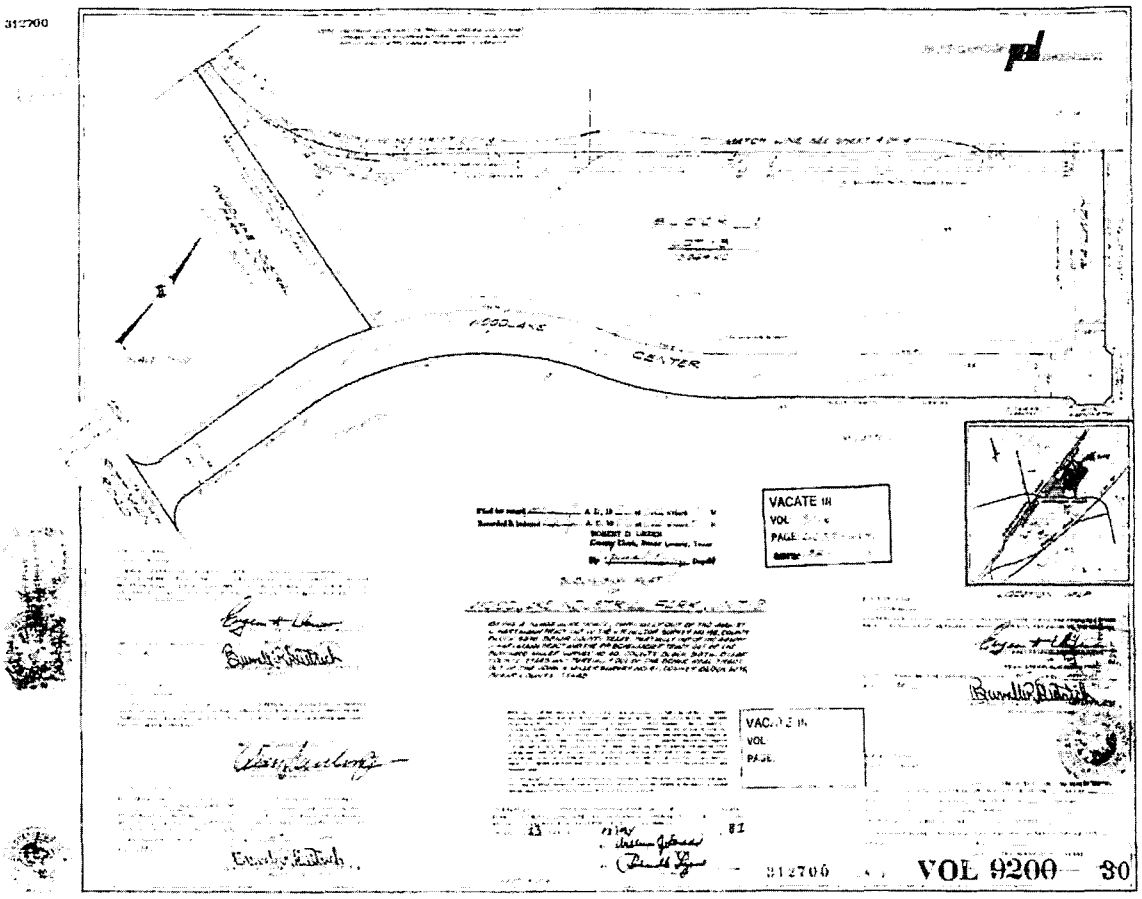
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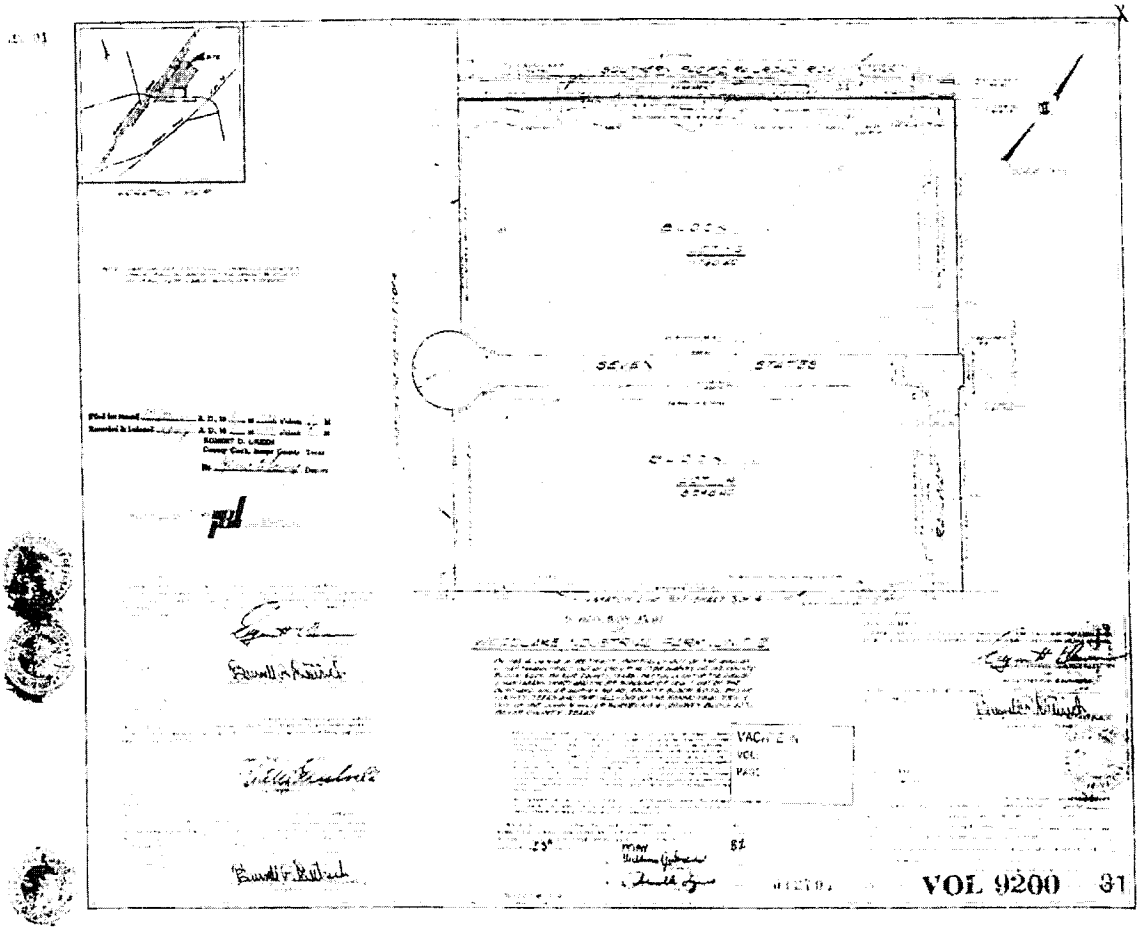
