DS
08/26/99
#44

AN ORDINANCE 90382

APPROVING THE FINAL PROJECT AND FINANCING PLAN FOR REINVESTMENT ZONE NO. 5, ALSO REFERRED TO AS THE NEW HORIZANS PROJECT; APPROVING THE PAYMENT OF ALL INCREMENTAL AD VALOREM TAXES GENERATED FROM NEW IMPROVEMENTS OCCURRING IN THE ZONE INTO THE ZONE'S TAX INCREMENT FUND AS PROVIDED FOR IN THE FINANCING PLAN; AUTHORIZING STAFF TO NEGOTIATE AND EXECUTE AN INTERLOCAL AGREEMENT WITH THE OTHER TAXING ENTITIES CONTRIBUTING AD VALOREM TAXES AND AUTHORIZING AN IMMEDIATE EFFECTIVE DATE UPON EIGHT (8) AFFIRMATIVE VOTES.

* * * * *

WHEREAS, on August 19, 1999, the City Council of the City of San Antonio approved Ordinance No. 90311, establishing the Tax Increment Reinvestment Zone Number Five, City of San Antonio, Texas (the "Zone") and the Board of Directors for the Zone in accordance with the Tax Increment Financing Act, as amended (V.T.C.A., Tax Code, Chapter 311 (the "Act"), to promote to the development of the New Horizons Subdivision Project (the "Project") through the use of tax increment financing; and

WHEREAS, Section 311.011(a) of the Act, requires the Board of Directors (the "Board") of the Zone to prepare and adopt a Final Project Plan and Reinvestment Zone (the "Final Plan"); and

WHEREAS, on August 20, 1999, the Board by Resolution adopted and approved a Final Project Plan and Reinvestment Zone Financing Plan for the Zone which is attached hereto as Exhibit I; and

WHEREAS, pursuant to Section 311.011(d) of the Act, the City Council of the City of San Antonio must approve a Project Plan and Reinvestment Zone Financing Plan after its adoption by the Board; and

WHEREAS, Ordinance No. 90311, referenced above also authorized the creation of a tax increment fund entitled "Reinvestment Zone Number Five, City of San Antonio, Texas Tax Increment Fund" (hereafter referred to as the "Fund") and established in the depository bank of the City; and

WHEREAS, money in the Fund, from whatever source, may be disbursed from the Fund, invested, and paid as permitted by the Act or by any agreements entered pursuant to the Act, or otherwise authorized by law; and

WHEREAS, a taxing unit is not required to pay into the Fund any of its tax increment provided from property located in the Zone designated by petition under Section 311.005(a)(5) of the Act, unless the taxing unit enters into an agreement with the City of San Antonio; and

WHEREAS, the agreement may include conditions for payment into the Fund and must specify the portion of the tax increment to be paid into the Fund and the years for which that tax increment is to be paid into the Fund; and

WHEREAS, the City of San Antonio desires to approve the payment of all City incremental ad valorem taxes generated from new improvements into the "Reinvestment Zone Number Five, City of San Antonio, Texas Tax Increment Fund"; and

WHEREAS, payment into the Fund shall take effect on January 1, 2000 and continue until its termination date of September 30, 2009 (the "Termination Date"), unless otherwise terminated earlier as a result of the completion of the Final Plan, or as authorized or permitted by law; and

WHEREAS, it is now necessary to authorize the City Manager or his designee to enter into interlocal agreements with the taxing units which desire to participate in the Tax Increment Financing Plan for the Project; and

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

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

SECTION 1. The City Council of the City of San Antonio hereby approves the Final Project Plan and the Reinvestment Zone Financing Plan as approved by the Board of Directors of the Tax Increment Reinvestment Zone Number Five of the City of San Antonio, Texas. A copy of the Final Project Plan and the Reinvestment Zone Financing Plan are attached hereto as Exhibit I.

SECTION 2. City Council hereby authorizes the City Manager or his designee to make payment of all incremental ad valorem taxes generated from the new improvements into Tax Increment Reinvestment Zone Number Five of the City of San Antonio, Texas from January 1, 2000 and continue until its termination date of September 30, 2009, unless otherwise terminated earlier as a result of the completion of the Final Plan, or as authorized or permitted by law.

SECTION 3. The City Manager or his designee is hereby authorized to enter into interlocal agreements with the taxing units which participate in the Tax Increment Financing Plan for the Project. A copy of the Interlocal agreements shall be attached hereto and incorporated as Exhibit II upon execution by the parties..

SECTION 4. The City Council hereby finds that the Final Project Plan and the Reinvestment Zone Financing Plan for the New Horizons Subdivision Project 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 affordable housing within certain areas of the City which would not have occurred without tax increment financing.

SECTION 5. If any provision of this Ordinance or application thereof to any circumstance shall be held invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and the governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 6. Because of the need to insure school district participation in this Project without potential negative impact on the district's State funding an emergency is declared so that upon receipt of eight affirmative votes, this Ordinance shall be effective before August 31, 1999.

PASSED AND APPROVED this 26th day of August, 1999.

MAYOR
Howard W. Peak

ATTEST:
City Clerk

APPROVED AS TO FORM: Veronica M. Zertuche
for City Attorney

99-83

MEETING OF THE CITY COUNCIL

	ALAMODOME
	AVIATION
	ASSET MANAGEMENT
1	BUDGET & EMPLOYEE SERVICES
	BUDGET & EMPLOYEE SERVICES - PERSONNEL
	BUILDING INSPECTIONS
	BUILDING INSPECTIONS - HOUSE NUMBERING
	CITY ATTORNEY
	CITY ATTORNEY - MUNICIPAL COURT PROSECUTORS
	CITY ATTORNEY - RISK MANAGEMENT
	CITY MANAGER
	CITY PUBLIC SERVICE - GENERAL MANAGER
	CITY PUBLIC SERVICE - MAPS & RECORDS
	CODE COMPLIANCE
	COMMERCIAL RECORDER (PUBLISH)
	COMMUNITY INITIATIVES
	COMMUNITY RELATIONS
	COMMUNITY RELATIONS - PUBLIC INFORMATION
	CONVENTION & VISITORS BUREAU
	CONVENTION CENTER EXPANSION OFFICE
	CONVENTION FACILITIES
	CULTURAL AFFAIRS
1	ECONOMIC DEVELOPMENT
	FINANCE - DIRECTOR
	FINANCE-ASSESSOR
1	FINANCE-CONTROLLER
1	FINANCE-GRANTS
	FINANCE-TREASURY (WITH ATTACHMENTS)
	FIRE DEPARTMENT
	HOUSING & COMMUNITY DEVELOPMENT
	INFORMATION SERVICES
	INTERGOVERNMENTAL RELATIONS
	INTERNAL REVIEW
	INTERNATIONAL AFFAIRS
	LIBRARY
	METROPOLITAN HEALTH DISTRICT
	MUNICIPAL CODE CORPORATION (PUBLISH)
	MUNICIPAL COURTS
	NEIGHBORHOOD ACTION
	PARKS & RECREATION
	PLANNING DEPARTMENT
	PLANNING DEPARTMENT - DISABILITY ACCESS
	PLANNING DEPARTMENT - LAND DEVELOPMENT SVC
	POLICE DEPARTMENT
	POLICE DEPARTMENT - GROUND TRANSPORTATION
	PUBLIC WORKS DIRECTOR
	PUBLIC WORKS - CAPITAL PROJECTS
	PUBLIC WORKS - CENTRAL MAPPING(W/ATTACHMT)
	PUBLIC WORKS - ENGINEERING
	PUBLIC WORKS - PARKING DIVISION
	PUBLIC WORKS - REAL ESTATE
	PUBLIC WORKS - SOLID WASTE
	PUBLIC WORKS - TRAFFIC ENGINEERING
	PURCHASING & GENERAL SERVICES
	YOUTH INITIATIVES

TIF: New Horizons Project

AGENDA ITEM NUMBER: 44

DATE: AUG 26 1999

MOTION: Guerrero / Bannwolf

ORDINANCE NUMBER: 90382

RESOLUTION NUMBER:

ZONING CASE NUMBER:

TRAVEL AUTHORIZATION:

NAME	ROLL	AYE	NAY
BOBBY PEREZ District 1	—	✓	
MARIO SALAS District 2		✓	
DEBRA GUERRERO District 3		✓	
RAUL PRADO District 4		✓	
RICK VASQUEZ District 5		✓	
JOSE MENENDEZ District 6		✓	
ED GARZA District 7		✓	
BONNIE CONNER District 8		✓	
TIM BANNWOLF District 9		✓	
DAVID CARPENTER District 10		✓	
HOWARD W. PEAK Mayor		✓	

File: Tax Increment Financing, Reinvestment Zone No 5

99-33

FINAL PROJECT PLAN
AND REINVESTMENT ZONE FINANCING PLAN
FOR

REINVESTMENT ZONE NUMBER 5
CITY OF SAN ANTONIO, TEXAS

"NEW (WEST) HORIZONS"

Prepared by:
City of San Antonio

August 26, 1999

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I. EXECUTIVE SUMMARY

NEW (WEST) HORIZONS

I. EXECUTIVE SUMMARY

The City of San Antonio's proposed Tax Increment Reinvestment Zone No. 5 ("TIRZ" or "Zone"), can help facilitate the development of an approximately 10 acre tract of land, of which will contain 63 affordable single family homes. The residential subdivision will be known as New (West) Horizons. Of the planned residential development, houses will range in price from $60,000 - $75,000, and houses will range in size from 1,000 to over 1,400 square feet with lot sizes of approximately 5,000 square feet.

The proposed New (West) Horizons development is located at the corner of Hortencia at West Commerce in the West Side of the city. The developer of the property is Nuevos Horizontes and is requesting the City of San Antonio, along with other taxing entities, to participate in the TIF.

The proposed cost of the public improvements for New (West) Horizons is estimated at $609,379, which includes an interest cost of 9.25%. The proposed cost for administrative expenses is $45,000, totaling $654,379. The proposed public improvements for this project include: street installation, sidewalks, utilities, drainage, and other public improvements. The financing for this project has been arranged through International Bank of Commerce by Nuevos Horizontes for all infrastructure and site improvements.

Participation from the City of San Antonio, Bexar County, Edgewood Independent School District, University Health System, and Alamo Community College District is being requested.

The Board of Directors for New (West) Horizons Tax Increment Reinvestment Zone No. 5 met on Friday, August 20, 1999, and approved the attached final project and financing plans. The TIRZ has been calculated to be paid out in ten years, at which time the zone will be dissolved, in September 2009.

In summary, the proposed New (West) Horizons TIRZ will enable the developer to provide 63 affordable single-family homes. Additionally, the TIRZ will enhance the quality of life for the residents of the neighborhood, and the City will gain a self-sustaining, single family neighborhood in the spirit of the initiatives set by the Community Revitalization Action Group (CRAG).

II. PROJECT PLAN

A. Overview
B. Boundaries
C. Land Use & Existing Conditions
D. Project Plan Objective
E. Relocation
F. Municipal Ordinances
G. Non-project Costs

II. Project Plan

A. Overview

The New (West) Horizons TIRZ will provide the financing needed for infrastructure to develop 63 affordable homes on the West Side of San Antonio. This development will bring homeownership and revitalization opportunities to an inner-city area. Through the Community Revitalization Action Group (CRAG) process, the City has committed to identifying, developing and encouraging efforts to revitalize the communities located inside Loop 410. The CRAG Final Report recommends the creation of TIRZ districts as a tool for community revitalization.

