

AN ORDINANCE 2010-12-16-1107

AMENDING THE PROJECT AND FINANCE PLAN OF TAX INCREMENT REINVESTMENT ZONE (TIRZ) NUMBER 11; AND AUTHORIZING A DEVELOPMENT AGREEMENT AMONG THE MEXICAN AMERICAN UNITY COUNCIL (MAUC) AND AFFORDABLE HOUSING CONSULTANTS INC., THE CITY OF SAN ANTONIO AND THE BOARD OF DIRECTORS OF THE INNER CITY TIRZ NO. 11.

* * * * *

WHEREAS, MAUC and Affordable Housing Consultants (together referred to as “Developer”) is currently engaged in an economic development project that will be located within the city limits of the City of San Antonio and will consist of the construction of a 200 unit Senior Multi-Family low- income housing project (the “Project”) at a vacant, abandoned property located at 301 Spriggsdale Road (the “Project Site”); and

WHEREAS, once completed, the Project is expected to result in a \$21 million investment in real property improvements at the Project Site and is anticipated to result in the promotion of state or local economic development and to stimulate business and commercial activity in the municipality; and

WHEREAS, the Project Site is within the City’s Inner City Reinvestment/Infill Policy Target Area and Tax Increment Reinvestment Zone Number 11 (Inner City TIRZ) designated by City Council in December 2000 to support redevelopment and public infrastructure improvements within the area encompassing the Inner City TIRZ; and

WHEREAS, Developer is seeking an economic development grant and loan for the purpose of securing the Project Site and defraying costs associated with the construction of the Project, and

WHEREAS, pursuant to Chapter 380 of the Texas Local Government Code, The City of San Antonio (“City”) is authorized to loan and grant municipal funds to promote state or local economic development and to stimulate business and commercial activity in the municipality; and

WHEREAS, in accordance with City Ordinance No. 100684, City created an economic development program for the purpose of making such loans and grants available; and

WHEREAS, on November 16, 2010 the Inner City TIRZ Board approved a term sheet outlining terms and conditions under which Developer could receive a loan and grant through the City using Inner City TIRZ funds not to exceed \$700,000.00; and

WHEREAS, the City and Developer have agreed upon such terms and are prepared to enter into an Economic Development Program Grant and Loan Agreement that would provide Developer with the Inner City TIRZ Funds; and

WHEREAS, under the recommendation of the Inner City TIRZ Board, the City desires to amend the Final Project and Financing Plans to make funds available to support the Project; and

WHEREAS, this City Council meeting was open to the public as required by law and public notice of the time, place and subject of the meeting was given as required by Chapter 551, Texas Government Code, as amended; **NOW THEREFORE**:

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

SECTION 1. The Final Project Plan, attached as Exhibit "A", is approved as amended by the Board of Directors for the Tax Increment Reinvestment Zone Number Eleven, City of San Antonio, Texas, known as the "Inner City TIRZ," located in City Council Districts 1, 2 and 5.

SECTION 2. The Final Financing Plan, attached as Exhibit "B", for the Inner City TIRZ, is approved as amended by the Board to reflect the changes in the Final Project Plan.

SECTION 3. The Amended Final Project Plan and Final Finance Plan for the TIRZ are feasible and in compliance with the City's Master Plan and the City's adopted Guidelines and Criteria for the use of tax increment financing by encouraging community revitalization, infrastructure improvements and housing within certain areas of the City which would not have occurred without tax increment financing.

SECTION 4. The terms and conditions of an Economic Development Program Grant Agreement with MAUC Point East Housing, LP are hereby approved. The City Manager, or her designee, is authorized to execute an Economic Development Program Grant Agreement with MAUC Point East Housing, LP in an amount not to exceed \$700,000.00. A copy of the Agreement in substantially final form is attached as Exhibit "C" and made a part of this ordinance. A final copy of the Agreement will be attached when executed.

SECTION 5. Fund 29086007 entitled Special Revenue, Inner City TIRZ is established to record the collection of revenue and payments will be recorded using cost center 0703290001 and general ledger 5201040 in accordance with the agreement.

SECTION 6: The financial allocations in this Ordinance are subject to approval by the Chief Financial Officer (CFO), City of San Antonio. The CFO may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific Cost Centers, WBS Elements, Internal Orders, General Ledger Accounts, and Fund Numbers as necessary to carry out the purpose of this Ordinance

RR
12/16/2010
Item No. 48

SECTION 7. The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific Cost Centers, WBS Elements, Internal Orders, General Ledger Accounts, and Fund Numbers as necessary to carry out the purpose of this Ordinance.

SECTION 8: This Ordinance shall be effective immediately upon passage by eight (8) affirmative votes or upon the passage of less than 8 affirmative votes, on the tenth (10th) day after passage hereof.

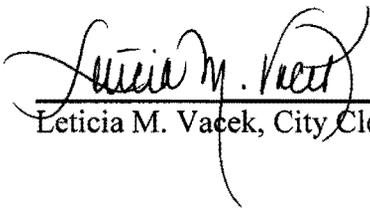
PASSED and APPROVED this 16th day of December, 2010.



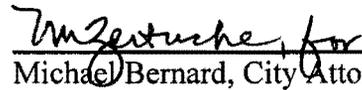
M A Y O R
Julián Castro

ATTEST:

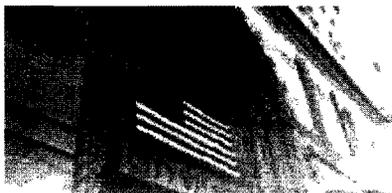
APPROVED AS TO FORM:



Leticia M. Vacek, City Clerk



Michael Bernard, City Attorney



Request for
**COUNCIL
ACTION**

City of San Antonio



Agenda Voting Results - 48

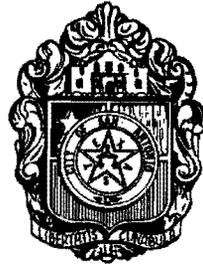
Name:	6, 7, 8, 9, 10, 11, 12, 16, 17, 18, 20A, 20B, 22A, 22B, 24, 25A, 25B, 25C, 26, 27, 30, 31, 33A, 33B, 33D, 33E, 34, 35, 36, 37, 39A, 39B, 40, 41, 42A, 42B, 43A, 43B, 44, 45, 46, 47, 48, 49, 50						
Date:	12/16/2010						
Time:	10:30:06 AM						
Vote Type:	Motion to Approve						
Description:	An Ordinance amending the Project and Finance Plan of Tax Increment Reinvestment Zone (TIRZ) number 11 and authorizing a development agreement between the Mexican American Unity Council and Affordable Housing Consultants Inc., the City of San Antonio and the Board of Directors of the Inner City TIRZ. [T.C. Broadnax, Assistant City Manager; Patrick Howard, Interim Director, Planning and Community Development]						
Result:	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Julián Castro	Mayor		x				
Mary Alice P. Cisneros	District 1		x				x
Ivy R. Taylor	District 2		x				
Jennifer V. Ramos	District 3		x				
Philip A. Cortez	District 4		x			x	
David Medina Jr.	District 5		x				
Ray Lopez	District 6		x				
Justin Rodriguez	District 7	x					
W. Reed Williams	District 8		x				
Elisa Chan	District 9		x				
John G. Clamp	District 10		x				

EXHIBIT “A”

City of San Antonio

Tax Increment Reinvestment Zone Number 11
City of San Antonio, Texas

Inner City TIRZ



FINAL PROJECT PLAN

Approved:
May 24, 2001

Amended:
December 18, 2003
September 2, 2004
June 30, 2005
August 25, 2005
December 15, 2005
March 2, 2006
September 4, 2008
February 12, 2009
December 16, 2010

PROJECT PLAN

Tax Increment Reinvestment Zone Number 11

Section 1: Executive Summary

Tax Increment Reinvestment Zone Number 11 (Inner City TIRZ) was designated on December 14, 2000 to support redevelopment and public infrastructure improvements within the boundaries of the following three enterprise zones: 1) Enterprise Community Enterprise Zone, 2) Eastside Enterprise Zone, and 3) Southside Enterprise Zone.

When the TIRZ was created, several projects were identified as eligible for TIF funds. In May of 2001, the TIRZ Board and City Council approved the Final Project and Final Financing Plans that identified six projects that were eligible for TIF funds. In August 2002, the TIRZ Board re-prioritized the existing projects and began to evaluate those projects further along in the development process. In December 2003, the Board and City Council approved an amendment to the TIRZ boundaries to include the Walters, Houston and Hackberry corridors, in an effort to focus on potential corridor development. This amendment included the addition of 214 new parcels in the zone. In February of 2004, the Board approved the addition of the Eastside Sports Complex. During the September 1, 2004 TIRZ Board meeting, the Board directed staff to develop a Request for Proposals to solicit new projects to be considered for TIRZ funds. On December 13, 2004, staff presented the draft RFP to the TIRZ Board. Staff released the RFP on December 22, 2004, stipulating a deadline to submit proposals on January 24, 2005. On June 27, 2005, the Board approved amending the boundaries of the TIRZ to include a City owned parcel located at 600 E. Market Street, where a convention center hotel is under construction, and to add several projects to the list of eligible projects. The Board is using the projected revenue of \$16,237,198 for effectively by encouraging private investment, maximizing public benefit and furthering other City goals.

Seven proposals were submitted in response to the 2004 RFP. During the June 27, 2005 TIRZ Board meeting, the Board approved the addition of these seven projects and furthermore deleted the following projects from being eligible to receive TIRZ Funds: Ellis Alley Restoration, Southtown (South Alamo), East Side Cemeteries, New Light Village Housing and Good Samaritan Hospital. These projects remain on the Project Plan and may be reconsidered for TIF Funds by the Board if proper plans and proof of financing are presented in the future. During the January 30, 2006 Board meeting, the Board approved the complete removal of the Merchants Ice Building project from the Project and Financing Plans.

On January 14, 2008, the Board approved the removal of the Friedrich Building Project and the Oscar Eason Multiuse Center from Project List A to B, defunding the two projects.

In the spring of 2008, Staff released a second RFP for projects within the TIRZ, and three proposals were received. Those proposals are discussed below, in the Proposed Projects section.

In its meeting on August 22, 2008, the Board voted to approve moving the Southtown Project

from approved list “A” to the active project list “B”, in response to Southtown’s proposal for funding for specific improvements within its boundaries.

On August 29th, 2008 the Inner City TIRZ board amended the Project and Finance Plans to include the River Bend Garage. The amendment was subsequently approved by City Council in September of 2008. Located at the corner of Market and Presa Streets, within the TIRZ, the River Bend Garage has become important to the vitality of the downtown area and the Zone specifically. After being added to the list of approved projects for the TIRZ, the garage was transferred to private ownership at which point it began to generate ad valorem tax increment for the TIRZ, thus enabling the Board to finance additional projects within the boundaries of the TIRZ.

In January of 2009 several projects were added to the Inner City TIRZ Final Project and Finance Plans. Each of the projects serves the purpose of furthering revitalization and redevelopment opportunities within the boundaries of the Inner City TIRZ. The first project, the acquisition of 1511 E. Commerce St. by the City of San Antonio on behalf of the Inner City TIRZ Board, will enable the TIRZ board to direct the redevelopment of this key property through a future RFP process. The second project, the St. Paul’s Square Garage project will address parking issues identified in the Walker Parking Study in April of 2008. The Parking Garage will facilitate further economic development opportunities. The final project added to the plan will include the sale of five City owned properties in St. Paul’s Square to East Commerce Realty. Upon the sale of these properties, the Inner City TIRZ will realize an additional \$1,700,000 in taxable value due to the change in ownership from the City, which is exempt from property taxes, to East Commerce Realty.