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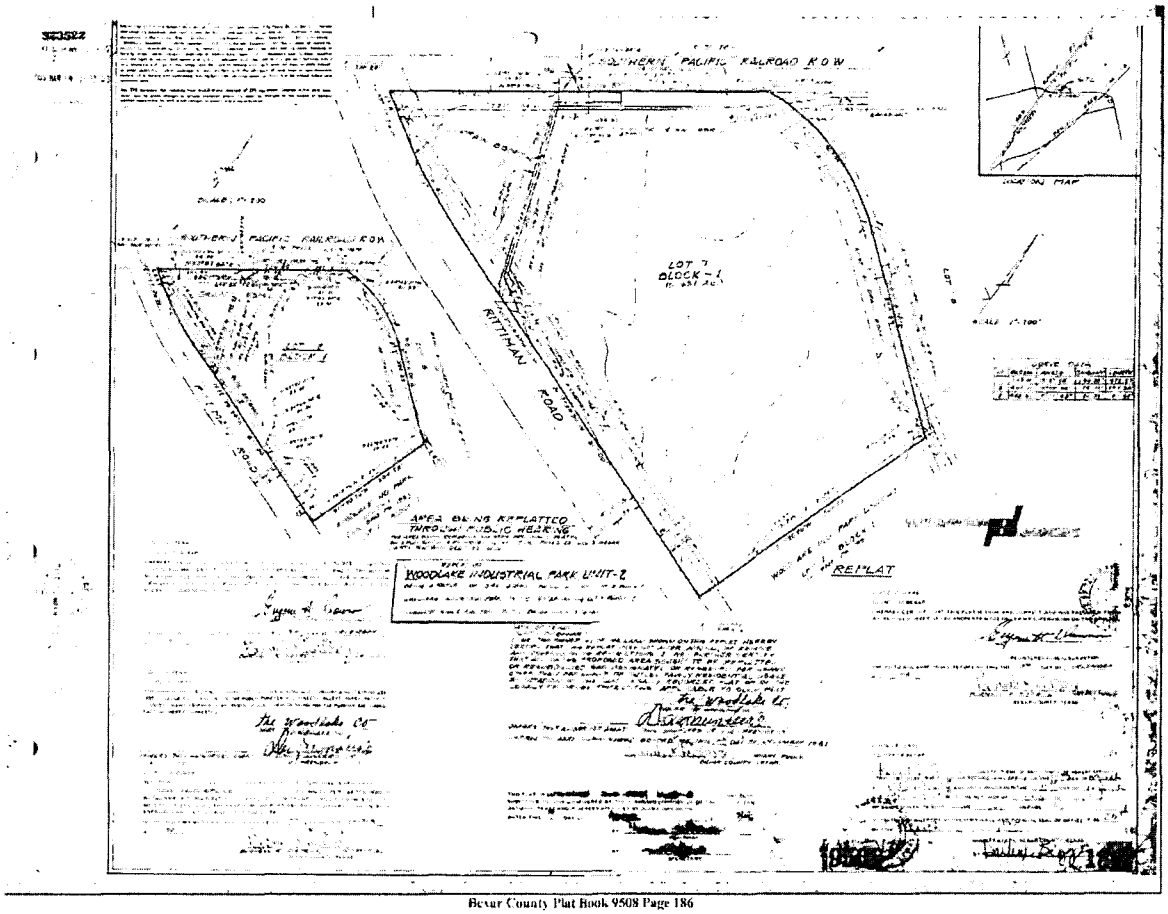