The Project Plan and the Financing Plan provide for the funding of streets, sidewalks, utilities, drainage, and public improvements associated with the proposed residential development. The entire 10 acre tract will be developed for single family uses. The houses in the zone will range in sales price from $60,000 to $75,000. House sizes will range from 1,000 to 1,400 square feet. Lot sizes will average about 5,000 square feet. The projected completion date for the area infrastructure is 2001. The project will target homeowners who earn 80 percent of city's median income.

In addition to the residential development, the plan calls for improvements to the pedestrian environment along West Commerce Street and Hortencia Avenue by adding landscaping, lighting, and sidewalks. These enhancements are supported by the City's Master Plan which encourages the development of accessible, safe and stimulating streetscapes (Urban Design: Policy 1e).

As part of project development, meetings were held with area stakeholders including neighborhood groups, community organizations, and the Edgewood Independent School District. The need for community involvement in the development of infill projects is stressed in the City's Master Plan.

The use of the TIRZ will enable the developer to create affordable single family housing that will help to increase area population, support the existing retail base, supplement the existing job market, attract additional private development, and revitalize the neighborhood. Without the creation of the TIRZ, the development of the proposed 63 affordable homes would not be financially feasible. The TIRZ funds will provide for the difference between the costs of development and the price the market will allow.

B. Boundaries

The TIRZ is located about 5.8 miles west of downtown San Antonio and about 1.8 miles north of US Highway 90. The TIRZ is roughly bound by West Commerce Street to the south, NW 39th Street to the east, Caywood Street to the north, and Hortencia Avenue to the west. The location of the zone is shown in Exhibit A: Vicinity/School Districts Map. The boundaries of the zone are shown in Exhibit B: Boundary/Floodplain Map. A legal description of the property is found in the Appendices of the plan.

C. Land Use and Existing Conditions

Area Land Use

The land uses south of the zone include single family residential development and vacant properties. Single family houses and Monterrey Park is located east of the zone. Monterrey Park, a developed large urban park, currently is receiving capital improvements funded through City of San Antonio general obligation bonds. Single family development also borders the zone to the north. A mix of uses including single family residential, commercial, public/institutional and vacant properties are found west of the zone. (see Exhibit C: Existing Land Use).

According to the 1990 Census, the median housing value for the census tract where the zone is located is $36,100. The 1990 citywide median housing value is $49,700. About 68 percent of the housing in the tract is owner-occupied compared to 54 percent for the city as a whole.

Current Site Conditions

The zone includes about 10.3 acres of undeveloped land. Access to the property is provided from West Commerce Street and Hortenica Avenue. West Commerce Street is identified as a Secondary Arterial Type A in the Major Thoroughfare Plan.

The development of the property will require street excavation and installation, grading, and the construction of drainage structures/channels, sidewalks, approaches, sewer lines, water lines, street lighting and electrical services. The property is not located within the 100 year FEMA floodplain (see Exhibit B: Boundary/Floodplain Map and Exhibit D: Site Plan).

Current Economic Conditions

The TIRZ is located in the southeast corner of Census Tract 1714. The population for this census tract grew at nearly the same rate as the city as a whole between the 1980 Census and the 1990 Census. The tract grew by 18.5 percent between 1980 and 1990 (from 5,193 to 6,155) and the city as a whole grew by 19 percent (from 786,023 to 935,933). According to population estimates developed by Claritas Corporation, the tract is projected to have a 1998 population of 6,717 persons. This figure represents a 9 percent growth over the 1990 Census figure. In comparison, Claritas projected a 25 percent increase in population for the entire city of San Antonio.

According to Claritas data, the 1998 median household income in the Census tract is $20,300 compared to a 1998 citywide median household income of $30,585.

A breakdown of the 1998 population, based on projections provided by Claritas, follows:

Ethnicity	***Census Tract 1714*** *% of 1998 Population*	***Citywide*** *% of 1998 Population*
Anglo	2%	30%
Black	1%	6%
Hispanic	96%	62%
Other	1%	2%

The southern boundary of the zone is West Commerce Street which serves as a major transportation artery. The area is served by VIA bus service to downtown, the medical center and Kelly AFB. The transportation network contributes to the suitability of infill residential development in the area.

D. Project Plan Objective

The objective of the plan is to develop 10.3 acres of land into 63 affordable home sites and enhance the pedestrian environment along West Commerce Street and Hortencia Avenue. The project will create opportunities for first time homeownership, provide counseling for homebuyers, develop safe and affordable single family housing, and enhance the pedestrian environment. The development would not occur without the TIRZ. The TIRZ funds will provide for the difference between development costs and the market price.

E. Relocation

The Plan does not call for the relocation or displacement of residents.

F. Municipal Ordinances

In addition to compliance with ordinances directly associated with the development of a TIRZ, the proposed development will comply with local codes and ordinances.

The property currently is zoned R-7 (Small Lot Home District). No zoning change is needed for the proposed project.

In keeping with the Master Plan, the City has worked with developers in past projects to create design guidelines for appropriate infill. These design guidelines are developed to "complement the architectural design and character of the neighborhood" when designing new housing (Neighborhoods: Policy 4a). The same standards of review apply to the proposed TIF project.

The Master Plan also calls for efforts to facilitate the provision of choice in housing for special needs populations (Neighborhoods: Policy 4d). Efforts to meet this policy could include ensuring homes are visitable or easily adaptable to disabled persons. Policy 4i requires the community to explore the full range of options to allow people to remain in their homes throughout their lives. The Fair Housing Act Amendments of 1988 and Section 504 of the Rehabilitation Act of 1973 complement the Master Plan Policies by

International Bank of Commerce

August 9, 1999

Mrs. Mariccla Tello
8058 Vantage
San Antonio, Texas 78230

Re: Financing for Nuevos Horizontes, Inc. (West Horizon Subdivision)

Dear Mrs. Tello:

As you are aware, International Bank of Commerce (Bank) is providing financing for the West Horizon Subdivision, an approximate 10 acre parcel being developed into 63 residential lots. The Bank is currently funding draw requests for the 2 loan facilities.

Borrower: Nuevos Horizontes Inc.

Lot Development Loan: $375,000

A. Purpose: Provide a portion of the cost of the infrastructure cost for building the streets, utilities, etc. to result in 63 completed residential lots.
B. Interest Rate: 10%, payable monthly.
C. Maturity: 5/31/2000
D. Renewals: If no default has occurred and all other financial conditions are maintained, the bank will consider a renewal if requested.
E. No penalty for early repayment

House Construction Guidance Line

A. Purpose: Provide funds for the construction of new homes to be built in the newly developed West Horizon Subdivision.
B. Interest Rate: 10%, payable monthly
C. Maturity: Individual notes-six months. Guidance Line will mature 7/31/2000.
D. Renewals: If no default has occurred and all other financial conditions are maintained, the Bank will consider a renewal of individual notes, if requested. It is anticipated that the Borrower will request the Guidance Line be renewed and if performance is satisfactory, such request will be favorable considered.
E. No penalty for early repayment.
F. It is anticipated that the Guidance Line will be used to finance up to 10 new homes at a time. As homes are sold and the Line paid down, additional notes for additional new homes will be funded according to the Loan Agreement.

It is our understanding that the full economic value created after all 63 homes have been built will be in excess of $4,000,000 based on the Borrower's projections. If there are any questions, please do not hesitate to call me at (210) 518-2504.

Yours Very Truly,

Richard L. Capps
Senior Vice President

CONTRACT

STATE OF TEXAS §
COUNTY OF BEXAR § KNOW ALL MEN BY THESE PRESENTS:

That this Agreement made and entered into this 4th day of June, 1999, AD, by and between **NUEVOS HORIZONTES, INC.**, City of San Antonio, County of Bexar, State of Texas, Acting through its Contracting Officer, First Party, hereinafter termed the Owner, and **Russell Boring, Vice-President, Winco Contractors, 18954 FM 2252, Garden Ridge, Texas 78266** of the City of San Antonio, County of Bexar, State of Texas, Second Party, hereinafter termed the Contractor.

WITNESSETH: That for and in consideration of the payments and agreements hereinafter mentioned to be made and performed by said First Party, (Owner), the said Second Party, (Contractor), hereby agrees with the First Party to commence and complete the construction of certain improvements at the prices set forth in the Contractor's Proposal for **GRE Project No. 98-0182**, dated June 4, 1999, the same being designated as **West Horizon Subdivision**.

The Contractor shall perform all work shown on the Plans and described Specifications and shall meet all requirements of this Agreement, The General and Special Conditions of the Agreement; and such Orders and Agreements for Extra Work as may subsequently be entered by the above named parties to this Agreement.

The Contractor shall not offer, confer, or agree to confer any benefit or gift to any employee of Bridle Bit Corporation of GE Reaves Engineering, Inc.

The Contractor hereby agrees to commence work under this Contract within seven (7) days after issuance by the Owner's written Authorization to Proceed. Under no circumstances shall the work commence prior to the Contractor's receipt of Owner's issued, written Authorization to Proceed. Computation of Contract Time will begin upon actual commencement of Work by the Contractor during the seven (7) calendar day period referenced above, or upon the eighth (8th) calendar day (assuming the eighth day is a day upon which Work may lawfully and Contractually be performed), whichever occurs first. All work specified in these Contract Documents shall be completed within forty-five (45) calendar days.

It is agreed and understood by the Owner and the Contractor that the provisions of Article 2368a, Vernon's Annotated Civil Statutes of Texas, apply to this contract. The terms of the aforementioned state law are incorporated herein by reference.

The Owner agrees to pay the Contractor in current funds, and to make payments on account, for the performance of the work in accordance with the Contract, at the prices set forth in the Contractor's Proposal, subject to additions and deductions, all as provided in the General Conditions of the Agreement.

The following documents, together with this Contract, comprise the Agreement, and they are as fully a part thereof as if herein repeated in full:

The Invitation to Bidders
The Instructions to Bidders
The Proposal
Bid Bond
The Payment Bond
The Performance Bond
The General Conditions of the Contract
The Special Conditions of the Contract
The Construction Specifications
The Standard Drawings
Addenda
Change Orders

The Plans, designated West Horizon Subdivision, GRE No. 98-0812.

All unnecessary debris will be hauled off by Winco Contractors, including trees.

In witness thereof of the Parties of these presents have executed this Agreement in the year and day of first above written.

NUEVOS HORIZONTES, INC., PRESIDENT

Officer

By: Carlos M. Balido
Title: President

Russell Boring V.P.
Contractor

By: Russell Boring
Title: Vice President

STATE OF TEXAS §
COUNTY OF BEXAR §

Sworn and subscribed by me on this the 4th day of June, 1999.