Section 2: TIF Policy and Program

Policy

The City of San Antonio is dedicated to the revitalization of inner-city neighborhoods and commercial districts, particularly in those areas located inside Loop 410 and south of Highway 90, by using a tiered system of incentive tools, such as Tax Increment Financing (TIF). A TIF project should act as an economic stimulus to the surrounding areas. By leveraging private investment for certain types of development within a targeted area, TIF can be a tool used to assist in financing needed public improvements and enhancing infrastructure.

TIRZ Designation

Once a Reinvestment Zone has been established in accordance with Chapter 311 and the TIF Guidelines, incremental real property taxes resulting from new construction, public improvements, and redevelopment efforts will accrue to the various taxing entities. Participating taxing entities may deposit all, a predetermined portion, or none of the incremental property taxes in a designated TIF Fund for the purpose of financing the planning, design, construction or acquisition of public improvements in the Reinvestment Zone. Under the TIF Guidelines, the City of San Antonio will enter into a written agreement with all participating taxing entities to specify: (1) the conditions for payment of the tax increment into a TIF Fund, (2) the portion of tax increment to be paid by each entity into the TIF Fund, and (3) term of the agreement.

Participating Entities

The City is the only participating taxing entity in the Inner City TIRZ.

City of San Antonio

The City of San Antonio roles and responsibilities with the Inner City TIRZ are to administer the TIF process, which include, but are not limited to:

- Administration of TIRZ Board
- Administration of TIRZ Fund
- Review and evaluate project proposals
- Execute legal agreements
- Monitor construction of projects
- Issue reimbursement(s) for Public improvements and other eligible costs completed and submitted, upon approval of the TIRZ Board
- Prepare and send State required reports
- Give status reports to City Council

Neighborhood Associations and Community Groups

The neighborhood associations, community groups and other organizations such as community development corporations play a vital role in the revitalization, development, and/or redevelopment of the Inner City TIRZ. The City strongly encourages community participation in the development of project proposals.

Bexar County

Bexar County does not contribute their increment to the Inner City TIRZ fund; however, Bexar County has committed funds for improvements that would enhance Commerce Street access from IH-37 to the SBC Center. Improvements would include street reconstruction, necessary drainage improvements, signage, sidewalk repair and other aesthetic improvements that would create a “grand boulevard” effect on this important thoroughfare between downtown San Antonio and the SBC Center.

Developer

Since the project plan identifies several projects that are eligible for TIRZ funds, the Inner City TIRZ may enter into multiple agreements with multiple developers to revitalize, develop and/or redevelop areas within the Inner City TIRZ boundaries. As projects and improvements are proposed and approved by the Board and City Council, the various agreements will outline the scope of services and deliverable details for each specific project.

Section 3: Existing Conditions

Regional

The Inner City TIRZ is located in the center and the eastern quadrant of the City of San Antonio, inside Loop 410, primarily south of Interstate Highway 35, north of Interstate Highway 10, and straddling both sides of Interstate Highway 37. The zone is approximately 2.5 square miles (1570 acres) in size.

Urban Setting

Due to its size and location, the zone contains a wide variety of neighborhoods, business and entertainment districts that are broadly representative of the City’s development history. The zone also includes some key landmarks such as the Riverwalk, Alamodome, SBC Center, and Sunset Station.

School District(s)

Project is located in San Antonio Independent School District area.

Neighborhood Associations

The neighborhood association for the area include: Lone Star, King William, Lavaca, Downtown, Historic Gardens, Nevada Street, Coliseum Oaks, Coliseum Willow Park, Jefferson Heights, Harvard Place/Eastlawn, Government Hill, and Dignowity Hill.

Major Thoroughfare Plan

The TIRZ has two major highways crossing through the zone: IH-37 north and south and IH 35 east and west. Several corridors make up the major transportation arteries including: Alamo Street, South Presa Street, Hackberry Street, New Braunfels Avenue, Walters Street, East Houston Street, and East Commerce Street.

Demographics

Fourteen Census Tracts overlap Zone boundaries.

	Percentage of civilians unemployed	Percentage of population living below poverty level	Percentage of population without high school degree	Unhealthy Zip Code ¹
COSA	6.2%	17.3%	24.9%	
TIRZ 11 ²	5.9%	34.5%	42.4%	
110100	9.0%	37.5%	35.0%	--
110200	6.5%	44.7%	45.0%	--
110300	5.4%	32.9%	55.0%	Yes
110400	3.5%	18.9%	20.7%	--
110900	2.4%	39.6%	40.2%	--
111000	5.4%	29.9%	54.5%	--
130100	7.7%	45.0%	52.1%	--
130200	6.7%	35.7%	49.0%	--
130500	5.7%	44.5%	43.2%	--
130600	5.7%	43.9%	40.7%	--
130700	5.5%	47.3%	50.4%	--
130800	7.1%	27.5%	31.1%	--
140100	10.1%	23.5%	52.0%	Yes
150200	2.7%	12.0%	24.7%	Yes

Education

A higher percentage of people living in the TIRZ do not have a high school degree (42.4%) compared to the City average (24.9%).

¹ According to Metropolitan Health District.

² Average of the fourteen Census Tracts.

Poverty level

The poverty rate within the TIRZ is nearly double that of the City.

Employment

The unemployment rate within the TIRZ is slightly lower than the City.

Section 4: Proposed Projects

The proposed projects eligible for Inner City TIRZ funding have changed from time to time since the designation of the zone. In the spring of 2008, the Inner City TIRZ Board released a second RFP to solicit new projects. Three proposals were submitted. During the August 22, 2008 TIRZ Board meeting, the Board approved the addition of the, Southtown (South Alamo), project, and requested additional information on the University of Incarnate Word and SPSA Garage projects. The addition of the River Bend Garage, at the recommendation of the City, was considered by the Board at the August 29, 2008 meeting, and added to the approved active project list B.

Future projects may be added to the Project and Finance Plans. The TIRZ Board will approve the process to solicit new projects. All new projects will be evaluated and added to the Project Plan and Finance Plans upon approval of the TIRZ Board and City Council.

Project List A

Project	Estimated Costs	Fund Source
Good Samaritan Hospital	\$ 0	TIRZ
Ellis Alley Restoration	\$ 0	TIRZ / CDBG
Friedrich/Carver	\$ 0	TIRZ
Friedrich Building	\$ 0	TIRZ
Oscar Eason Multiuse Center	\$ 0	TIRZ
TOTAL	\$ 0	

The projects in Project List A will remain on the Project Plan and may be reconsidered for TIRZ Funds by the Zone Board if proper plans and proof of financing is presented in the future.

Project List B

Project	Estimated Costs	Fund Source
Eastside Sports Complex	\$1,832,992	TIRZ
Victoria Commons	\$3,362,169	TIRZ
Staybridge Hotel	\$1,000,000	TIRZ
Barrio Comprehensive	\$1,700,000	TIRZ
Eastside Cemeteries	\$152,787	TIRZ
Convention Center Hotel & Condominium Project	\$ 0	PRIVATE
Hays Street Bridge	\$235,000	TIRZ
Quiet Zone	\$800,000	TIRZ
Southtown (S. Alamo St.)	\$694,002	TIRZ
River Bend Garage	\$0.00	PRIVATE
Incarinate Word University	\$1,242,220	TIRZ
1511 E Commerce	\$160,500	TIRZ
SPSA Garage	\$2,000,000	TIRZ
SPS Properties	\$0	PRIVATE
E Thurman Walker Sen. Living	\$700,000	TIRZ
TOTAL	\$13,879,670	

All project developers must enter into a contractual agreement with the Board and the City, which will stipulate the scope of work, the eligible TIF costs and the amount the TIF fund will reimburse the schedule to complete projects, and other requirements. These agreements will be presented to the Board for consideration as they are completed.

The following are descriptions of projects listed on Project List B which are scheduled to receive TIRZ funding:

Convention Center Hotel & Condominium Unit Project - District 1

The City San Antonio hired Faulkner USA, Inc. to develop the parcel of land adjacent to the Convention Center as a convention center hotel. The project is located at 600 E. Market and will be a Grand Hyatt Hotel, which will include condominium units above the hotel. It is proposed that 144 units will be constructed with state of the art finishes, floor to ceiling skyline views and every amenity of living in a hotel with all the advantages of a private residence. The sizes range from a 765 square foot one bedroom unit to a 3,903 square foot penthouse with a private roof deck. The average projected sales price per square foot is \$300.00 to \$400.00. The annual ad valorem taxes levied by the City and paid by the private owners of the condominiums will result in additional revenue to be deposited in the TIRZ Fund. The City Council approved a Purchase and Sale Agreement for the air space in which the condominiums shall be constructed. The City Council declared the Upper Commercial Condominium Unit as surplus, and authorized the sale of the surplus Upper Commercial Condominium Unit, to be located in the airspace immediately

above the new Convention Center Hotel Project in accordance with the terms and conditions of the Purchase and Sale Agreement. The declaration of the Upper Condominium Unit is subject to the Developer and the City having met all conditions precedent to the closing, as more particularly set out in the Purchase and Sale Agreement, and provided, further, that the foregoing authorization shall also not be effective until after the date and time the Board approves expansion of the boundaries of the Inner City TIRZ to add the site.

The annual ad valorem taxes levied by the City, that are anticipated to be paid by the condominium owners once the units are all bought, are estimated to be \$350,000. The resulting increment contributed to the TIRZ fund will enable the Inner City TIRZ to accomplish more public improvements than previously contemplated. The developer and City agree that the developer shall not seek reimbursement from the TIF Fund for infrastructure improvements related to the construction of the Convention Center Hotel or the Upper Condominium Unit or the addition of the site and Convention Center Hotel and Condominium Project to the Inner City TIRZ boundaries. The inclusion of the site and Convention Center Hotel and Condominium Project in the Inner City TIRZ is a means to enhance the performance of the Inner City TIRZ, without requiring any payment from the fund to the developer.

Dr. Frank Bryant Family Health Center – District 2

The Dr. Frank Bryant Health Center will be operated by Barrio Comprehensive Family Health Care Center, Inc. This facility will be a two-story, 40,000 square foot building with a free standing 6,000 square foot storage building and parking lot on a 3.7 acre located at the intersection of East Commerce Street and Spriggsdale Boulevard. The main building will house four medical clinics, an 18-chair dental clinic, a full-service pharmacy and laboratory and behavior health services. The medical clinic will be staffed by Board-certified physicians in family practice, pediatrics, obstetrics-gynecology, and internal medicine.

Barrio Comprehensive Family Health Care Center, Inc will operate the Center. The project will add an estimated 64 new full time jobs and the project will cost \$8.9 million. In the first year of operation, the Center is expected to serve 22,100 patients during 54,150 visits and to serve to increase access to primary health care services on the east side residents.

This Center will accept referrals of patients from the San Antonio Metropolitan Health District (SAMHD) and become the health care provider of record for such referrals to the extent of the available capacity at the Center. Barrio will charge fees to such referrals on a sliding scale based on their income as provided by federal law and Barrio will also cooperate with the SAMHD in coordinating health services to the community surrounding the Health Center.

East Side Cemeteries - District 2

The African American and historic cemeteries that are located off East Commerce Street and South New Braunfels have been in deplorable condition. Those cemeteries are located in an area bounded by E. Houston on the north, New Braunfels on the east, Nevada on the south and Pine Street on the west.

TIF Funds have been used to providing new wrought iron fencing for the cemeteries. The project also focuses on providing gated entrances, gateway signage, historical markers, and landscaping, and TIF funds may be used in the future to acquire cemeteries for public ownership.