Bexar County Plat Book 9508 Page 186

Exhibit B - Employee Benefits

Benefit Rates for 08/01/2013 thru 7/31/2014

FT Non-Union Benefit Rates

	Rate	Rate Freq	Yearly Cost
Health & Welfare (Medical)	$835.00	Monthly	$10,020.00
Retirement	$222.00	Monthly	$2,664.00
Vacation	$17.56	Daily	$4,425.12
Holiday	$3.88	Daily	$977.76
Exc Absence	$7.07	Daily	$1,781.64
Hourly Value			$19,868.52
		Benefit Hourly Value	**$10.17**

Full-Time Union Benefit Rates

	Rate	Rate Freq	Yearly Cost
Health & Welfare (Medical)	$1,291.18	Monthly	$15,494.16
Pension	$1,344.00	Monthly	$16,128.00
Vacation	$26.23	Daily	$6,609.96
Holiday	$7.76	Daily	$1,955.52
Exc Absence	$10.48	Daily	$2,640.96
Hourly Value			$42,828.60
		Benefit Hourly Value	**$22.03**

	Head Count	Benefit Hourly Value	
Total Full - Time Non-Union Employees	9	$10.17	$91.53
Total Full - Time Union Employees	503	$22.03	$11,080.40
Total	512		$11,171.93
Weighted Benefit Hourly Rate Union/Non-Union			$21.82
Wage Rate			$34.12
Benefit Hourly Value % of Wage Rate			**64.0%**
Benefit Hourly Value > 19.8%			**YES**

Assumptions

1. Monthly - Yearly amounts based on 12 months.
2. Monthly-Daily amounts to 20 days in the month
3. Daily - Yearly amounts based on 252 operating days.
4. Daily- Hours amount 8 per day
5. Benefit Hourly Equation- ((HW+Retirement)/# of Days in the Month)+Veal Daily Rate)/Hours per Da

EXHIBIT C: TAX ABATEMENT FORM

City of San Antonio
Economic Development Department
Tax Abatement Reporting Form

Company Name:

Reporting Period:

Real Property: **expenditures associated with real property improvements during reporting period** **(Verification may include AIA forms, receipts, invoices, request for payment from contractor, etc.)**	
1. Improvements occurring during reporting period	$
2. Improvements existing prior to reporting period	$
3. Total real property improvements *(Attach supporting documents.)*	$
Personal Property: **expenditures associated with personal property improvements during reporting period** **(Verification may include receipts, invoices, requests for payment, etc.)**	
4. Improvements occurring during reporting period	$
5. Improvements existing prior to reporting period	$
6. Total personal property improvements *(Attach supporting documents.)*	$
Inventory/Supplies: **(Verification may include receipts, invoices, requests for payment, etc.)**	
7. Improvements occurring during reporting period	$
8. Improvements existing prior to reporting period	$
9. Total investment on Inventory and Supplies *(Attach supporting documents.)*	$
Jobs: **full-time (2,080 straight-time paid hours) jobs created during reporting period** **(Verification: payroll registers with total number of employees, dates of hire, hourly wages, etc.)**	
7. Jobs created during reporting period	
8. Total number of jobs at the facility *(For supporting documents, see above.)*	
9. What is the minimum hourly wage paid at the facility *(For supporting documents, see above.)*	$
Additional Contractual Obligations	
10. Percent of workforce that is economically disadvantaged (attach information regarding company's good-faith efforts). See Section --- of agreement.	
11. Percent of workforce that is local. See Section of agreement	
12. Regarding employee benefits, please attach separate sheet demonstrating compliance with Section 5 D of agreement	
13. Please attach separate sheet detailing information required under Section -- of agreement	
Certification	
I certify, under penalty of perjury, that the information provided in this report and the attached documents is correct and that the company has complied with all terms and conditions of its agreement with the City of San Antonio	

Signature:

Printed Name:

Title:

Date:

Mail original signed form with supporting documents to: Economic Development Department, City of San Antonio, P. O. Box 839966, San Antonio, Texas 78283-3966.

For questions regarding this report, please contact Kelly Hinojos, ED Coordinator, at 210/207-6315 or at monitoringandops@sanantonio.gov.