JANICE A. LITTLE
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 9-14-99

Janice A. Little
Notary Public
My Commission Expires on 9-14-99

PROPOSAL

Accompanying this proposal is a Bid Bond or Certified or Cashier's Check on a State or National Bank payable to the Order Of the Owner for SIX THOUSAND FIFTY SEVEN 10/100 dollars ($ 6057.10) which amount represents five percent (5%) of the total bid price. Said bond or check is to be returned to the bidder unless the proposal is accepted and the bidder fails to execute and file a contract within 10 calendar days after the award of the Contract, in which case the check shall become the property of said Owner, and shall be considered as payment for damages due to delay and other inconveniences suffered by said Owner due to the failure of the bidder to execute the contract. The Owner reserves the right to reject any and all bids.

It is anticipated that the Owner will act on this proposal within 30 calendar days after the bid opening. Upon acceptance and award of the contract to the undersigned by the Owner, the undersigned shall execute standard San Antonio Water System Contract Documents and make Performance and Payment Bonds for the full amount of the contract within 10 calendar days after the award of the Contract to secure proper compliance with the terms and provisions of the contract, to insure and guarantee the work until final completion and acceptance, and the guarantee period stipulated, and to guarantee payment of all lawful claims for labor performed and materials furnished in the fulfillment of the contract.

It is anticipated that the Owner will provide written Authorization to Proceed within 30 days after the award of the Contract.

The Contractor hereby agrees to commence work under this Contract within seven (7) calendar days after issuance by the Owner of the written Authorization To Proceed. Under no circumstances shall the work commence prior to Contractor's receipt of Owner's issued, written Authorization To Proceed.

The undersigned certifies that the bid prices contained in the proposal have been carefully checked and are submitted as correct and final.

In completing the work contained in this proposal the undersigned certifies that bidder's practices and policies do not discriminate on the grounds of race, color, religion, sex or national origin and that the bidder will affirmatively cooperate in the implementation of these policies and practices.

Signed: Russell Boring
Company Representative

WINCO CONTRACTORS
Company Name

18954 F.M. 2252
Address

GARDEN RIDGE, TX 78266

Please return bidder's check to: _____
Company Name

_____

_____
Address

WEST HORIZON SUBDIVISION

BID SUMMARY

PAVING AND GRADING	$ 131,436.00
WATER MAIN EXTENSION	$ -0-
SANITARY SEWER	$ -0-
TOTAL BID:	$ 131,436.00

Job Title: **WEST HORIZON SUBDIVISION**
Description: **Paving and Grading**

Date: 5-5-99
San Antonio, Texas

BID PROPOSAL

PROPOSAL OF

A Corporation organized and existing under the laws of the State of Texas
A Partnership consisting of –
An individual doing business as –

TO THE OWNER c/o

Pursuant to Instructions and Invitations to Bidders, the undersigned proposes to furnish all labor and materials as specified and perform the work required for the construction of paving and grading in accordance with the Plans and Specifications for the following prices to wit:

Item No.	Description & Estimated Quantities (Price to be Written in Words)	Unit Price (Figures)	Total Price (Figures)
100	1 L.S. - Mobilization; per lump sum.		
	Eleven thousand dollars —	$ 11,000.00	$ 11,000.00
103.1	220 L. F. - Remove existing curb; per linear foot.		
	Six dollars and fifty cents	$ 6.50	$ 1430.00
103.2	880 S. F. - Remove existing sidewalk; per square foot.		
	Two dollars —	$ 2.00	$ 1760.00

Item No.	Description & Estimated Quantities (Price to be Written in Words)	Unit Price (Figures)	Total Price (Figures)
108.1	6468 SY - Lime treated subgrade; per square yard.		
	One dollar and fifteen cents	$ 1.15	$ 7438.20
108.2	100.3 Ton - Lime; per ton.		
	Ninety three dollars —	$ 93.00	$ 9327.90
104	5100 C.Y. – Street Excavation; per cubic yard.		
	Four dollars and fifty cents	$ 4.50	$ 22950.00
205.2	6368 6" S.Y. - flexible base; per square yard.		
	Five dollars and sixty cents	$ 5.60	$ 35660.80
205.3	5831 S.Y. - 1½" Hox mix asphaltic concrete; per square yard.		
	Five dollars and thirty cents	$ 5.30	$ 30904.30
500	3332 L.F. - 7" concrete curb; per linear foot.		
	Four dollars and seventy five cents	$ 4.75	$ 15827.00

PROPOSAL

Winco Contractors
18954 FM 2282
GARDEN RIDGE, TX 78266

PHONE: 210/651-6783
FAX: 210/651-5857

Proposal submitted to	Phone	Date
Nuevos Horizontes		6/2/99
Street	Job Name	
	West Horizon Lot Grading	
City, State, and Zip Code	Job Location	
	Hoiencia & S.W. Commerce St., San Antonio, Tx	
Architect	Architect's Project No.	Date of Plans

WE PROPOSE hereby to furnish material and labor – complete in accordance with specifications below, for the sum of: Ninety Two Thousand Two Hundred Forty Two Dollars & -0- cents ($ 92,242.00)

Request for payment based upon percentage of completion submitted on or before the 25th of the month for payment no later than the 10th of the following month.

All material is guaranteed to be as specified. All work to be completed in a workmanlike manner according to standard practices. Any alteration or deviation from specifications below involving extra costs will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado and other necessary insurance. Our workers are fully covered by Workmen's Compensation Insurance. This proposal will be attached to any contract for the work included in the proposal and will be the ruling document for defining work included in the above price.

Authorized Signature Russell Bowing

Note: This proposal may be withdrawn by us if not accepted within 30 days.

We hereby submit by specifications and plans.

Items included in our price:

1. Clear & Grub.
2. 20' Topsoil strip at house foundation footprints.
3. Cut and fill of building footprints and landscape as needed to obtain grading plan as per plan sheet SD3. On site material, where available, will be used in areas where fill is needed.
4. Finish subgrade at building pads and paving areas based upon use of on site materials.
5. Export of excess excavation materials created by the scope of our work only.
6. Cut & Fill of landscape areas to subgrade before installation of foundation, curbing, sidewalks, and utilities.
7. This portion of work will incur additional contract time beyond time allotted for street work.

Excluded from our proposal:

1. Curbing.
2. Purchase and placement of select topsoil.
3. Concrete work or supply and placement of concrete cushion material.
4. Finish landscaping, shrubbery, sod, hydromulch.
5. Erosion control, tree protection, barricades, herbicide supply or application.
6. Initial layout by a licensed surveyor, professional engineering of any type.
7. Laboratory testing and onsite density testing.
8. Demolition of any onsite structures unless otherwise noted.
9. Permits, payment and or performance bonds.
10. Storm sewer purchase or installation.
11. Handling or removal of subsurface contaminated material.
12. Removal and or relocation of existing utilities or irrigation systems.
13. Any additional insurance beyond Winco Contractors standard liability and workmens compensation coverage.
14. Wage scale beyond Winco Contractors prevailing rate.
15. Ditch line compaction.
16. Items not specifically included above.

ACCEPTANCE OF PROPOSAL - The above prices, specification and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

Date of Acceptance _____ Signature _____

Signature _____

CONTRACT

STATE OF TEXAS §
COUNTY OF BEXAR § **KNOW ALL MEN BY THESE PRESENTS:**

That this Agreement made and entered into this 4th day of June, 1999, AD, by and between **NUEVOS HORIZONTES, INC.**, City of San Antonio, County of Bexar, State of Texas, Acting through its Contracting Officer, First Party, hereinafter termed the Owner, and **Larry Skloss, President, Diamond S. Construction, Inc., Route 9, Box 132H, Converse, Texas 78109** of the City of San Antonio, County of Bexar, State of Texas, Second Party, hereinafter termed the Contractor.

WITNESSETH: That for and in consideration of the payments and agreements hereinafter mentioned to be made and performed by said First Party, (Owner), the said Second Party, (Contractor), hereby agrees with the First Party to commence and complete the construction of certain improvements at the prices set forth in the Contractor's Proposal for **GRE Project No. 98-0182**, dated June 4, 1999, the same being designated as **West Horizon Subdivision**.

The Contractor shall perform all work shown on the Plans and described Specifications and shall meet all requirements of this Agreement, The General and Special Conditions of the Agreement; and such Orders and Agreements for Extra Work as may subsequently be entered by the above named parties to this Agreement.

The Contractor shall not offer, confer, or agree to confer any benefit or gift to any employee of Bridle Bit Corporation of GE Reaves Engineering, Inc.

The Contractor hereby agrees to commence work under this Contract within seven (7) days after issuance by the Owner's written Authorization to Proceed. Under no circumstances shall the work commence prior to the Contractor's receipt of Owner's issued, written Authorization to Proceed. Computation of Contract Time will begin upon actual commencement of Work by the Contractor during the seven (7) calendar day period referenced above, or upon the eighth (8th) calendar day (assuming the eighth day is a day upon which Work may lawfully and Contractually be performed), whichever occurs first. All work specified in these Contract Documents shall be completed within forty-five (45) calendar days.

It is agreed and understood by the Owner and the Contractor that the provisions of Article 2368a, Vernon's Annotated Civil Statutes of Texas, apply to this contract. The terms of the aforementioned state law are incorporated herein by reference.

The Owner agrees to pay the Contractor in current funds, and to make payments on account, for the performance of the work in accordance with the Contract, at the prices set forth in the Contractor's Proposal, subject to additions and deductions, all as provided in the General Conditions of the Agreement.

The following documents, together with this Contract, comprise the Agreement, and they are as fully a part thereof as if herein repeated in full:

requiring accessibility in all new multi-family housing. An even stronger incentive for assuring housing is universally designed to allow all people to live in the neighborhood of their choice is Senate Bill 623 established in the last legislative session. This legislation requires that all single family affordable housing funded in whole or in part by state or federal funds must be designed to be universally usable to all people regardless of age or disability. The necessary design guidance to achieve this part of the legislation will become effective September 1999.

The project developer also will continue to provide for community involvement in the development of the proposed infill project (Urban Design: Policy 1d).