Eastside Sports Complex – District 2

The Antioch Community Transformation Network, Inc. (ACTN), a 501 (c)(3) non-profit community development corporation established in April 2000 by the Antioch Missionary Baptist Church, has proposed to make an investment into the community by constructing a privately-owned sports complex & gymnasium. The Eastside Sports Complex will be located on Walters Street and Eross Street in the central eastside of San Antonio. This 22,600 square foot, two-story, state-of-the-art sports complex will house:

- NCAA regulation basketball court with seating for 250 people
- Aerobics/Fitness room
- Ballet & Dance Studio
- Walking Track
- Weight Training Equipment
- Men's & Women's Health Club
- Team Locker and Training Room
- Concession Stand
- Offices

The cost of building the facility is estimated to be approximately \$4 million. ACTN proposes to pay for the construction through a private construction loan, private donations, and grants. No TIRZ funds will be used to pay for the construction of the facility. In order to meet the costs of operating the facility, ACTN proposes to lease the court and other amenities to the Silver Stars WNBA professional basketball team for specific hours and days during the course of their three seasons (training camp, regular season, & off season). ACTN also proposes to lease the court and other amenities to the Amateur Athletic Union for basketball tournaments.

ACTN proposes to offer this facility for public usage in return for a "user fee." TIRZ funds would be used to pay ACTN for allowing the public to use the facility. The City of San Antonio, the Tax Increment Reinvestment Zone Number Eleven (11) Board and the Antioch Community Transformation Network would enter into a "use agreement" that will outline the specifics of the public use. The total fees for public use of the facility for eight (8) years beginning in FY 2008 are \$1.8 million. Annual fees are outlined in the Finance Plan.

The proposed “use agreement” will allow for this facility to open for public use and allow for activities such as:

- Middle school and high school basketball and volleyball
- Wheelchair basketball
- Basketball camps for community youth
- Non-traditional sports programs (i.e. martial arts, wrestling)
- Senior health and fitness programs
- Health & nutrition fairs
- Mother’s day out programs
- Dances
- Community theatre
- Community exercise equipment

In addition to improving the attractiveness of the neighborhood, this facility will offer positive alternatives for neighborhood youth that in many instances live in poor distressed neighborhoods and face many social problems that range from crime, drug use and gangs. It also will offer opportunities for other potential partnerships with other local community organizations to address issues such as health and wellness for residents of the eastside and San Antonio in general.

River Bend garage – District 1

This project will provide for an increase of approximately \$22 million in taxable value. On August 29, 2008, the Board of Directors of Tax Increment Reinvestment Zone Number 11 (Inner City) approved the addition of the River Bend Garage to the Final Project and Finance Plans in order to reflect the anticipated captured value and to facilitate the exchange of properties. On September 4, 2008, the City Council approved an item that authorized the exchange of the City-owned River Bend Garage located at 412 East Commerce Street for a 4.67 acre property site at 315 South Santa Rosa Street. The 315 South Santa Rosa Street property was acquired as a potential site for the proposed Public Safety Headquarters facility.

San Antonio Staybridge Hotel – District 2

Zachry Realty, Inc. and Woodward Interest LLC propose to acquire land from the VIA Metropolitan Transit Authority in order to construct a 13-story, 138 room extended stay Staybridge Hotel. The 1.99-acre site is located directly south of the St. Paul Square/Sunset Station. TIRZ Funds will be utilized for construction of approaches, parking, landscaping, an urban park, sidewalks, utility infrastructure, and historical façade enhancements. The estimated value of the development is \$18,315,000. This hotel could help compliment the redevelopment efforts of the St. Paul Square area and the revitalization efforts of the East Town at Commerce Neighborhood Commercial Revitalization.

Southtown (South Alamo) - District 1

The Southtown area has grown in recognition as a restaurant and arts district. In a recent market feasibility study commissioned by the City of San Antonio Neighborhood Commercial Revitalization (NCR) Program, the future of Southtown's development is critical upon much needed infrastructure. The condition of sidewalks, curbs, lighting, lack of parking, street landscape, and signage is holding the area back from attaining its full potential.

Street improvements have been targeted for South Alamo between Probandt and Durango, Pereida between South Alamo and South St. Mary's, and South St. Mary's between Durango and the intersection of Pereida, including the stretch of Presa from Pereida to South Alamo. All improvements are public infrastructure and imperative as demonstrated in the Southtown Market Feasibility Study as critical to the neighborhoods commercial district development potential.

Victoria Commons – District 2

The Victoria Commons master planned community will be the result of the redevelopment efforts of the former site of the Victoria Courts public housing development. The San Antonio Housing Authority was awarded a HOPE VI Revitalization Grant of \$18 million to partially fund the redevelopment of the original site. TIRZ Funds will be utilized for the reconstruction of water, sanitary, storm-water, streets, sidewalks and drainage along Labor and Leigh Streets in order to facilitate the construction of 172 new single-family homes. Some utility lines serving this area are estimated to be more than 100 years old. This estimated value of the development of the 172 single-family homes is \$25.8 million.

Labor Street Improvements include: replace existing roadway including curb, sidewalks, driveways, and side street connections to the extent required and increase the water line to a 12" water line.

Leigh Street Improvements include; replace existing roadway including curb, sidewalks, and driveways on both sides of the street; install new handicap ramps at intersections; replace existing drainage inlets with larger curb inlets; replace existing underground drainage system with larger capacity reinforced concrete pipe drainage system; increase water line to an 8" water line, replace existing sewer line with an 8" sewer line, provide new water and sewer services.

Quiet Zone – District 2

The Proposed Quiet Zone Project involves the potential closure of two streets and the conversion of three streets to one way. The Project encompasses approximately two miles of Union Pacific Rail Road (UPRR) rail line from Essex Street on the south to Sherman Street on the north. A map depicting the boundaries of the proposed project is attached to this Plan. The purpose of the Project is to relieve noise along this major economic development commercial node, prevent trains from sounding off their horns along this corridor, and improve the safety along these crossings within the corridor. These public infrastructure improvements will help facilitate the commercial redevelopment in the area along the rail line.

University of Incarnate Word Community Clinic – District 2

In July of 2008, the Inner City TIRZ Board approved up to \$1,242,220 from the TIRZ Number 11 Fund for the UIW Eastside Eye Clinic. The Eastside Eye Clinic will offer the following health related services: an optometry clinic and pharmaceutical, nursing and nutritional counseling. These services will be housed in a new 30,000 square foot facility at the corner of Commerce and Walters two blocks north of St. Phillip's College. TIRZ funding for this project may be divided between two separate agreements; 1) \$410,423 for public improvements associated with the development of the facility and 2) up to \$831,797 for a public use agreement enabling the Community Clinic to provide discounted services to the surrounding community.

Hays Street Bridge – District 2

The main objective of this project is to rehabilitate the bridge solely for pedestrian and bicycle use and to restore the bridge's function as a "gateway". For more than seven decades, the Hays Street Bridge had provided an important transportation link for automobiles between San Antonio's Eastside and downtown. One of the primary objectives for the adaptive reuse of this historic landmark is to reestablish a significant link between the Dignowity Hill neighborhood and downtown, which is separated from the neighborhood by industrial property and Interstate Highway 37. Developments of plans for the rehabilitation of the Hays Street Bridge are underway.

1511 E. Commerce St. (Roegline Building) – District 2

On December 11, 2008 City Council approved the acquisition of 1511 E. Commerce on behalf of the Inner City TIRZ Board for \$150,500. In addition, \$10,000 was approved to cover acquisition related costs. The property is being acquired to further revitalization and redevelopment opportunities within the boundaries of the Inner City TIRZ. The TIRZ Board anticipates that this property, once acquired, could be subject to a Request for Proposals that will solicit proposals to redevelop the property. The TIRZ Board anticipates setting criteria that will maximize the goals of providing for economic development, job creation, and private investment.

E. Thurman Walker Senior Living Center (formerly New Light Village)

On November 16th 2010, the Inner City TIRZ Board of Directors approved a development agreement between the Mexican American Unity Council (MAUC) and Affordable Housing Consultants Inc. (the developer), the City of San Antonio and the Board of Directors of the Inner City TIRZ for the E. Thurman Walker Senior Living Center. The agreement established the conditions for up to \$700,000 of TIRZ funding to facilitate the development of the senior living center. The \$21 million project will produce 200 units of multi-family Senior Housing at a long vacant site located at 301 Spriggsdale.

As described in the Agreement, the City will utilize \$700,000 in TIRZ funds to assist the

developer by providing a conditional “Forgivable Loan” to pay off the property acquisition loan which has an outstanding balance of approximately \$530,000. Additionally, the City will provide a grant of up to \$170,000 of TIRZ funds for eligible predevelopment costs as defined by Chapter 311 of the Property Tax Code, the TIF statute.

SPSA Garage Project (243 Center St.) – District 2

In October of 2008, the Inner City TIRZ Board approved up to \$2,000,000 from the TIRZ number 11 fund for the St. Paul’s Square Association Parking Garage Project. The City owned property at 243 Center St. will be sold to the St. Pauls Square Association for \$1,885,000 to develop a \$10,500,000 elevated parking garage. The elevated garage project, roughly one block from St. Paul’s Square, will provide approximately 600 public parking spaces serving the businesses, employees, tenants and patrons of Sunset Station, St. Paul’s Square, The Alamodome and the Via Park and Ride Facility at Chestnut and Ellis Alley. In addition to adding \$10,500,000 of taxable value to the Inner City TIRZ, the project allows excess City owned property to be converted to an essential service necessary to support future development in the St. Paul’s Square area and the EastTown @ Commerce Neighborhood Commercial Revitalization Project.

SPS Properties – District 2

The Inner City TIRZ Board approved the addition of the “St. Paul Square Properties”, which include; 119 Heiman, 123 Heiman, 1156 E. Commerce, 1164 E. Commerce & 1170 E. Commerce, to the approved project list. These City-owned properties will be sold to East Commerce Realty for the appraised value of \$1,700,000. The sale of these properties will add \$1,700,000 of taxable value to the Inner City TIRZ.

The following are descriptions of projects listed on Project List A that the Board and City may consider funding in the future:

Good Samaritan Hospital - District 2

A 12,000 square foot building, with historic significance as an African American hospital, is currently in private ownership. CERA, the non profit sponsor, will use the TIRZ funds to acquire the property and provide a portion of the environmental remediation to the structure. Once in public ownership, CERA will apply for a federal or state grant that would be used to renovate the building and its adjacent lot into a first class East Side Telecommunications Business Incubator. Renovations include new electrical, HVAC, plumbing, windows, doors, elevator, rest rooms, interior finish out and installation of telecommunications T1 line, and other necessary equipment. It will also include the paving of a parking lot, fencing, security gate, and security

systems. Included in this price is the property acquisition, condemnation costs, and adjacent land parcels surrounding the property currently owned by SADA.

The Telecommunications Incubator will be managed and operated by CERA for the City of San Antonio. The estimated cost of this project is \$1,592,357. The estimate with environmental remediation is \$1.8 million. CERA will seek a \$1.3 million grant to construct the project. The TIRZ will fund the property acquisition, adjacent land for parking and future development, and a portion of the environmental remediation.

Ellis Alley Restoration - District 2

The City of San Antonio and VIA Metropolitan Transit have entered into a collaborative agreement to develop four historic buildings located in the Ellis Alley Transit Center. The buildings are owned by VIA Metropolitan Transit, a public entity. The four buildings are composed of three houses and one commercial structure. All four buildings have significant historical aspects to the history of African Americans in the East side of San Antonio. The buildings were once home to African American freedman slaves. Based on a Market Feasibility Study commissioned by the City of San Antonio a community cultural development plan was developed for the restoration and operations of the Ellis Alley buildings. A limited portion of the TIRZ funds will be used to renovate the four buildings from foundations, structural stabilization, restoration of windows, doors, roof, interior finish-out, electrical, plumbing, HVAC including the site work surrounding and linking the project with walkways, landscape and lighting. The funds will assist to convert the use of the Beacon Light buildings into a community cultural center which will include: arts and crafts gallery and retail sales, multimedia presentation and community room. The three smaller buildings will be converted into office space and rented to small and minority owned businesses. Other activities include: neighborhood cultural bus tours, self-guided bicycle tours, arts and cultural ticket sales, and as a historical attraction for the site itself. Such funds shall be used to create historical displays, videos, presentation equipment, gallery lighting, sound systems, etc. The balance of funds needed to complete this project will be identified through private foundations, future CDBG and future general revenue funds.