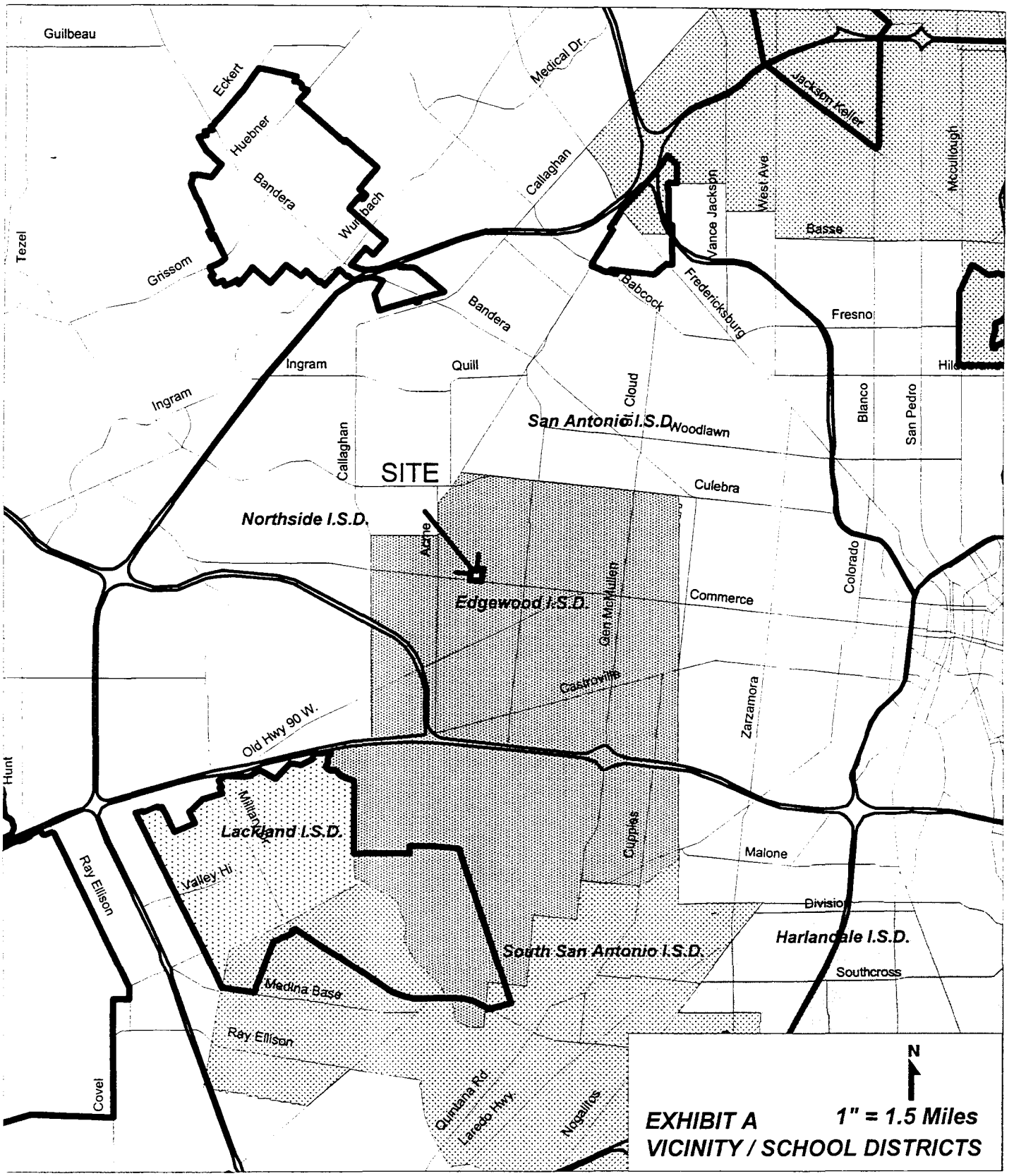
The plan for enhancements to West Commerce Street and Hortenica Avenue will be reviewed by the City to ensure compatibility with the Master Plan and other city ordinances.

The proposed project does not conflict with the Major Thoroughfare Plan.

G. Non-Project Costs

None known at this time.

NEW HORIZONS
TIF REINVESTMENT ZONE



NEW HORIZONS
TIF REINVESTMENT ZONE

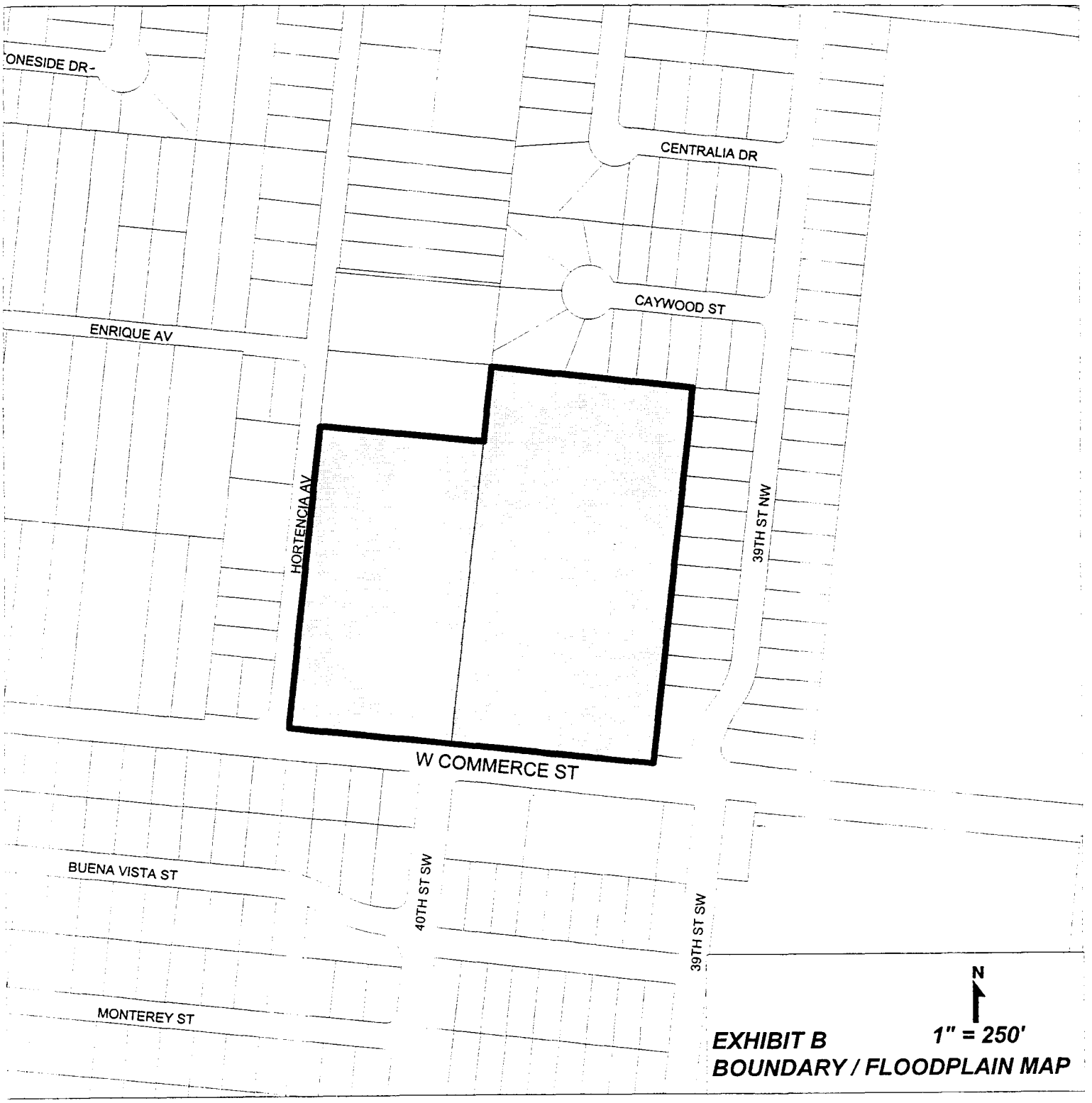
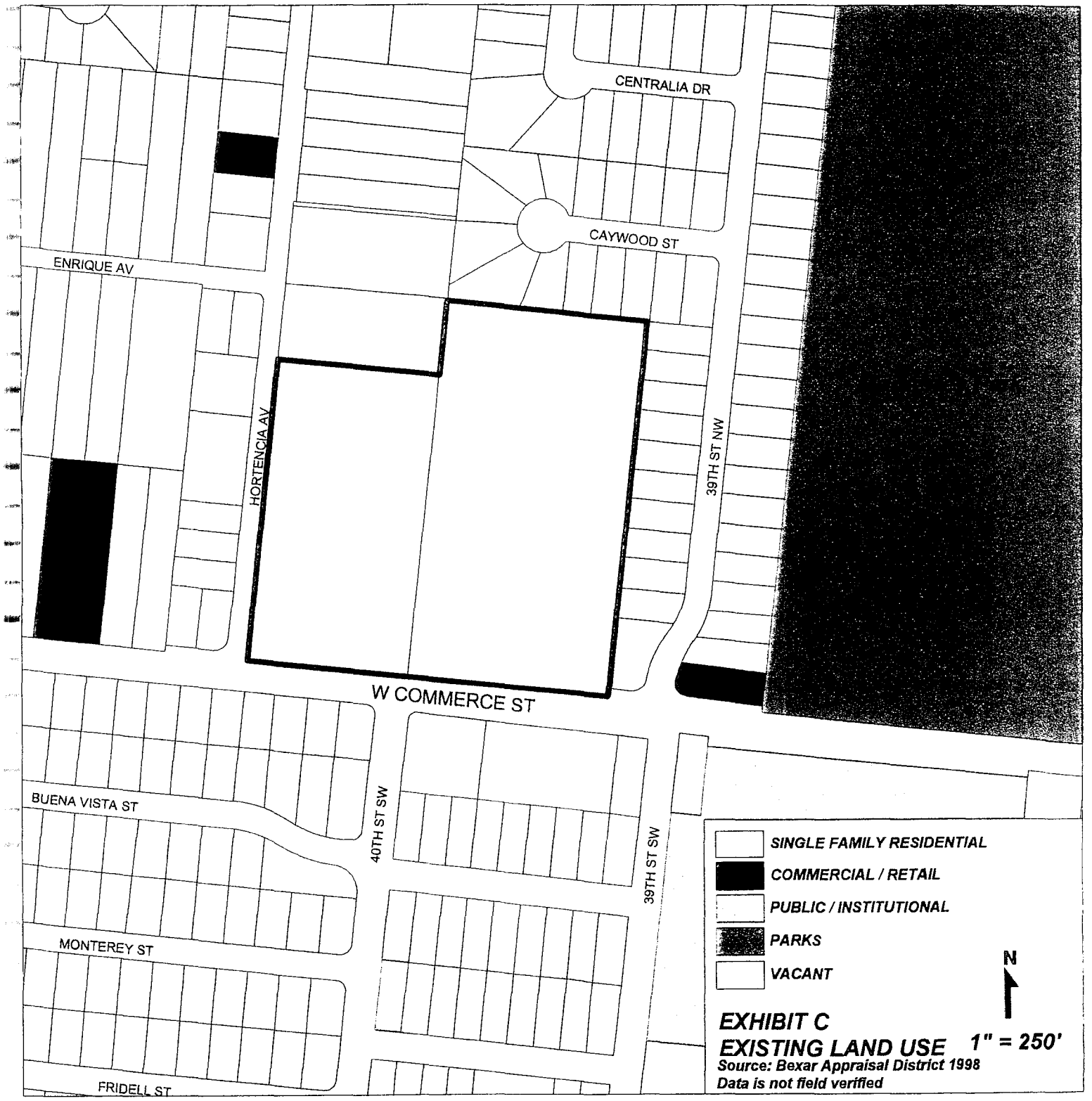
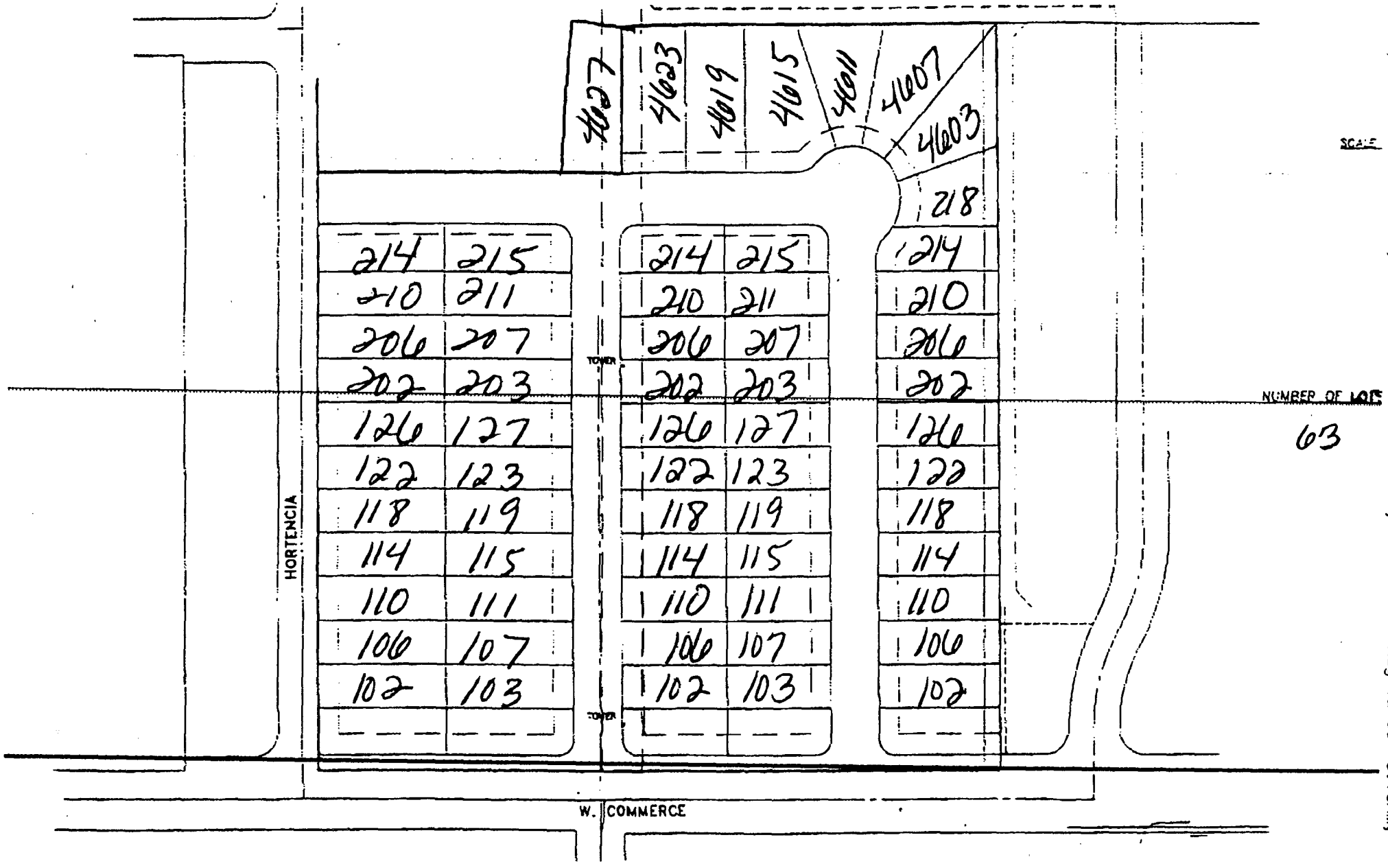