Friedrich Building – District 2

Plan B Development from Dallas, TX plans to redevelop this formal industrial building along E. Commerce Street. Phase I of this 400,000 square feet facility includes the redevelopment of 90,000 square feet of commercial space, 20 residential units and the creation of a major interior courtyard. The total redevelopment cost for Phase I is \$23 million, with an estimated property value of \$8 million upon completion. TIRZ funds were proposed to be utilized for façade improvements and environmental abatement of asbestos linked to a baking oven and ceiling tiles, and to address transformers containing PCB. The redevelopment of this building will help fulfill the goals of the TIRZ and the East Town on Commerce Neighborhood Commercial Revitalization activities.

Friedrich/Carver Joint Use Parking – District 2

Plan B Development from Dallas, TX plans to acquire all property bounded by Commerce, Hackberry, Olive and David Robinson Way, remove existing structures, and build a shared parking facility (200 parking spaces) that would be utilized by principally the Carver Cultural Center, the Carver Academy and the Friedrich Lofts. The contractual agreement entered into by the developer, the TIRZ Board and the City will outline the scope of work, the eligible reimbursable expenses and other requirements. If the parking lot is privately owned and operated, the estimated value of the development is \$1,500,000.

Oscar Eason Multiuse Center – District 2

Inner City Enterprises, Inc. proposes to demolish five existing structures to construct a four story 48,900 square foot mixed use facility. This building would be located at 1602 E. Commerce Street and consist of a 68-unit senior apartment complex with a storefront and community center, underground parking facilities. The first floor will contain approximately 12,242 square feet for commercial and retail spaces and for a community room. A total of forty-five of residential parking spaces will be provided below grade. The total cost of the project is estimated to be \$4,150,800. The development of this facility could help compliment the revitalization efforts in the East Town at Commerce Neighborhood Commercial Revitalization activities. The estimated value of the development is \$5,000,000.

Section 5: Priority of Projects

The Eastside Sports complex remains first in priority to receive TIRZ Funds at the funding level previously approved by the TIRZ Board and City Council. The remaining completed projects with an approved development agreement will receive payments outlined in the respective legal agreements. In the event of a shortfall of the projected revenue, these projects will receive a pro-rata share calculated based on the annual payment projected for the respective project.

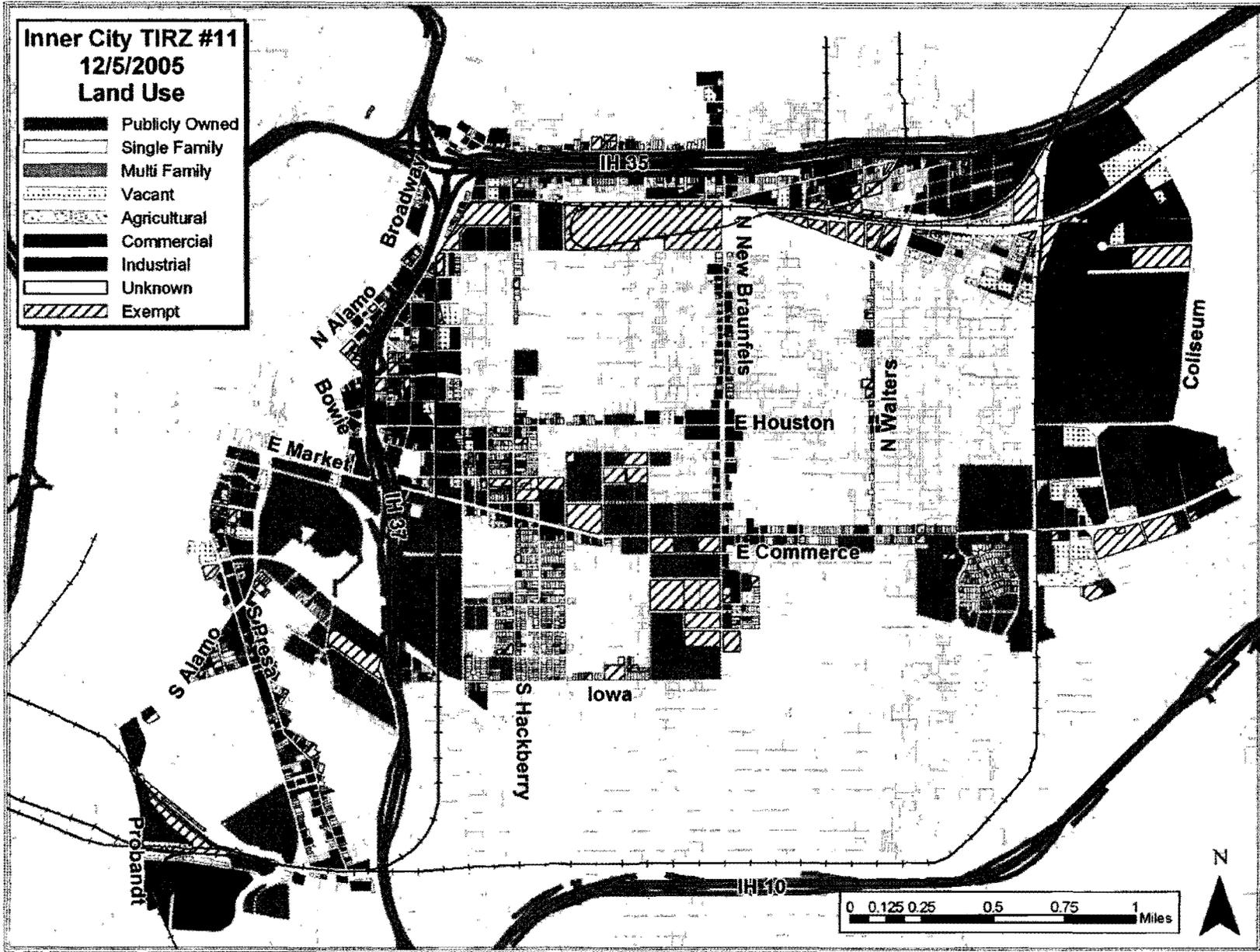
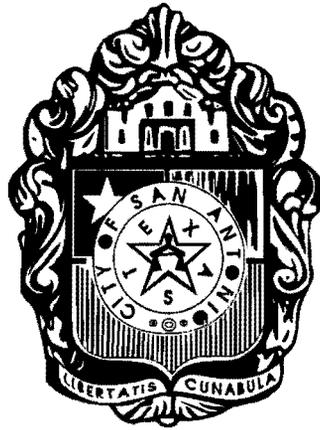


EXHIBIT “B”

CITY OF SAN ANTONIO, TEXAS
Department of Planning and Community
Development



Inner City
Tax Increment Reinvestment Zone Eleven

Participation Level of City (100%)

December 16, 2010

Inner City Redevelopment Project Tax Increment Reinvestment Zone No. 11 Final Plan of Finance

Introduction

The Inner City Tax Increment Reinvestment Zone is located in the eastside of the City and encompasses approximately 2.5 square miles (1,570 acres). The approximate boundaries of Tax Increment Reinvestment Zone Number Eleven ("TIRZ 11") lie approximately one block north of IH-35 on the north between Broadway on the west and Coliseum Rd. on the east, then south on Coliseum Rd. to Commerce St., then west along Commerce St. to New Braunfels St., then south to Iowa St., then east to Hoefgen Ave., then south to Westfall Ave., then west on Westfall Ave. into Star Blvd. to Probrandt St., then north on Probrandt to Alamo St., then northeast on Alamo St. to St. Mary's St., then north on St. Mary's into Navarro St., and continuing north on Navarro St. to Commerce St., then east to Bowie St., and going north on Bowie St. to Alamo St., and continuing northeast on Alamo St. to Jones Ave., then west on Jones Ave. to Broadway, and then north on Broadway to IH-35. The purpose of the TIRZ 11 is to fund public improvements and encourage economic development. The life of TIRZ 11 is projected to be 14.79 years with a termination date of September 30, 2015 (Fiscal Year).

Public Infrastructure

The public infrastructure improvements and related capital costs include streets, drainage, utilities, sidewalks, and park improvements and other costs approved by the TIRZ Board and City Council. The TIRZ 11 will provide a source of funding for public improvements. Annual construction of public improvements will be made in the amount of the TIRZ 11 revenues received through September 30, 2015. The estimated TIRZ 11 revenue to be received through September 30, 2015 is \$19,495,107.00. The TIRZ 11 revenues in excess of the estimated \$19,495,107.00 received through September 30, 2015 may be allocated to other projects as directed by the TIRZ 11 Board of Directors.

Plan of Finance

The tax year 2000 base value of the TIRZ 11 is \$303,184,690.00. Projected captured values that would be taxed to produce revenues to pay for the capital costs of the public infrastructure improvements commence in tax year 2001 with collections commencing in tax year 2001 (fiscal year 2002). Captured values grow from \$13,111,197.00 in tax year 2001 to \$473,859,936.00 in tax year 2014.

The City of San Antonio is the sole taxing jurisdiction participating in TIRZ 11. The City's participation level is 100% and the City's current tax rate per \$100 valuation is \$0.56569. This produces annual revenues of \$1,219,749.00 in fiscal year 2008 to \$2,613,564.00 in fiscal year 2015. Assessed values are increased at 1.50% per year with no projected increases in the tax rate.

The cost of the public infrastructure improvements and other approved costs will be paid annually from revenues produced by the TIRZ 11. In addition to the capital costs, other costs to be paid

from the TIRZ 11 revenues include City annual administrative fees. Revenues derived from the TIRZ 11 will be used to pay costs in the following order of priority of payment: (i) administrative fees pertaining to the City; and (ii) second, to fund public improvements, on an annual basis, as TIRZ 11 revenues are available for such payments.

Limited Obligation of the City or Participating Governmental Entities

The City shall have a limited obligation to impose, collect taxes, and deposit such tax receipts into a TIRZ 11 fund. The TIRZ 11 collections shall not extend beyond September 30, 2015, and may be terminated prior to September 30, 2015. The public improvement infrastructure costs incurred shall be payable from the TIRZ 11 revenues or other sources of funding that may become available.

Reporting

The City shall submit a project status report and financial report at least annually to the City Council. The City shall also submit a project status report, financial report, or any other report as requested by the City Council within thirty (30) days of such request.

Inspection

The City shall have the right to inspect a project site or sites without notice and request information from developers.

Inner City Tax Increment Financing Zone

Sources and Uses of Funds
December 16, 2010

Sources of Funds	
Projected TIF Revenues	\$ 19,495,107
Total Sources of Funds	\$ 19,495,107
Proposed Projects	
Eastside Sports Complex (1), (2)	\$ 1,832,992
Quiet Zone (3)	\$ 587,070
Victoria Commons	\$ 3,362,169
Barrio Comprehensive	\$ 1,700,000
Staybridge	\$ 1,000,000
Eastside Cemeteries	\$ 152,787
SouthTown	\$ 694,002
Hays Street Bridge	\$ 200,000
University of the Incarnate Word	\$ 1,242,220
1511 E. Commerce	\$ 153,000
Printing	\$ 145
E. Thurman Walker Senior Cntr.	\$ 700,000
Total Project Expenses	\$ 11,624,385
Public Improvements	\$ 11,624,385
Administrative Costs	\$ 140,000
Total TIF Expenses	\$ 11,764,385
Total Ending TIF Fund Balance	\$ 7,730,722

(1) The TIRZ fund will only reimburse up to \$1,832,992 for "user fees" for the Eastside Sports complex, \$249,148 in tax year 2007, \$218,148 in tax years 2008-2011, and \$237,084 in tax years 2012-2014.

(2) Tax year 2007 reimbursement to the Eastside Sport Complex for \$249,148 includes: \$218,148 plus a \$31,000 processing fee which is charged to the project.

(3) The TIRZ fund will reimburse the Quiet Zone for 40% of the Quiet Zone's total project cost, not to exceed \$800,000.

Inner City Tax Increment Financing Zone

Projected Tax Increment Revenue

Tax Year	(1) Tax Increment Zone								(5) City of San Antonio				Fiscal Year Ending	
	Beginning Assessed Value	Value Scheduled Improvements	Reappraisal Growth	Projected Year-End Assessed Value	Abatement Value Adjustment	Partial & Absolute Exemptions	Projected Year-End Taxable Value	Projected Captured Value	Captured Taxable Value	Tax Rate	Tax Increments	Total Tax Increments		
1998													1999	
1999													2000	
2000	304,204,890	791,500		304,204,890	(8,887,100)	(12,084,807)	295,297,893			0.57979			2001	
2001	304,204,890	310,500	735,787	315,118,664	(9,146,300)	(9,628,184)	296,344,180	13,111,197	13,111,197	0.57854	\$ 73,957	\$ 65,181	2002	
2002	315,118,664	1,391,775	4,130,735	322,182,412	(9,146,300)	(11,169,422)	301,866,690	18,589,707	18,589,707	0.57854	104,860	100,079	2003	
2003	322,182,412	9,507,500	18,677,853	349,033,829	(9,146,300)	(9,835,486)	330,052,043	46,775,060	46,775,060	0.57854	263,847	249,076	2004	
2004	349,033,829	4,650,000	306,590	370,332,400	(7,392,500)	(27,931,267)	335,008,633	51,731,650	51,731,650	0.57854	291,806	293,126	2005	
2005	370,332,400	8,543,600	31,286,971	386,796,485		(11,957,281)	374,839,204	79,057,711	79,057,711	0.57854	445,946	447,254	2006	
2006	386,796,485	54,230,000	11,984,718	477,699,486		(36,645,564)	441,053,922	145,272,429	145,272,429	0.57854	819,448	833,565	2007	
2007	477,699,486	18,000,000	54,445,647	596,929,750		(83,430,181)	513,499,569	218,184,076	218,184,076	0.57230	1,217,451	1,219,749	2008	
2008	596,929,750	2,030,000	127,863,884	780,493,504		(137,100,051)	643,393,453	348,095,560	348,095,560	0.56714	1,924,834	1,940,675	2009	
2009	780,493,504	54,035,700	(21,282,226)	895,532,683		(219,385,756)	676,146,927	380,849,034	380,849,034	0.56569	2,100,564	2,038,263	2010	
2010	895,532,683	12,664,339	13,432,990	921,630,012		(222,676,542)	698,953,470	403,655,577	403,655,577	0.56569	2,226,353	2,226,353	2011	
2011	921,630,012	26,120,931	13,824,450	961,575,393		(226,016,690)	735,558,703	440,260,810	440,260,810	0.56569	2,428,249	2,428,249	2012	
2012	961,575,393		14,423,631	975,999,024		(229,406,941)	746,592,083	451,294,190	451,294,190	0.56569	2,489,103	2,489,103	2013	
2013	975,999,024		14,639,985	990,639,010		(232,848,045)	757,790,965	462,493,072	462,493,072	0.56569	2,550,870	2,550,870	2014	
2014	990,639,010		14,859,585	1,005,498,595		(236,340,766)	769,157,829	473,859,936	473,859,936	0.56569	2,613,564	2,613,564	2015	
		192,275,845									\$ 19,550,852	\$ 19,495,107		
	Existing Value Growth Factors													
	Base Model Growth Factor								1.50%			100%		
	Growth Factor Above Base								0.00%			0.00%		
	Combined Growth Rate								1.50%			97.50%		

(1) Tax year 2000 value based on estimated certified values of existing property within the proposed zone. (Provided by the City of San Antonio, Texas)

Note: Base value adjusted from \$304,895,290 to \$304,204,890, from \$304,204,890 to \$304,186,890 from \$304,186,890 to \$303,650,690 and from \$303,650,690 to \$303,184,690.

(2) Gaylord Container received an ad valorem tax abatement through tax year 2004. The land value is taxable, improvements value is abated.

(3) Type of exemptions include Historic, Over-65, Disabled Vets and appraised value limitations. Length of tax exemptions also vary.

(4) Projected value of proposed improvements based on compound annual growth rate of 1.50%.

(5) Projected total taxable value increased over base year 2000 taxable value.

Inner City Tax Increment Financing Zone

TIF Revenues Available for Construction

Fiscal Year Ending	TIF Revenue	Cumulative TIF Revenues	TIF Admin. Exp.	Public Improvement Construction Funding	Cumulative Construction
2001	\$ -	-	\$ -	\$ -	\$ -
2002	65,181	65,181	10,000	55,181.00	55,181.00
2003	100,079	165,260	10,000	90,079.00	145,260.00
2004	249,076	414,336	10,000	239,076.00	384,336.00
2005	293,126	707,462	10,000	283,126.00	667,462.00
2006	447,254	1,154,716	10,000	437,254.00	1,104,716.00
2007	833,565	1,988,281	10,000	823,565.00	1,928,281.00
2008	1,219,749	3,208,030	10,000	1,209,749.00	3,138,030.00
2009	1,940,675	5,148,705	10,000	1,930,675.00	5,068,705.00
2010	2,038,263	7,186,968	10,000	2,028,263.00	7,096,968.00
2011	2,226,353	9,413,321	10,000	2,216,353.25	9,313,321.25
2012	2,428,249	11,841,570	10,000	2,418,248.59	11,731,569.84
2013	2,489,103	14,330,673	10,000	2,479,102.95	14,210,672.80
2014	2,550,870	16,881,543	10,000	2,540,870.13	16,751,542.93
2015	2,613,564	19,495,107	10,000	2,603,563.82	19,355,106.74
	<u>\$ 19,495,107</u>		<u>\$ 140,000</u>	<u>\$ 19,355,107</u>	

Inner City Tax Increment Financing Zone Participation Levels

Entity	Tax Rate	Level of Participation	% of Project	TIF Revenues	TIF Expenses
City of San Antonio	0.5656900	100%	100.00%	\$ 19,495,107	\$ 11,764,385
	0.5656900		100.00%	\$ 19,495,107	\$ 11,764,385

**Inner City Tax Increment Financing Zone
Property Improvement Value
(Property Values Added to Tax Roles)**

Fiscal Year	La Quinta Hotel	Holiday Inn Express	Best Western Hotel	Rack's Chris Steakhouse	Victoria Commons	SPS Properties	SPSA Garage	Historic Gardens Phase II	McDonald's	Springview Hope I Project	Springview Hope II Project	Springview Hope III Project	La Quinta Convention Center Inn	Stevestridge	Convention Center Condominium Project ¹	Historic Gardens Phase III	Riverbend Garage	Metel 1524 E. Commerce	Commercial 1512 E. Commerce	Restaurant 1332 E. Commerce	E. Thomson Walker Senior Living Center	Annual Total	Fiscal Year
2000																						-	2000
2001				721,300						70,700												791,500	2001
2002										310,500												310,500	2002
2003									1,391,775													1,391,775	2003
2004									507,500	4,200,000	4,800,000											9,507,500	2004
2005												4,650,000										4,650,000	2005
2006		1,800,000	2,313,600		4,430,000																	8,543,600	2006
2007	23,000,000	1,800,000			4,430,000								25,000,000									54,230,000	2007
2008														18,000,000								18,000,000	2008
2009						1,700,000.00										330,000						2,030,000	2009
2010															17,015,700	2,000,000	15,000,000					54,615,700	2010
2011					0		10,500,000									1,000,000				1,164,339		12,664,339	2011
2012					3,162,070																	26,120,931	2012
	\$ 23,000,000	\$ 3,600,000	\$ 2,313,600	\$ 721,300	\$ 13,022,070	\$ 1,700,000	\$ 10,500,000	\$ 1,899,275	\$ 180,700	\$ 4,200,000	\$ 4,800,000	\$ 4,650,000	\$ 25,000,000	\$ 18,000,000	\$ 37,015,700	\$ 3,330,000	\$ 11,000,000	\$ 1,164,339	\$ 702,510	\$ 256,251	\$ 21,000,000	\$ 192,275,845	

Notes:

- La Quinta Inn/San Antonio Convention Center Inn and Suites project added. Current assessed value is \$6,709,600 (\$6,000,000 land value and \$709,600 improvement value).
- Historic Gardens Phase III property values are projected to come on the tax roles in FY 2009.

¹ Bexar Appraisal District records as of July 17, 2009

Inner City Tax Increment Financing Zone

Improvements

Tax Year	Improvements	Other Improvements	Total New Improvements Base Model
2000	\$ -	\$ -	\$ -
2001	791,500	-	791,500
2002	310,500	-	310,500
2003	1,391,775	-	1,391,775
2004	9,507,500	-	9,507,500
2005	4,650,000	-	4,650,000
2006	8,543,600	-	8,543,600
2007	54,230,000	-	54,230,000
2008	18,000,000	-	18,000,000
2009	2,030,000	-	2,030,000
2010	54,035,700	-	54,035,700
2011	12,664,339	-	12,664,339
2012	26,120,931	-	26,120,931
	<u>\$ 192,275,845</u>	<u>\$ -</u>	<u>\$ 192,275,845</u>

EXHIBIT “C”

**ECONOMIC DEVELOPMENT
PROGRAM GRANT AGREEMENT**

Dated as of December __, 2010

between

**THE CITY OF SAN ANTONIO, TEXAS,
as Grantor**

and

**MAUC POINT EAST HOUSING, LP
as Grantee**

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STATE OF TEXAS

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**CHAPTER 380 ECONOMIC DEVELOPMENT
PROGRAM GRANT AND LOAN AGREEMENT
OF THE CITY OF SAN ANTONIO**

COUNTY OF BEXAR

This Chapter 380 Economic Development Program Grant And Loan Agreement (hereafter referred to as this "Agreement") is made and entered into by the City of San Antonio, a municipal corporation of the State of Texas, hereafter referred to as "GRANTOR", by and through its City Manager or her designee, and MAUC Point East Housing, LP, a for-profit limited partnership incorporated in the State of Texas, hereafter referred to as "GRANTEE", acting by and through its general partner, MAUC Point East Development, L.L.C., , a Texas limited liability company (collectively, the "Parties"), and pursuant to Article III, Section 52-a, of the Texas Constitution and Chapter 380 of the Texas Local Government Code, as amended.

RECITALS

WHEREAS, pursuant to Chapter 380 of the Texas Local Government Code, GRANTOR is authorized to loan and grant municipal funds to promote state or local economic development and to stimulate business and commercial activity in the municipality; and

WHEREAS, in accordance with City Ordinance No. 100684, GRANTOR created an economic development program for the purpose of making such loans and grants available; and

WHEREAS, GRANTEE is engaged in an economic development project that will be located within the city limits of San Antonio and will consist of the construction of a 200 unit Senior Multi-Family housing project (the "Project") at a vacant, abandoned property located at 301 Spriggdale Road (the "Project Site"); and

WHEREAS, GRANTEE is seeking an economic development grant and loan from GRANTOR for the purpose of defraying costs associated with the construction of the Project, and

WHEREAS, once completed, the Project is expected to result in a \$21 million investment in real property improvements at the Project Site and is anticipated to result in the promotion of state or local economic development and to stimulate business and commercial activity in the municipality; and

WHEREAS, the Project is located within GRANTOR'S Inner City Reinvestment/Infill Policy Target Area as well as the Tax Increment Reinvestment Zone Number 11 (Inner City TIRZ) designated by City Council in December 2000 to support redevelopment and public infrastructure improvements within the area encompassing the Zone; and

WHEREAS, on November 16, 2010 the board of the Inner City TIRZ approved a term sheet outlining the terms and conditions under which GRANTEE could receive a loan and grant from GRANTOR using TIRZ funds not to exceed \$700,000.00 under the terms and conditions of this Agreement; and

WHEREAS, the City Council has authorized the City Manager or her designee to enter into this Agreement in accordance with City Ordinance No. 2010-0012-0016-____, passed and approved on December 16, 2010, to provide funds to support the Project; **NOW THEREFORE:**

The Parties, by the execution of this Agreement, are bound to the mutual obligations set out herein and to the performance and accomplishment of the tasks hereafter described:

SECTION 1. PURPOSE

The purpose of this agreement is to assist GRANTEE in defraying costs associated with the construction of the Project through the award of public funds in the form of an economic development grant and loan. Upon completion, the Project is expected to result in approximately \$21 million of added value to and investment in real property within the Inner City Reinvestment/Infill Policy Target Area. The Project is anticipated to promote local economic development and to stimulate business and commercial activity in the City of San Antonio. GRANTOR is supporting the Project through this Agreement to promote state or local economic development and to stimulate business and commercial activity in the municipality.