EXHIBIT B
BOUNDARY / FLOODPLAIN MAP

NEW HORIZONS
TIF REINVESTMENT ZONE





Reaves Engineering, LLC
P.O. Box 791793
San Antonio, Tx. 78279-1793
(210) 490-4506, Fax 490-4812

NEW HORIZONS
COMMERCE AND HORTE

III. REINVESTMENT ZONE FINANCING PLAN

A. Introduction
B. Plan of Finance
C. Summary Fact Sheet
D. Sources and Uses
E. Cash Flow
F. Reimbursement for Public Improvements
G. Projected New Value of Tax Increment
H. Projected Use of Tax Increment
I. Tax Rate and Participation Levels
J. Base Value
K. Developer's Estimated Costs
L. Public Works TIF Review
M. Performance Bond
N. Contracts and Bids

Nuevos Horizontes Development
Tax Increment Reinvestment Zone – Plan of Finance

Introduction

The proposed Nuevos Horizontes Development is located in the west section of the City of San Antonio ("City"), on the corner of Hortencia and West Commerce. The development is in the Edgewood Independent School District and encompasses 10.03 acres. The 1999 base value is $53,500 and the projected captured tax incremental value is $4,095,000. The project includes the construction of 63 single family homes with an average sales prices of $65,000. Construction will be carried out in two phases with the values to be included in tax years 2001 and 2002. The total public improvement infrastructure capital cost is estimated at $514,244.10. The developers and builders are Reeves Engineering and Nuevas Horizontes, who have limited experience in the development and construction of such projects. Performance bonds in the amounts of $204,937.10 and $131,436.00 have been provided by Universal Surety of America and Fidelity & Guaranty Insurance Underwriters respectively. The life of the Tax Increment Reinvestment Zone ("TIRZ") is projected to be 10.09 years with the TIRZ being in existence through fiscal year 2009.

Public Infrastructure

The public infrastructure improvements and related capital costs include streets, drainage, utilities, platting fees, architect and engineering, sidewalks, landscaping and rights-of-way and park improvements. The capital cost is estimated at $514,244.10. Included in the $514,244.10 is $30,000 for landscaping, $10,000 for site security, and $53,500 for land for a total of $93,500. It has not been finally determined that the $93,500 is eligible for TIRZ financing reimbursement, however, this cost is included in this analysis.

Plan of Finance

The base value of the TIRZ is $53,500. Projected captured values that would be taxed to produce revenues to pay for the capital costs of the public infrastructure improvements commences in tax year 2001 with collections commencing in tax year 2002 (fiscal year 2003). Captured values grow from $2,015,000 in tax year 2001 to $4,095,000 in tax year 2003.

The taxing jurisdictions and tax rate per $100 valuation utilized in the analysis include: City of San Antonio at $0.57979; Bexar County at $0.34191; University health System at $0.243869; Edgewood Independent School District at $1.47; and the Alamo Community College District at $0.1115. This produces annual revenues of $53,970 in fiscal year 2003 to $109,680 in fiscal years 2004 through 2009. No growth in tax rate or values is assumed.

The cost of the public infrastructure improvements is incurred by the developer and paid over time from revenues produced by the TIRZ. In addition to the capital costs, other costs to be paid from TIRZ revenues include the City's financial advisor and certain City of San Antonio and/or Administrator fees. Revenues derived from the TIRZ will be used to pay costs in the following order of priority of payment: (i.) first, to the payment of eligible costs incurred by the governmental entities participating in the TIRZ; (ii.) second, to the City's financial advisor until the total amount due has been paid, (iii) third,

administrative fees pertaining to the City or its administrator; and (iv) to the developer, on an annual basis, as TIRZ revenues are available for such payments.

The developer's capital cost incurred for public infrastructure improvements is $514,244.10 plus two years interest of $95,135.16 calculated at an interest rate of 9.25%, for a total reimbursable cost of $609,379.26. Revenues from the TIRZ are used to pay this amount. It is projected that the developer would not receive any payment until fiscal year 2003. The payout schedule is structured through the fiscal year 2009. The TIRZ collections for this project shall not extend beyond September 30, 2009, and may be terminated once each taxing entity has deposited its respective amount described in the table below.

TABLE–TIRZ Contributions		
Taxing Entities	Maximum Dollar Contribution	Length of Contribution
City of San Antonio	$138,112	10 years
Bexar County	$81,446	10 years
University Health System	$58,092	10 years
Edgewood ISD	$350,168	10 years
Alamo Comm. College District	$26,560	10 years
TOTAL PROJECT COST	**$654,379**	**10 years**

Limited Obligation of the City or Participating Governmental Entities

The City and Participating Governmental Entities shall have a limited obligation to impose, collect taxes, and deposit such tax receipts into a TIRZ fund so long as the project is viable and capital costs incurred by the developer have not been fully paid. The TIRZ collections for this project shall not extend beyond September 30, 2009, and may be terminated prior to September 30, 2009, upon payment of public improvement capital and interest costs incurred by the developer totaling $609,379.26, or for the failure of the developer to perform, or for any other reason deemed appropriate by the City and the Participating Governmental Entities.

Any costs incurred by the developer are not and shall never in any event become general obligations or debt of the City or any of the Participating Governmental Entities. The public improvement infrastructure costs incurred by the developer shall be payable solely from the TIRZ revenues and shall never constitute a debt, indebtedness, or a pledge of the faith and credit or taxing power of the State, the City, the Participating Governmental Entities, any political corporation, subdivision, or agency of the State.

Developer's Risk

All financing, developmental costs, construction costs, improvements, damages, or other costs incurred with respect to this project are at the sole risk of the developer. Neither the City nor any Participating Governmental Entity shall incur any risk whatsoever associated with the development, construction, completion or failure of the project. In the event the project fails, is abandoned by the developer or for any reason is not completed, the City shall have the right to terminate the TIRZ and any funds remaining in the TIRZ account shall be distributed to the City and Participating Governmental Entities on pro a rata basis in accordance with each entities participation level.

Compliance

The developer shall comply with all federal, state and local laws, rules and regulations.

Reporting

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

Inspection

The City, Participating Governmental Entities or Administrator shall have the right to inspect the project site or sites and the premises of the developer without notice.

Recommendation

It is recommended that the City and Participating Governmental Entities proceed with the project, submit the plan of finance, create the mechanisms required to tax and collect TIRZ revenues and deposit such revenues into a TIRZ account. Such recommendation is conditioned on the acceptance of the plan of finance by the Participating Governmental Entities, at the approximate participation levels described in this Plan of Finance.

City of San Antonio
Project Review
Nuevos Horizontes

Summary Fact Sheet
August 16, 1999

Agenda

1. Create TIRZ
2. Finance Plan
3. Appoint TIRZ Board

Plan of Finance

Site Area	10.03	Acres
Base Value (1998)	$53,500	
Average Home Price	$65,000	
Homes Built:		
Phase I	31	
Phase II	32	
Total Homes Built	63	
Experience of Housing Developer	Limited	
Performance Bonds:		
Universal Surety of America	$204,937.10	
Fidelity & Guaranty Insurance Underwriters	131,436.00	
	$336,373.10	

Assumptions

Captured Value	$4,095,000.00	
Growth Factor	0.00%	
Collection Rate	97.50%	
Estimated Total TIF Revenues	$ 712,050.59	
Estimated TIF Life	10.09	Years

Nuevos Horizontes - TIF Reinvestment Zone

Sources & Uses

Sources of Funds	
TIF Revenues	$ 712,050.59
Total TIF Proceed Funds	$ 712,050.59
Total Sources of Funds	$ 712,050.59
Uses of TIF Revenue	
Engineering Costs	
Sewer	$ 106,112.00
Water	98,825.10
Paving and Grading	131,436.00
Engineering & Surveying	43,000.00
Platting Application	4,775.00
Tree Affidavit Fees	100.00
Public Works Drainage Fee	4,400.00
SAWS Impact Fee	32,096.00
Subtotal	$ 420,744.10
Additional Uses of TIF Revenue (Eligibility to be determined)	
Site Security	$ 10,000.00
Landscaping	30,000.00
Land	53,500.00
Subtotal	93,500.00
Total Infrastructure	514,244.10
Interest Cost for 2 years @ 9.25%	95,135.16
Total Payments to Nuevos Horizontes	609,379.26
Total Administrative Expenses	45,000.00
Grand Total	$ 654,379.26
Project Financing Surplus/Shortage	$ 57,671.33