This Agreement may be part of a larger incentive package in accordance with GRANTOR's Inner City Reinvestment/Infill Policy (the "ICRIP").

SECTION 2. DEFINITIONS

RESERVED

SECTION 3. TERM

This Agreement shall commence upon its "Effective Date" as indicated herein and shall terminate as follows: 1) five (5) years following the date of issuance of a Certificate of Occupancy for the Project in accordance with Section 7(B)(8); or 2) fifteen (15) years following the date of issuance of a Certificate of Occupancy for the Project in accordance with Section 7(B)(4); or in accordance with Section 15 of this Agreement below.

SECTION 4. OBLIGATIONS OF GRANTEE

A. The Project.

1. GRANTEE shall expend approximately TWENTY-ONE MILLION DOLLARS (\$21,000,000.00) to construct the Project at the Project Site. A legal description of the Project Site is attached hereto as Attachment I and is made a part of this Agreement. GRANTEE shall retain and provide documentation to GRANTOR, upon GRANTOR's request, indicating Project related expenditures. The Project shall consist of: (1) a Senior Multi-family housing complex consisting of 200 units meeting the definition and thresholds of "low income" designation by the U.S. Department of Housing and Urban Development; and (2) associated streetscape and other public improvements coordinated with the GRANTOR and/or other interested parties. A list of potential public improvements is attached hereto as Attachment II and is made a part of this Agreement.
2. GRANTEE shall secure sufficient construction financing prior to October 31, 2011 to undertake and complete the Project. Should GRANTEE fail to secure such financing by October 31, 2011, GRANTOR may, in its sole discretion, extend the time for securing sufficient financing by no more than six (6) months.
3. GRANTEE shall commence construction of the housing units prior to October 31, 2011 but in no case later than April 01, 2012.
4. GRANTEE shall provide quarterly construction status updates and compliance reports to GRANTOR in a format acceptable to GRANTOR, starting no later than thirty (30) days following the beginning of construction of the Project and continuing at least every third month thereafter for the

duration of the contraction of the Project, to include the construction progress, construction expenses and its compliance with all contractual requirements associated with the Project.

5. GRANTEE shall complete construction no later than April 1, 2013 but in no case later than October 1, 2013. Evidence of completion shall be the issuance of a Certificate of Occupancy for the Project by the City's Development Services Department.

B. The Public Improvements.

1. GRANTEE shall construct the Public Improvements described in Attachment II and within sixty (60) days of their "Completion" dedicate such Public Improvements to the GRANTOR. "Completion" shall mean constructed in accordance with the engineer's design and this Agreement. In order for a Public Improvement to have achieved a state of "Completion", the Public Improvement must:

i. for Public Improvements undertaken by the GRANTEE that initially required engineering plans only, be inspected by a design engineer and be the subject of a certification letter from the design engineer, sealed with the 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 Public Improvements, and certifying that the Public Improvements were constructed according to the specifications required by the engineer's design for each Public Improvement; and

ii. be approved by the GRANTOR, if necessary, as evidenced by a letter of acceptance issued by an authorized official of the GRANTOR; and

2. Upon acceptance of a GRANTEE-constructed street, sidewalk or drainage improvement for maintenance by the GRANTOR, GRANTEE or its contractor shall deliver to the GRANTOR a one-year extended warranty bond, naming the GRANTOR as the obligee, in conformity with Chapter 35 of the City's Unified Development Code. The cost of repair, replacement and maintenance for defects discovered during the first year after Completion shall be paid by GRANTEE, its contractor or the bond company and shall not be paid out of funds received under this Agreement.

3. GRANTEE shall, at its own cost and expense, maintain or cause to be maintained all public improvements, until Completion and acceptance by the GRANTOR and for one (1) year thereafter.

4. GRANTEE shall establish and maintain a separate, dedicated fund and accounting for GRANTOR-funded constructed Public Improvements.

5. GRANTEE shall ensure that its contractors deliver original Tex. Govt. Code, Chapter 2253 Performance and Payment Bonds and GRANTEE shall provide a copy of the Bonds to GRANTOR prior to construction of the Public Improvements. GRANTEE agrees that Performance and Payment Bonds shall meet the minimum standards for these bonds set by the GRANTOR's Risk Management Division. Failure to meet the GRANTOR's minimum standards for these bonds prior to the commencement of construction will be considered a breach of contract. The bonds shall name both the GRANTOR and the GRANTEE as beneficiaries or obligees of the bonds. The payment and performance bonds for each phase shall be in an amount sufficient to cover the entire contract cost of the Public Improvements for that phase.

C. In constructing the Project, including the Public Improvements, GRANTEE shall comply with all applicable federal, state and local laws and regulations, and shall develop and operate the Project in accordance with the terms and conditions of this Agreement.

D. GRANTEE shall pay all levied real property ad valorem taxes assessed for the Project Site prior to the commencement of the Term, and for each year thereafter, by the date due in GRANTEE's invoice. However, nothing herein shall prohibit GRANTEE from exercising its right to protest appraisals of the Property Site, or any portion thereof.

SECTION 5. BID, SBEDA AND WAGE REQUIREMENTS

A. GRANTEE agrees that contracts or subcontracts for the construction of Public Improvements constructed by GRANTEE shall be competitively bid in compliance with Chapter 252 of the Local Government Code and be constructed in compliance with all applicable law.

B. With respect to the construction of Public Improvements, GRANTEE shall comply with City Ordinance No. 2007-04-12-0396 relating to the participation of business enterprises certified as Small, Minority-, or Women-owned Business Enterprises in subcontracting any of the construction work required to be performed on the Project.

C. If applicable to the Project, GRANTEE shall pay prevailing wages in compliance with Tex. Govt. Code, Chapter 2258 and City Ordinance No. 2008-11-20-1045.

SECTION 6. RESERVED

SECTION 7. ECONOMIC DEVELOPMENT PROGRAM GRANT AND LOAN

A. **Economic Development Program Grant.** In consideration of full and satisfactory performance of activities required by this Agreement, GRANTOR is making an Economic Development Program Grant available to GRANTEE in the amount of ONE HUNDRED SEVENTY THOUSAND DOLLARS (\$170,000.00) (the "Grant Funds"). The Grant Funds shall be available to GRANTEE no later than thirty (30) days following execution of this Agreement and shall be disbursed to GRANTEE upon GRANTEE's submission of invoices to GRANTOR for services directly related to predevelopment costs for the Project. Such predevelopment costs must be contracted for subsequent to the approval of this Agreement and may include architectural drawings/construction documents, ESA studies, Appraisals, Market Studies and other expenses as outlined in the Pro-Forma for the Project. GRANTOR, shall not unreasonably withhold payment of a Grant Funds request for eligible costs submitted by GRANTOR in accordance with the terms of this Agreement.

- i. All construction related documents that are paid for with Grant Funds shall be jointly owned by GRANTEE and GRANTOR until Grantee's completion of all of its obligations under this Agreement. GRANTOR may retain copies of all work product submitted by GRANTEE.
- ii. GRANTOR shall make the Grant Funds available within thirty (30) days of GRANTEE's submission of a request for payment.

B. **Economic Development Program Loan.** In addition to the Grant Funds, GRANTOR has agreed to provide GRANTEE with an Economic Development Program Loan in the amount of FIVE HUNDRED AND THIRTY THOUSAND DOLLARS (\$530,000.00) (the "Loan Funds"). The Parties agree that the Loan Funds are to be used exclusively for the purpose of satisfying the obligations of GRANTEE as stated in the Mortgage Loan Agreement (the "Loan Agreement") (Attachment III) between GRANTEE and JP MORGAN CHASE BANK N.A. ("Bank"). The Parties acknowledge that GRANTEE

has defaulted on the Loan Agreement and GRANTOR is providing the Loan Funds for the sole purpose of securing ownership and control of the Project Site and to halt foreclosure proceedings. GRANTEE agrees and understands that the Loan Funds are to be paid directly by GRANTOR to Bank in a negotiated Purchase and Assignment Agreement between GRANTOR and Bank (ATTACHMENT IV). By providing such funds, GRANTEE acknowledges that GRANTOR shall assume the role of Bank in the Mortgage Loan Agreement and shall acquire additional rights as stated through the Purchase and Assignment Agreement.

1. Mortgage Pledge. GRANTOR and GRANTEE agree that the Loan Funds shall be secured by a first priority lien on the Project Site as provided by the Purchase and Assignment Agreement. GRANTOR shall acquire all legal rights and remedies in accordance with the Purchase and Assignment Agreement to the Project Site and against GRANTEE should GRANTEE fail to meet the terms and conditions of this Agreement, including the right to foreclose on the Project Site, take possession and sale the property to satisfy repayment of the Loan Funds.

2. Prior Liens. GRANTEE, through River City Capital, has a prior lien on the Project Site for an amount equal to THREE HUNDRED AND FIFTY THOUSAND DOLLARS AND NO CENTS (\$350,000.00). GRANTEE and River City Capital agree to release any and all prior liens and to waive any and all claims against the Project Site. Such agreement is evidenced in Attachment V (the "Release of Claims Agreement").

3. InterCreditor Agreement. GRANTOR agrees to negotiate in good faith an InterCreditor Agreement with GRANTEE's construction loan lender. Should GRANTOR deem the terms and conditions of the InterCreditor Agreement are commercially reasonable it shall agree to subordinate its first-priority lien position during the construction period to assist in the GRANTEE's ability to finance the costs of constructing the Project.

4. Repayment of Loan. GRANTEE shall be obligated to repay GRANTOR the Loan Funds, subject to SECTION 8 below, in annual installments of THIRTY FIVE THOUSAND THREE HUNDRED AND THIRTY-THREE DOLLARS AND THIRTY-THREE CENTS (\$35,333.33) plus Accrued Interest (as defined below) for a term of FIFTEEN (15) years beginning on the fifth (5th) year following the issuance of a Certificate of Occupancy for the Project.

5. Payment of Principal and Accrued Interest. In addition to the principal amount of the Loan Funds, GRANTEE shall also pay interest on the outstanding amount advanced beginning on the fifth (5th) year following the issuance of a Certificate of Occupancy for the Project ("Accrued Interest"). Accrued Interest on the outstanding Loan Funds shall be at a fixed-rate of four-percent (4%) per annum. Such fixed interest rate shall be in effect beginning on the fifth (5th) anniversary of the date of issuance of a Certificate of Occupancy for the Project. In no event shall any interest, including the Accrued Interest, accrue on the outstanding balance of the Loan Funds prior to fifth (5th) anniversary of the issuance of a Certificate of Occupancy for the Project. The amount of the Accrued Interest payment each year shall be referred to as an "Interest Payment")

6. Sufficient Amounts. Each payment made pursuant to SECTION 4 and 5 above shall be sufficient to pay the total amount of principal and Accrued Interest on the Loan Funds becoming due and payable upon that date.

7. Prepayment. Should GRANTEE repay the amount of the Loan Funds in whole, or in part, prior to the scheduled payment dates or the expiration of the dates specified in Section __ () of this Agreement, any Accrued Interest for such payment period shall be applied to the principle.

8. Conditional Obligation to Repay Loan Funds. The obligations of GRANTEE to make the Loan Payments and Interest Payments required by SECTION 7(B)(4) and 7(B)(5) above shall be forgiven by GRANTOR upon a showing that GRANTEE has:

- (i) met all obligations stated in Section 4 of this Agreement; and
- (ii) deferred at least fifty-percent (50%) of its "developer fees" (as shown in the Pro-Forma, attached hereto as Attachment VI and made a part of this Agreement) for a period of five years commencing upon the Effective Date of this Agreement.

GRANTOR shall utilize GRANTEE's Pro Forma among other documents, to determine GRANTEE's compliance with this Section 7(B)(8).

B. The funds made available to GRANTEE through this Agreement are made solely from lawfully available funds that have been appropriated by GRANTOR. Under no circumstances shall GRANTOR's obligations hereunder be deemed to create any debt within the meaning of any constitutional or statutory provision. Consequently, notwithstanding any other provision of this Agreement, GRANTOR shall have no obligation or liability to pay any Grants unless GRANTOR appropriates funds to make such payment during the budget year in which such Grant(s) is payable. Further, GRANTOR shall not be obligated to pay GRANTEE, any commercial bank, lender or similar institution for any loan or credit agreement made by GRANTEE, not a part of this Agreement.

SECTION 8. RETENTION AND ACCESSIBILITY OF RECORDS

A. GRANTEE shall maintain all fiscal records and supporting documentation for expenditures of disbursed funds associated with this Agreement. GRANTEE shall retain such records, and any supporting documentation, for the greater of: (1) Four [4] years from the end of the Agreement Term; or (2) the period required by other applicable laws and regulations.

B. GRANTEE shall, following reasonable advance written notice from the GRANTOR, give the GRANTOR, its designee, or any of their duly authorized representatives, access to and the right to examine all books, accounts, records, audit reports, reports, files, documents, written or photographic material, videotape and other papers, things, or property belonging to or in use by GRANTEE pertaining to this Economic Development Grant (the "Records"). The GRANTOR's access to GRANTEE's books and records will be limited to information needed to verify that GRANTEE is and has been complying with the terms of this Agreement and to verify payments made by the GRANTOR and re-payments made by GRANTEE and to verify that the proceeds of the Economic Development Grant are or were used in connection with the development and operation the Project. Should any good faith dispute or question arise as to the validity of the data provided, GRANTOR reserves the right to require GRANTEE to obtain an independent firm to verify the information. This certified statement by an independent firm shall be provided at the sole cost of GRANTEE. GRANTEE agrees to maintain the Records in an accessible location and to provide reasonable access to the Records consistent with the Texas Public Information Act. Failure to provide reasonable access to the Records to authorized GRANTOR representatives shall give GRANTOR the right to suspend or terminate this Agreement as provided for in Section 14 below, or any portion thereof, for reason of default.

SECTION 9. MONITORING

GRANTOR reserves the right to confirm GRANTEE's compliance with the terms and conditions of this Agreement. GRANTOR will provide GRANTEE with a written report of the monitor's findings. If the monitoring report notes deficiencies in GRANTEE's performances under the terms of this Agreement, the monitoring report shall include a listing of requirements for the correction of such deficiencies by GRANTEE and a reasonable amount of time (but in no case less than thirty (30) days) in which to attain

compliance. Failure by GRANTEE to take action specified in the monitoring report may be cause for suspension or termination of this Agreement, in accordance with Section 14 herein.

SECTION 10. INDEPENDENT CONTRACTOR

It is expressly understood and agreed by the Parties hereto that GRANTEE is not an agent or representative of GRANTOR and that GRANTEE, its employees and subcontractors are not employees or contractors of the GRANTOR.

SECTION 11. CONFLICT OF INTEREST

A. GRANTEE shall ensure that no employee, officer, or agent of GRANTEE shall participate in the selection, award or administration of a subcontract supported by funds provided hereunder if a conflict of interest, real or apparent, would be involved. Such conflict of interest would arise when: (1) the employee, officer, or agent; (2) any member of his or her immediate family; (3) his or her partner; or, (4) any organization which employs, or is about to employ any of the above, has a financial or other interest in the firm or person selected to perform the subcontract. GRANTEE shall comply with Chapter 171, Tex. Local Govt. Code as well as the City of San Antonio Code of Ethics.

B. Except for eligible administrative costs, no employee, agent, consultant, officer, or elected or appointed official, of either GRANTEE or of a subcontractor, who exercises or has exercised any functions or responsibilities or is in a position to participate in decision-making or gain inside information in regard to the activities involved in the Project, shall be permitted to have or obtain a financial interest in or benefit from the Project or any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties. This prohibition shall remain in effect for the duration of the prohibited relationship plus one calendar year thereafter.

SECTION 12. NONDISCRIMINATION AND SECTARIAN ACTIVITY

A. GRANTEE shall ensure that no person shall, on the ground of race, color, national origin, religion, sex, age or handicap, be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be denied access to any program or activity funded in whole or in part with funds made available under this Agreement.

B. None of the performances rendered by GRANTEE under this Agreement shall involve, and no portion of the funds received by GRANTEE under this Agreement shall be used in support of, any sectarian or religious activity, nor shall any facility used in the performance of this Agreement be used for sectarian instruction or as a place of religious worship.

C. GRANTEE shall include the substance of this Section 12 in all subgrant or contractor agreements.

SECTION 13. LEGAL AUTHORITY

A. Each Party assures and guarantees to the other that they possesses the legal authority to enter into this Agreement, to receive/deliver the funds authorized by this Agreement, and to perform its obligations hereunder.

B. The person or persons signing and executing this Agreement on behalf of each Party or representing themselves as signing and executing this Agreement on behalf of a Party, do hereby guarantee that he, she or they have been duly authorized to execute this Agreement on behalf of that Party and to validly and legally bind that Party to all terms, performances and provisions herein set forth.

C. GRANTOR will have the right to suspend or terminate this Agreement in accordance with Section 14 herein if there is a dispute as to the legal authority, of either GRANTEE or the person signing this Agreement, to enter into this Agreement, any amendments hereto or failure to render performances hereunder. GRANTEE is liable to GRANTOR for any money it has received from GRANTOR for performance of the provisions of this Agreement if GRANTOR suspends or terminates this Agreement for reasons enumerated in this Section 13.

SECTION 14. LITIGATION AND CLAIMS

A. GRANTEE shall give GRANTOR immediate notice in writing of any action, including any proceeding before an administrative agency, filed against GRANTEE arising out of the performance of this Agreement or any related contract or subcontract. Except as otherwise directed by GRANTOR, GRANTEE shall furnish immediately to GRANTOR copies of all pertinent papers received by GRANTEE with respect to such action or claim. GRANTEE shall notify the GRANTOR immediately of any legal action filed against the GRANTEE or any subcontractor, or of any proceeding filed under the federal bankruptcy code. GRANTEE shall submit a copy of such notice to GRANTOR within fifteen (15) calendar days after receipt. No funds provided under this Agreement may be used in the payment of any costs incurred from violations or settlements of, or failure to comply with, federal and state regulations.

B. GRANTOR and GRANTEE acknowledge that GRANTOR is a political subdivision of the State of Texas and is subject to, and complies with, the applicable provisions of the Texas Tort Claims Act, as set out in the Civil Practice and Remedies Code, Section 101.001 et. seq., and the remedies authorized therein regarding claims and causes of action that may be asserted by third parties for accident, injury or death.

C. This Contract shall be governed by the laws of the State of Texas. Venue and jurisdiction arising under or in connection with this Contract shall lie exclusively in Bexar County, Texas.

SECTION 15. DEFAULT, TERMINATION AND RECAPTURE

A. GRANTOR shall have the right to terminate this Agreement for non-compliance, in whole or in part, at any time before the date of termination should GRANTOR determine that GRANTEE has failed to comply with any material term of any agreement between GRANTEE and GRANTOR. GRANTOR will provide GRANTEE with written notification as to the nature of the non-compliance (the "Notice of Default"), and provide GRANTEE no less than a sixty (60) day period from the date of the GRANTOR's written notification to cure (the "Cure Period"), if possible, any issue of non-compliance under this Agreement. Should GRANTEE fail to cure any default within the period of time so provided, the GRANTOR may, upon issuance to GRANTEE of a written Notice of Termination, terminate this Agreement in whole or in part. Such notification shall include: (1) the reasons for such termination; (2) the effective date of such termination; and, (3) in the case of partial termination, the portion of the Agreement to be terminated.

B. In the case of default for causes beyond GRANTEE's reasonable control as defined in Section 25 of this Agreement, which cannot with due diligence be cured within such period, the GRANTOR may, in its sole discretion, extend the Cure Period provided that GRANTEE shall: (1) immediately upon receipt of Notice of Default advise GRANTOR of GRANTEE's intention to institute all steps necessary to cure such default and the associated time frame (the "Cure Plan"); and (2) institute and thereafter prosecute to completion, with reasonable and diligent dispatch, the Cure Plan. Should GRANTEE's Cure Plan fail to cure the default or should GRANTEE fail to institute the Cure Plan, then this Agreement shall be terminated without further action by GRANTOR.

C. Termination in the Event of Failure to Comply with Terms. Subject to the notice and cure provisions set forth herein, if GRANTEE fails to comply with any of the material terms of this Agreement, or if any of the GRANTEE principals fail to comply with any of the material terms of any other agreement with GRANTOR, for any reason, then GRANTOR shall have the right to terminate this Agreement. Upon said termination, GRANTEE shall immediately vacate the Project Site and GRANTOR, in accordance with the rights and remedies of the Loan Agreement and Purchase and Assignment Agreement, shall commence all necessary proceedings to foreclose and take possession of the Project Site.

D. Upon receipt of Notice of Termination for non-compliance under this Section 15, GRANTEE shall, to the extent possible under its other contractual obligations, cancel, withdraw or otherwise terminate any outstanding orders or subcontracts related to the performance of this Agreement or the part of this Agreement to be terminated and shall cease to incur costs thereunder. Any other work or materials obtained with funds disbursed under or as part of this Agreement shall be terminated and GRANTOR will not be liable to GRANTEE or to GRANTEE's creditors for any costs incurred subsequent to receipt of a Notice to Terminate.

E. Notwithstanding any exercise by GRANTOR of its right of termination pursuant to this Section 15, GRANTEE shall not be relieved of any liability to GRANTOR for damages due to GRANTOR by virtue of any breach by GRANTEE of any agreement with GRANTOR.

SECTION 16. SPECIAL CONDITIONS AND TERMS

GRANTEE understands and agrees that if GRANTEE is a "business" and if the GRANTOR's contribution under this Agreement is a "public subsidy" as that term is defined in Chapter 2264 of Subtitle F, Title 10, Tex. Govt. Code, as amended, then in the event of GRANTEE'S conviction of knowingly employing an undocumented worker, GRANTEE shall return all funds that GRANTEE has received from GRANTOR through this Agreement, with repayment required within SIX (6) months of final conviction. Interest shall accrue at the rate of .5% per month until the time of such repayment from the date of final conviction.

SECTION 17. SUBCONTRACTS

A. GRANTEE shall ensure that the performance rendered under all subcontracts complies with all terms and provisions of this Agreement as if such performance were rendered by GRANTEE. GRANTEE shall bear full responsibility for performance by all subcontractors.

B. GRANTEE, in subcontracting any of the performances hereunder, expressly understands that in entering into such subcontracts, GRANTOR is in no way liable to GRANTEE's subcontractors.