Nuevos Horizontes - TIF Reinvestment Zone

Projected Tax Increment Revenue

	Tax Increment Zone				City of San Antonio			Bexar County			University Health System			Edgewood ISD			Alamo Community College District				
Tax Year	Beginning Assessed Value	Annual Value of New Development	Projected Year-End Assessed Value	Projected Captured Value	Captured Taxable Value	Tax Rate Contribution	Tax Increments	Captured Taxable Value	Tax Rate Contribution	Tax Increments	Captured Taxable Value	Tax Rate Contribution	Tax Increments	Captured Taxable Value	Tax Rate Contribution	Tax Increments	Captured Taxable Value	Tax Rate Contribution	Tax Increments	Combined TIF Collections	Fiscal Year Ending
1998	53,500		53,500			0.57979			0.34191			0.243869			1.47000			0.1115			1999
1999	53,500	-	53,500	-	-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	2000
2000	53,500	-	53,500	-	-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	2001
2001	53,500	2,015,000	2,068,500	-	-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	2002
2002	2,068,500	2,080,000	4,148,500	2,015,000	2,015,000	0.57979	11,391	2,015,000	0.34191	6,717	2,015,000	0.243869	4,791	2,015,000	1.47000	28,880	2,015,000	0.1115	2,191	53,970	2003
2003	4,148,500	-	4,148,500	4,095,000	4,095,000	0.57979	23,149	4,095,000	0.34191	13,651	4,095,000	0.243869	9,737	4,095,000	1.47000	58,692	4,095,000	0.1115	4,452	109,680	2004
2004	4,148,500	-	4,148,500	4,095,000	4,095,000	0.57979	23,149	4,095,000	0.34191	13,651	4,095,000	0.243869	9,737	4,095,000	1.47000	58,692	4,095,000	0.1115	4,452	109,680	2005
2005	4,148,500	-	4,148,500	4,095,000	4,095,000	0.57979	23,149	4,095,000	0.34191	13,651	4,095,000	0.243869	9,737	4,095,000	1.47000	58,692	4,095,000	0.1115	4,452	109,680	2006
2006	4,148,500		4,148,500	4,095,000	4,095,000	0.57979	23,149	4,095,000	0.34191	13,651	4,095,000	0.243869	9,737	4,095,000	1.47000	58,692	4,095,000	0.1115	4,452	109,680	2007
2007	4,148,500		4,148,500	4,095,000	4,095,000	0.57979	23,149	4,095,000	0.34191	13,651	4,095,000	0.243869	9,737	4,095,000	1.47000	58,692	4,095,000	0.1115	4,452	109,680	2008
2008	4,148,500		4,148,500	4,095,000	4,095,000	0.57979	23,149	4,095,000	0.34191	13,651	4,095,000	0.243869	9,737	4,095,000	1.47000	58,692	4,095,000	0.1115	4,452	109,680	2009
2009					-	0.57979	-	-	0.34191	-	-	0.243869	-	-	1.47000	-	-	0.1115	-	-	2010
2010					-	0.57979	-	-	0.34191	-	-	0.243869	-	-	1.47000	-	-	0.1115	-	-	2011
2011					-	0.57979	-	-	0.34191	-	-	0.243869	-	-	1.47000	-	-	0.1115	-	-	2012
2012					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	2013
2013					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	2014
2014					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	2015
2015					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	2016
2016					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	2017
2017					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	2018
2018					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	2019
2019					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	2020
2020					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	2021
2021					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	2022
2022					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	2023
2023					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	2024
2024					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	2025
2025					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	2026
2026					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	2027
2027					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	2028
2028					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	2029
	$ 4,095,000						$ 150,284			$ 88,624			$ 63,212			$ 381,030			$ 28,901	$ 712,051	

Existing Annual Value Growth Factors	
Years 1999-2003	0.00%
Thereafter	0.00%
Combined Compound Growth Rate	

City of San Antonio	
Participation Level	100%
Tax Rate Growth Factor	0.00%
Tax Rate Collection Factor	97.50%

Bexar County	
Participation Level	100%
Tax Rate Growth Factor	0.00%
Tax Rate Collection Factor	97.50%

University Health System	
Participation Level	100%
Tax Rate Growth Factor	0.00%
Tax Rate Collection Factor	97.50%

Edgewood ISD	
Participation Level	90%
Tax Rate Growth Factor	0.00%
Tax Rate Collection Factor	97.50%

Alamo Community College District	
Participation Level	100%
Tax Rate Growth Factor	0.00%
Tax Rate Collection Factor	97.50%

Nuevos Horizontes - TIF Reinvestment Zone

Reimbursement for Public Improvements

Fiscal Year Ending	TIF Revenue	Public Improvement Infrastructure	San Antonio Housing Trust Admin. Exp.	Annual Variance	TIF Fund Balance
1999					
2000	-	609,379	18,000	(627,379)	(627,379)
2001	-		3,000	(3,000)	(630,379)
2002	-		3,000	(3,000)	(633,379)
2003	53,970		3,000	50,970	(582,410)
2004	109,680		3,000	106,680	(475,729)
2005	109,680		3,000	106,680	(369,049)
2006	109,680		3,000	106,680	(262,369)
2007	109,680		3,000	106,680	(155,689)
2008	109,680		3,000	106,680	(49,009)
2009	109,680		3,000	106,680	57,671
2010	-				
2011	-				
2012	-				
2013	-				
2014	-				
2015	-				
2016	-				
2017	-				
2018	-				
2019	-				
2020	-				
2021	-				
2022	-				
2023	-				
2024	-				
2025	-				
2026	-				
2027	-				
2028	-				
2029	-				
	$ 712,051	$ 609,379	$ 45,000	$ 57,671	

Nuevos Horizontes - TIF Reinvestment Zone

Projected New Value of Tax Increment

Tax Year	Phase I	Phase II	Annual Total
1997			0
1998			0
1999			0
2000			0
2001	$ 2,015,000		$ 2,015,000
2002		$ 2,080,000	2,080,000
2003			0
2004			0
2005			0
2006			0
2007			0
2008			0
2009			0
2010			0
2011			0
2012			0
	$2,015,000	$2,080,000	$4,095,000

Nuevos Horizontes - TIF Reinvestment Zone

Participation

Entity	Tax Rate	Level of Participation	Tax Rate Based on Participation	% of Project	TIF Revenues	TIF Expenses
San Antonio	0.5797900	100%	0.5797900	21.11%	$150,283.74	$138,111.77
Bexar County	0.3419100	100%	0.3419100	12.45%	88,624.35	81,446.38
University Health System	0.2438690	100%	0.2438690	8.88%	63,211.76	58,092.03
Edgewood ISD	1.6300000	90%	1.4700000	53.51%	381,029.51	350,168.67
Alamo CCD	0.1115000	100%	0.1115000	4.06%	28,901.22	26,560.41
Bexar Road & Flood	0.0181000	0%	0.0000000	0.00%	0.00	0.00
TOTAL	2.9251690		2.7470690	100.00%	$712,050.59	$654,379.26

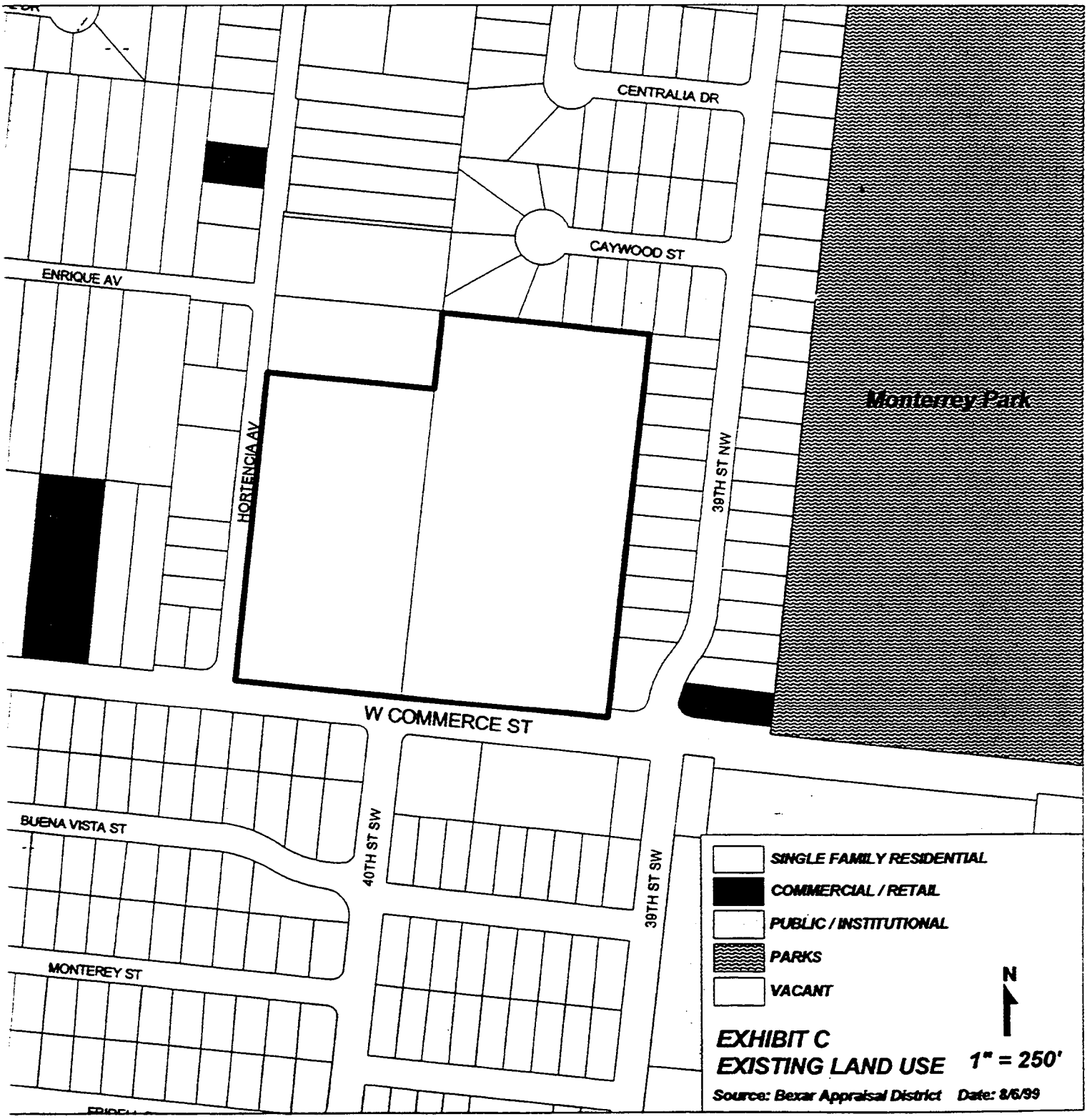
NEW HORIZONS
TIF REINVESTMENT ZONE

Account Number	1999 Assessed Value	Acreage
07448-006-0061	17,500	3.9300
08242-001-0160	36,000	6.1000
Totals	53,500	10.0300