C. GRANTEE assures and shall obtain assurances from all of its subcontractors where applicable, that no person shall, on the grounds of race, creed, color, disability, national origin, sex or religion, be excluded from, be denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part under this Agreement.

SECTION 18. INSURANCE

A. GRANTEE will require that the Insurance requirements contained in this Section be included in all its contracts or agreements for Public Improvements where GRANTEE is seeking grant funds under this Agreement, unless specifically exempted in writing by the GRANTOR.

B. Prior to the commencement of any work under this Agreement, GRANTEE shall furnish copies of all required endorsements and an original completed Certificate(s) of Insurance to the GRANTOR's Center

City Development Office (CCDO), which shall be clearly labeled “E. Thurman Walker Living Sr. Center” in the description of operations block of the certificate. The original certificate(s) shall be completed by an agent and signed by a person authorized by that insurer to bind coverage on its behalf. The GRANTOR will not accept a Memorandum of Insurance or Binders as proof of insurance. The original certificate(s) or form 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 GRANTOR at the address listed in Paragraph E of this Section 18. The GRANTOR shall have no duty to pay or perform under this Agreement until such certificate and endorsements have been received and approved by the GRANTOR’s CCDO. No officer or employee, other than the GRANTOR’s Risk Manager, shall have authority to waive this requirement.

C. The GRANTOR reserves the right to review the Insurance requirements of this Section during the effective period of this Agreement and any extension or renewal hereof and to reasonably modify insurance coverages and their limits when deemed necessary and prudent by the GRANTOR’s Risk Manager based upon changes in statutory law, court decisions, or circumstances surrounding this Agreement. In no instance will the GRANTOR allow modification whereupon the GRANTOR may incur increased risk.

D. The GRANTEE’s financial integrity is of interest to the GRANTOR, therefore, subject to the GRANTEE’s right to maintain reasonable deductibles in such amounts as are approved by the GRANTOR, the GRANTEE or the GRANTEE’s contractor, shall obtain and maintain in full force and effect during the construction of all Public Improvements undertaken by the GRANTEE or GRANTEE’s contractor and required by this Agreement, at the GRANTEE’s or the GRANTEE’s contractor’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:

TYPE	AMOUNTS
1. Workers' Compensation	Statutory
2. Employers' Liability	\$1,000,000/\$1,000,000/\$1,000,000
3. Broad Form Commercial General Liability Insurance to include coverage for the following: a. Premises operations b. Independent Contractors c. Products/completed operations d. Personal Injury e. Contractual Liability f. Environmental Impairment/ Impact – sufficiently broad to cover disposal liability (if applicable).	For Bodily Injury and Property Damage 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	Combined Single Limit for Bodily Injury and Property Damage of \$1,000,000 per occurrence

E. The GRANTOR 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 GRANTOR 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 thereto or the underwriter of any such policies). GRANTEE and/or GRANTEE’s contractor shall be required to comply with any such requests and shall submit a copy of the replacement certificate of insurance to the GRANTOR at the addresses provided below within ten (10) days of the requested

change. GRANTEE and/or GRANTEE's contractor shall pay any costs incurred resulting from said changes:

City of San Antonio
Center City Development Office
P.O. Box 839966
San Antonio, Texas 78283-3966

F. GRANTEE 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 GRANTOR and its respective officers, officials, employees, volunteers and elected representatives as additional insureds by endorsement, as respects operations and activities of, or on behalf of, the named insured performed pursuant 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 of San Antonio where the City is an additional insured shown on the policy;
- c. Workers' compensation and employers' liability policies will provide a waiver of subrogation in favor of the GRANTOR; and
- d. Provide thirty (30) calendar days advance written notice directly to GRANTOR at the same address listed in Paragraph E. of this Section regarding any suspension, cancellation, non-renewal or material change in coverage, and not less than ten (10) calendar days advance written notice for nonpayment of premium.

G. Within five (5) calendar days of a suspension, cancellation or non-renewal of coverage, GRANTEE and/or GRANTEE's contractor shall provide a replacement Certificate of Insurance and applicable endorsements to the GRANTOR at the address listed in Paragraph E. of this Section 18. GRANTOR shall have the option to suspend GRANTEE's performance should there be a lapse in coverage at any time during this Agreement. Failure to provide and to maintain the required insurance shall constitute a material breach of this Agreement.

H. In addition to any other remedies the GRANTOR may have upon GRANTEE's and/or GRANTEE's contractor's failure to provide and maintain any insurance or policy endorsements to the extent and within the time herein required, the GRANTOR shall have the right to order GRANTEE to stop work hereunder, and/or withhold any payment(s) which become due to the GRANTEE hereunder until GRANTEE and/or GRANTEE's contractor demonstrates compliance with the requirements hereof.

I. Nothing herein contained shall be construed as limiting in any way the extent to which GRANTEE may be held responsible for payments of damages to persons or property resulting from GRANTEE's or its contractors' performance of the work associated with this Agreement.

J. It is agreed that GRANTEE's and/or GRANTEE's contractor'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 associated with this Agreement.

K. It is understood and agreed that the insurance required is in addition to and separate from any other obligation contained in this Agreement.

L. GRANTEE agrees to obtain all insurance coverages with minimum limits of not less than those limits delineated in Paragraph D. of this Section 18 from each contractor to GRANTEE and provide a

Certificate of Insurance and Endorsement that names the GRANTEE and the GRANTOR as an additional insured.

SECTION 19. INDEMNIFICATION

The GRANTEE covenants and agrees that GRANTEE shall, and agrees to contractually require each of its contractors to, FULLY INDEMNIFY and HOLD HARMLESS, the GRANTOR (and the elected officials, employees, officers, directors, volunteers and representatives of the GRANTOR), 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, arising out of any act or omission of GRANTEE or any of GRANTEE's employees, agents, consultants, contractors, representatives, guests, or invitees and their respective officers, agents, employees, directors and representatives, including any damage to or loss of any property belonging to: (a) GRANTEE or GRANTEE's employees, agents, consultants, contractors, representatives, guests or invitees and their respective officers, agents, employees, directors and representatives; and (b) the GRANTOR and the elected officials, employees, officers, directors, volunteers and representatives of the GRANTOR.

The indemnity provided for in the foregoing paragraph shall not apply to any liability resulting from the sole negligence of GRANTOR, 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 GRANTEE AND GRANTOR 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 GRANTOR UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS, FEDERAL OR INTERNATIONAL LAW.

GRANTEE shall promptly advise GRANTOR in writing of any claim or demand against GRANTOR or GRANTEE known to GRANTEE related to or arising out of GRANTEE's or GRANTOR's activities under this Agreement. Further, GRANTEE shall see to the investigation and defense of any such claim or demand against GRANTEE or CITY at GRANTEE' sole cost until such time as GRANTOR is found to be negligent by a court of competent jurisdiction. GRANTOR shall have the right, at its option, to participate in such defense without relieving GRANTEE of any of its obligations under this paragraph.

The provisions of this INDEMNIFICATION 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.

SECTION 20. DEBARMENT

By signing this Agreement, GRANTEE certifies that it will not award any funds provided under this Agreement to any party which is debarred, suspended or otherwise excluded from or ineligible for participation in assistance programs.

SECTION 21. RIGHTS UPON DEFAULT

It is expressly understood and agreed by the Parties hereto that any right or remedy provided for in this Agreement shall not preclude the exercise of any other right or remedy under any other agreement between GRANTEE and the GRANTOR or under any provision of law, nor shall any action taken in the exercise of any right or remedy be deemed a waiver of any other rights or remedies. Failure to exercise

any right or remedy hereunder shall not constitute a waiver of the right to exercise that or any other right or remedy at any time.

SECTION 22. ASSIGNMENT

GRANTEE covenants and agrees that during the term of this Agreement, it shall notify GRANTOR in writing at least thirty (30) calendar days prior to any sale or transfer of its business or Project and/or Project location. In the event of a sale or transfer, GRANTEE may assign its rights and obligations under this Agreement to an assignee only with the consent of GRANTOR. Any purchaser or transferee requesting an assignment of this Agreement shall be bound by the terms hereof. Failure to provide the required notification of sale or transfer may subject GRANTEE to the termination provisions in Section 15 of this Agreement.

SECTION 23. CHANGES AND AMENDMENTS

A. Except as specifically provided in Section 23(C) of this Agreement, any alterations, additions or deletions to the terms of this Agreement shall be by amendment hereto in writing and executed by both Parties to this Agreement upon GRANTOR approval and authorization of GRANTEE.

B. It is understood and agreed by the Parties hereto that performances under this Agreement shall be rendered in accordance with the laws and rules governing the Economic Development Program as set forth this date, and the terms and conditions of this Agreement.

C. Any alterations, additions, or deletions to the terms of this Agreement required by changes in state law or regulations are automatically incorporated into this Agreement without written amendment hereto, and shall become effective on the date designated by such law or regulation.

SECTION 24. ORAL AND WRITTEN AGREEMENTS

All oral and written agreements between the Parties to this Agreement relating to the subject matter of this Agreement that were made prior to the execution of this Agreement have been reduced to writing and are contained in this Agreement.

SECTION 25. AUTHORIZED RELIEF FROM PERFORMANCE (Force Majeure)

GRANTOR may grant relief from performance of the Agreement if the GRANTEE is prevented from compliance and performance by an act of war, order of legal authority, act of God, or other unavoidable cause not attributed to the fault or negligence of the GRANTEE, such relief not to be unreasonably withheld by GRANTOR. The burden of proof for the need for such relief shall rest upon the GRANTEE to the satisfaction of GRANTOR. To obtain release based upon *force majeure*, the GRANTEE must file a written request with the GRANTOR, subject to GRANTOR approval.

SECTION 26. SURVIVAL OF CERTAIN AGREEMENT PROVISIONS

The following provisions of the Agreement, concerning GRANTEE's obligations, shall survive the termination of the Agreement after completion of the Project Term:

A. Section 7 (Records Retention and Accessibility of Records)

SECTION 27. INCORPORATION OF ATTACHMENTS

Each of the Attachments listed below is an essential part of the Agreement, which governs the rights and duties of the parties.

Exhibit I: Legal Description of Project Site

Exhibit II: List of Public Improvements

Exhibit III: Loan Agreement between MAUC and BANK

Exhibit IV: Purchase and Assignment Agreement between GRANTOR and BANK

Exhibit V: Release of Claims by MAUC and River City Capital

Exhibit VI: GRANTEE's Pro-Forma for Project

SECTION 28. ENTIRE AGREEMENT

This Agreement, together with its authorizing ordinance and its attachments constitute the final and entire agreement between the parties hereto and contain all of the terms and conditions agreed upon. No other agreements, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind the parties hereto, unless same is in writing, dated subsequent to the date hereto and duly executed by the parties.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

WITNESS OUR HANDS, EFFECTIVE as of _____, 2010:

Accepted and executed in three duplicate originals on behalf of the GRANTOR, City of San Antonio, pursuant to Ordinance Number _____, dated _____, 2010, and GRANTEE, MAUC Point East Housing, LP, pursuant to the authority of its _____ (title).

MAUC POINT EAST HOUSING, LP,
a Texas Limited Partnership

CITY OF SAN ANTONIO,
a Texas Municipal Corporation

By: MAUC Point East Development, L.L.C.,
a Texas Limited Liability Company,
Its General Partner

BY: _____
Fernando S. Godinez
President/CEO
Mexican American Unity Council, Inc.,
A Texas Non-Profit Corporation,
Its sole member

Pat DiGiovanni

DEPUTY CITY MANAGER

ATTEST:

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

BOARD OF DIRECTORS
TIRZ #11 (Inner City TIRZ)

ATTEST/SEAL:

Name: _____
Presiding Officer, Board of Directors
Date: _____

Name: _____
Secretary, Board of Directors
Date: _____