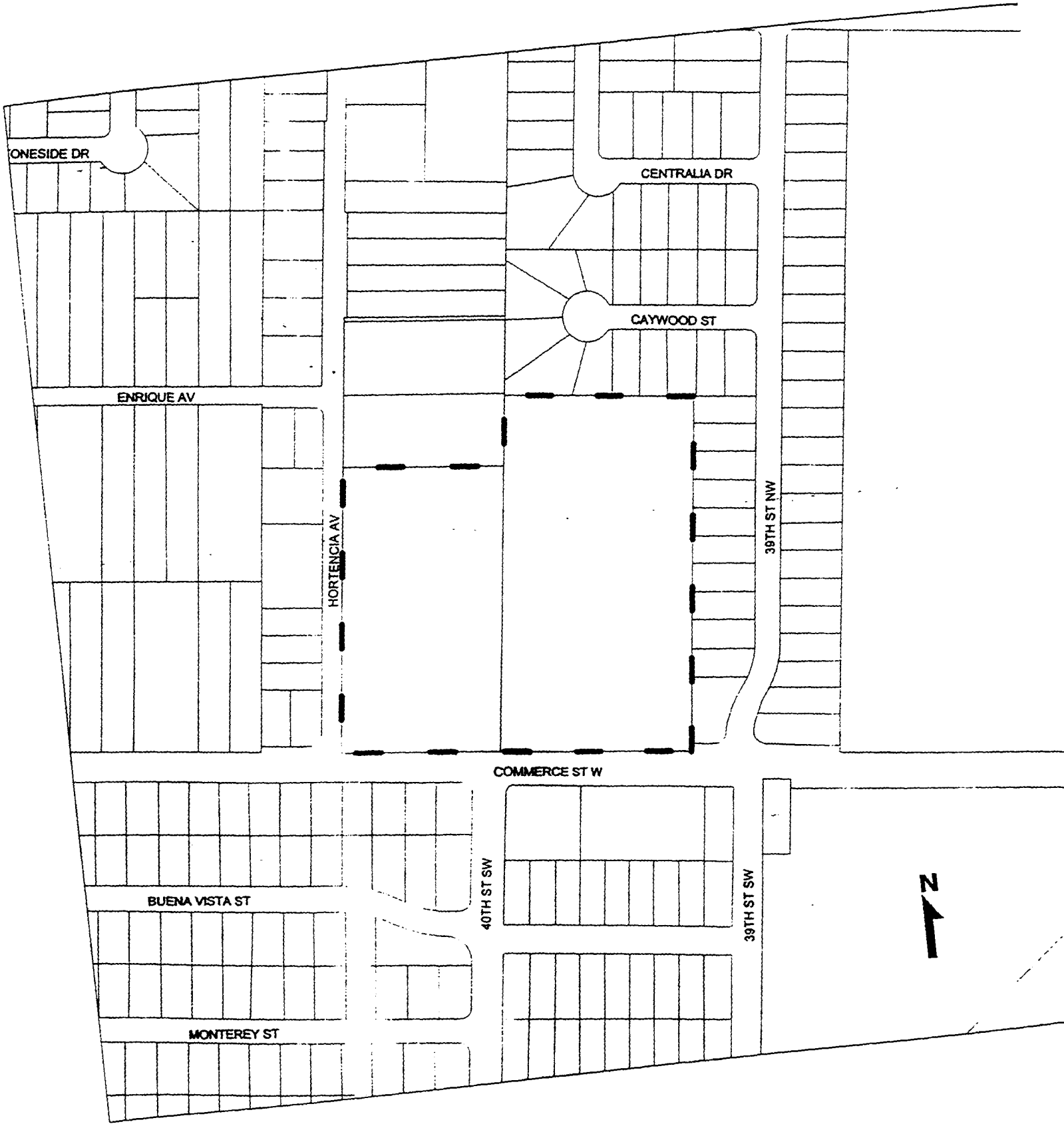
NEW HORIZONS
TIF REINVESTMENT ZONE

EXHIBIT B
BOUNDARY / FLOODPLAIN MAP

NEW HORIZONS
TIF REINVESTMENT ZONE



NEW HORIZONS
TIF REINVESTMENT ZONE



? Eligible costs in TIF

Develop Expectations
11-15yr. TIF
5, 8, 10 yr. Scenario

New Horizons - TIF Reinvestment Zone

Projected Uses of Tax Increment
Construction Completed Cost

Year	Land & Predevelopment	Phase I Infrastructure	Phase II Infrastructure	Phase I Security	Phase II Security	Dev. Interest Exp.	Phase I Dev. Admin.	Phase II Dev. Admin.	Dev. Exp.	Total
~~1998~~										0
1999										0
2000	$53,500	$225,000		$50,000		$64,500	$30,000		$40,500	$463,500
2001			$225,000		$50,000	$64,500		$30,000	15,500	385,000
2002									15,500	15,500
2003									15,500	15,500
2004									15,500	15,500
2005									15,500	15,500
2006									15,500	15,500
2007									15,500	15,500
2008									15,500	15,500
2009									15,500	15,500
2010									15,500	15,500
2011									15,500	15,500
2012										
	$53,500	$225,000	$225,000	$50,000	$50,000	$129,000	$30,000	$30,000	$195,500	$988,000

"Project Amounts" "Year Completed"

2000 = $423,000.00 (PHASE I) 12/15/99 infrastructure

"note" 2001 = $369,500.00 (PHASE II) 12/15/00

(Infrastructure timeline)

PUBLIC Improvements Only $450,000. Avg. In 60's - 73

New Horizons - TIF Reinvestment Zone

Projected New Value of Tax Increment

Year	Phase I	Phase II	Annual Total
1997			0
1998			0
1999			0
2000 M.T.	$ 2,015,000		$ 2,015,000
2001 M.T.		$ 2,080,000	2,080,000
2002			0
2003			0
2004			0
2005			0
2006			0
2007			0
2008			0
2009			0
2010			0
2011			0
2012			0
	$2,015,000	$2,080,000	$4,095,000

Trey Jacobson

From: Tom Wendorf
Sent: Thursday, August 05, 1999 8:05 PM
To: Trey Jacobson; Celena Gutierrez; Kara Norman
Cc: Robert Opitz; Andy Ballard; John German; Tom Wendorf
Subject: TIFF Review - Public Works Report 1

Thanks to a great Public Works Development Review and City Engineer Staff the TIF cost estimates were reviewed today. Due to time constraints, there may be some discrepancies or errors below; if you see them, please point them out to me ASAP. I will be checking them out with my staff on Friday.

Some San Antonio Infrastructure "Yardsticks":

According to our development staff, today's average development cost for an average residential lot (50'x120') is in the $8000 to $10,000 range. This includes infrastructure, engineering and city platting and development fees. It does not include land cost or home construction or profit.
The Drainage Fee is $1200 per acre. FOR RESIDENTIAL LOTS
COMMERCIAL-W ~~LESS~~ THAN 65% IMPERVIOUS $3,000/ACRE
~~CONTRACTOR~~ LESS THAN 65% " $ 2,600/ACRE

General Comments:

Soft Costs related to engineering and contingency seemed high at first look. Consideration needs to be given to the fact that geotechnical report, construction testing and inflation are not accounted for in individual line items.

Review to date on TIF Project Construction Estimates:

Rosedale

The Back Up is nonexistent. There is no support for the total lot costs. The densities seem high. The lot cost seems a little low. Did they include drainage fees, sewer fees any fees; who knows?!? Should they include fees? (If the city is underwriting the TIF, the Drainage Fee of $1200 per acre should be paid.) The mix is harder to analyze because it includes the park improvements. Also was the plat ever filed? There are questions about the project team that I can review verbally at the meeting tomorrow.

A Parcel by Parcel detail:

Parcel A
Infrastructure cost is $11,328 per lot for 64 lots for a total of $725,000
The density is 4 units per acre.

Parcel B
Infrastructure cost is $ 83.33 per unit for 30 units for a total of $2,500 (I guess almost all of the Infrastructure is there.) REQUIRES
The density is 20 units per acre. COMMERCIAL DRAINAGE RATE
Where is the infrastructure? What is the infrastructure? I will research further. BUDGET $3,000/ACRE

Parcel C
1 acre of commercial @ $15,000 for infrastructure.

Parcel D
Infrastructure cost is $3880 per unit for 90 units for a total of $420,000
Infrastructure and land acquisition cost is $4600 per unit
The density is 13.64 units per acre.

Parcel E & F
Dale Bransford will review from the "Parks Perspective".

Recommendation: Review information further with Applicant. If applicant is unable to provide additional information in the time allotted for this effort, increase unit costs and total project costs appropriately. This project seems to be marginal unless further explaination is given. Parks ~~needs to~~ HAS determined THAT Parcel E & F ~~are covered by other programs~~. SHOULD BE LEFT IN

Highland Heights

The cost estimates look good. This seems to be a complete package. The engineer that developed the estimate is no longer with the firm.

Overall

Infrastructure cost is $14,150 per lot for 255 lots for a total of $3,534,080. There is a discrepancy between the cost estimate lot count of 255 and the verbiage lot count of 253 (pages 3 & 4). Ther also a discrepancy in the total acreage 135.5 on Summary Site Plan, 130.5 page 3.
The Builder Performa Summary states that the "Closing costs and buyer concessions" is 1%, $63,360. This amount should be $31,680.
The density is 1.95 units per acre (this includes the parkland).

Phase 1 has no drainage or street light or gas or sewer impact fee or water impact fees (does have drainage fees), so it is next to existing infrastructure and can go fairly quickly and is a lower cost per unit.

Recommendation: This is a go. Minor corrections should be made to the factual information.

New Horizons

Infrastructure cost is $13,700 per lot for 63 lots for a total of $858,000. Note that bids have been received for streets, water and sewer; including the land cost of $92,242 yields a total of $428,615. If this is compared to the above this is a 2 to 1 coverage; pretty good, low risk for the developer. If you look at the cost considering 15% engineering 15% contingency and 15% for all other stuff you get to $651,869 or a 1.32 to 1 coverage. Good deal (or there is some room for cost cutting)!! If you look at the cost considering 20% engineering 20% contingency and 20% for all other stuff you get to $888,776 or a little over the total estimated infrastructure cost. (How did that happen?)

Drainage fees are shown to be $4,400, they are calculated to be $12,000

Recommendation: Accept as submitted and realize that risk is substantially reduced on this project or review further with Applicant to cut costs. This is a go.

Mission del Lago

Will report on tomorrow.

Any questions or detail needed? Call or page me.

—Original Message—
From: David Beales
Sent: Thursday, August 05, 1999 5:11 PM
To: Tom Wendorf
Cc: Robert Opitz
Subject: SINGLE FAMILY RESIDENTIAL DEVELOPMENT COSTS.

Today's average development cost for an average residential lot (50'x120') is in the $8 - $10,000 range. This includes infrastructure, engineering and city platting and development fees. It does not include land cost or home construction.

NUEVOS HORIZONTES
8058 VANTAGE
SAN ANTONIO,TX. 78230

Phone: (210) 308-8809
Fax: (210) 349-2313

FAX TRANSMISSION

DATE: 8/9/99

TO: City of S.A Economic Dev. Dept

ATTN: Celena Gutierrez

FAX: 207-8151

FROM: Mari Tello

 # OF PAGES INCLUDING THIS ONE: 4

REFERENCE Celena, I hope this will do — let me know. I am waiting for a more detailed letter from IBC. All of our financing will be from IBC.

Have a great day
M. Tello

Nuevos Horizontes
8058 Vantage
San Antonio, Tx 78230

To whom it may concern,

The scheduled timeline for "West Horizon Subdivision," are as follows:

PHASE 1- Streets, sidewalks, sewer, water, and utilities for Hortencia and SW 40th St. timeline completion date is 12-15-99.

PHASE 2- Streets, sidewalks, sewer, water, and utilities for Elizabeth Ashley St. and Katherine St. timeline date is 12-15-00.

Phase 1 will have 31 houses, Phase 2 will have 32 houses. West Horizon Subdivision will have a total of 63 new residential homes.

(I have also enclosed the information and actual performance bond.)

Nuevos Horizontes will be building according to the building standards regarding visibility requirements; referred to Senate Bill 623, Section 2306.514.

If you are needing any further information please don't hesitate to call. #325-0184.

Sincerely Yours,
Maricela Tello
Maricela Tello

Bond No. TX 161 3944 00

STATUTORY PERFORMANCE BOND

Pursuant to Vernon's Texas Government Code
Title 10, Chapter 2253, as amended

(Penalty of this Bond must be 100% of Contract Award)

KNOW ALL MEN BY THESE PRESENTS:

That Diamond S Construction, Inc. (hereinafter called "Principal"), as Principal, and Universal Surety of America, a corporation organized and existing under the laws of the State of Texas, with its principal office in the City of Houston, and authorized under the laws of the State of Texas to act as surety on bonds for principals (hereinafter called "Surety"), are held and firmly bound unto **NUEVOS HORIZONTES, INC.**, San Antonio, Bexar County, Texas (hereinafter called "Owner/Obligee"), in the amount of Two Hundred Four Thousand Nine Hundred Thirty-Seven 10/100-- Dollars ($ 204,937.10 .____), for the payment whereof, Principal and Surety firmly bind themselves, and their heirs, administrators, executors, successors and assigns, jointly and severally, by these presents:

WHEREAS, Principal has entered into a certain written contract with the Owner/Obligee, dated the 24th day of May, 199 9, consisting of GRE Project No. 98-0812 West Horizon Subdivision (hereinafter called "the Contract"), which Contract is hereby referred to and made a part hereof as fully and to the same extent as if copied at length herein.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if Principal shall faithfully perform the work in accordance with the plans, specifications and Contract Documents, then this obligation shall be void; otherwise to remain in full force and effect.

NOW, THEREFORE, if Principal shall repair any and all defects in said work occasioned by and resulting from defect in materials furnished by, or workmanship of, Principal in performance of the work covered by the Contract, occurring during a period of within 24 months from the date of the Contract Completion Certification, therein this obligation shall be null and void; otherwise to remain in full force and effect.

PROVIDED, HOWEVER, that this bond is executed pursuant to the provisions of Title 10, Chapter 2253, as amended, of the Texas Government Code, and all liabilities on this bond shall be determined in accordance with the provisions of this Chapter, to the same extent as if it were copied at length herein.

Surety, for value received, stipulates and agrees that no change, extension of time, or other waiver or amendment of the terms of the Contract or to the work to be performed thereunder, nor any change in the method nor any change in the method or amount of payments stipulated to be made by Owner/Obligee under the Contract, shall relieve Surety of its obligations hereunder, and Surety hereby waives notice of any such change, extension of time, waiver or amendment of the terms of the Contract or to the work to be performed thereunder. The bond shall be automatically extended in time, without formal and separate amendment, to cover full and faithful performance of the Contract in the event of modification of the Contract, regardless of the length of time involved.

IN WITNESS THEREOF, Principal and Surety have signed and sealed this instrument on the 24th day of May, 199 9

Diamond S Construction, Inc.	Universal Surety of America
Principal	Surety
By Wayne Sklass	By
Title Sect/Treas.	Title Wayne K. Justice, Attorney-in-Fact
Address Route 9, Box 132H	Address 404 E. Ramsey, Ste. 104
Converse, TX 78109	San Antonio, TX 78216

Name, Address and Telephone Number of Resident Agent of Surety:

Trimble-Barjer Ins. Assoc., L.L.P., 404 E. Ramsey, Ste. 104, San Antonio, TX 78216
(210) 308-9438

Bond No. 28846-99-1

STATUTORY PERFORMANCE BOND

Pursuant to Vernon's Texas Government Code
Title 10, Chapter 2253, as amended

(Penalty of this Bond must be 100% of Contract Award)

KNOW ALL MEN BY THESE PRESENTS:

That Garrich Industries, Inc. dba Winco Contractors (hereinafter called "Principal"), as Principal, and Fidelity and Guaranty Insurance Underwriters, Inc a corporation organized and existing under the laws of the State of Wisconsin, with its principal office in the City of Baltimore Maryland, and authorized under the laws of the State of Texas to act as surety on bonds for principals (hereinafter called "Surety"), are held and firmly bound unto NUEVOS HORIZONTES, INC., San Antonio, Bexar County, Texas (hereinafter called "Owner/Obligee"), in the amount of one hundred thirty one thousand four hundred thirty six no/100 Dollars ($ 131,436.00), for the payment whereof, Principal and Surety firmly bind themselves, and their heirs, administrators, executors, successors and assigns, jointly and severally, by these presents:

WHEREAS, Principal has entered into a certain written contract with the Owner/Obligee, dated the 4th day of June, 1999, consisting of construction of certain improvements as set forth in contractor's proposal for GPE Project No. 98-0182 (hereinafter called "the Contract"), which Contract is hereby referred to and made a part hereof as fully and to the same extent as if copied at length herein.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if Principal shall faithfully perform the work in accordance with the plans, specifications and Contract Documents, then this obligation shall be void; otherwise to remain in full force and effect.

NOW, THEREFORE, if Principal shall repair any and all defects in said work occasioned by and resulting from defect in materials furnished by, or workmanship of, Principal in performance of the work covered by the Contract, occurring during a period of within 24 months from the date of the Contract Completion Certification, therein this obligation shall be null and void; otherwise to remain in full force and effect.

PROVIDED, HOWEVER, that this bond is executed pursuant to the provisions of Title 10, Chapter 2253, as amended, of the Texas Government Code, and all liabilities on this bond shall be determined in accordance with the provisions of this Chapter, to the same extent as if it were copied at length herein.

Surety, for value received, stipulates and agrees that no change, extension of time, or other waiver or amendment of the terms of the Contract or to the work to be performed thereunder, nor any change in the method nor any change in the method or amount of payments stipulated to be made by Owner/Obligee under the Contract, shall relieve Surety of its obligations hereunder, and Surety hereby waives notice of any such change, extension of time, waiver or amendment of the terms of the Contract or to the work to be performed thereunder. The bond shall be automatically extended in time, without formal and separate amendment, to cover full and faithful performance of the Contract in the event of modification of the Contract, regardless of the length of time involved.

IN WITNESS THEREOF, Principal and Surety have signed and sealed this instrument on the 7th day of June, 1999.

Principal	Surety
Garrich Industries, Inc. dba Winco Contractors	Fidelity and Guaranty Insurance Underwriters, Inc
By [signature]	By [signature]
Title President	Title Attorney-In-Fact
Address 18954 FM 2252 Garden Ridge, TX 78266	Address 900 N E Loop 410, Suite D430 San Antonio, TX 78209

Name, Address and Telephone Number of Resident Agent of Surety:

Douglas J. Wealty, 900 N E Loop 410, Suite D430, San Antonio, TX 78209
(210) 821-6938

NUEVOS HORIZONTES
8058 VANTAGE
SAN ANTONIO,TX. 78230

Phone: (210) 308-8809
Fax: (210) 349-2313

FAX TRANSMISSION

DATE: 8/10/99

TO: City of SA Economic Development Dept.

ATTN: Celena Gutierrez

FAX: 207-8151

FROM: Mari Tello

 # OF PAGES INCLUDING THIS ONE: 21

REFERENCE Celena here is a copy of the TBC commitment letter, also a copy of contracts with the infrastructure developers and an exact perc per all infrastructure costs. (It is a detailed sheet.) the sheet you sent me is accurate.
* Public Improvements cost and details are listed. $450,000.00 estimated for public improvements

thanks,
M. Tello

The Invitation to Bidders
The Instructions to Bidders
The Proposal
Bid Bond
The Payment Bond
The Performance Bond
The General Conditions of the Contract
The Special Conditions of the Contract
The Construction Specifications
The Standard Drawings
Addenda
Change Orders

The Plans, designated **West Horizon Subdivision, GRE No. 98-0812**.

In witness thereof of the Parties of these presents have executed this Agreement in the year and day of first above written.

NUEVOS HORIZONTES, INC., PRESIDENT

Officer

By: Carlos M. Balido

Title: President

Contractor

By: Larry Skloss

Title: President

E OF TEXAS §
NTY OF BEXAR §

nd subscribed by me on this the 4th day of June, 1999.

JANICE A. LITTLE
NOTARY PUBLIC
TATE OF TEXAS
Comm. Exp. 9-14-99

Notary Public
My Commission Expires on 9-14-99

PROPOSAL

Accompanying this proposal is a Bid Bond or Certified or Cashier's Check on a State or National Bank payable to the Order Of the Owner for_____dollars ($_____) which amount represents five percent (5%) of the total bid price. Said bond or check is to be returned to the bidder unless the proposal is accepted and the bidder fails to execute and file a contract within 10 calendar days after the award of the Contract, in which case the check shall become the property of said Owner, and shall be considered as payment for damages due to delay and other inconveniences suffered by said Owner due to the failure of the bidder to execute the contract. The Owner reserves the right to reject any and all bids.

It is anticipated that the Owner will act on this proposal within 30 calendar days after the bid opening. Upon acceptance and award of the contract to the undersigned by the Owner, the undersigned shall execute standard San Antonio Water System Contract Documents and make Performance and Payment Bonds for the full amount of the contract within 10 calendar days after the award of the Contract to secure proper compliance with the terms and provisions of the contract, to insure and guarantee the work until final completion and acceptance, and the guarantee period stipulated, and to guarantee payment of all lawful claims for labor performed and materials furnished in the fulfillment of the contract.

It is anticipated that the Owner will provide written Authorization to Proceed within 30 days after the award of the Contract.

The Contractor hereby agrees to commence work under this Contract within seven (7) calendar days after issuance by the Owner of the written Authorization To Proceed. Under no circumstances shall the work commence prior to Contractor's receipt of Owner's issued, written Authorization To Proceed.

The undersigned certifies that the bid prices contained in the proposal have been carefully checked and are submitted as correct and final.

In completing the work contained in this proposal the undersigned certifies that bidder's practices and policies do not discriminate on the grounds of race, color, religion, sex or national origin and that the bidder will affirmatively cooperate in the implementation of these policies and practices.

Signed: Wyane Sklass, Sect/Treas.
Company Representative

DIAMOND S CONSTRUCTION, INC.
Company Name

ROUTE 9 BOX 132H
Address

CONVERSE, TEXAS 78109

Please return bidder's check to: _____
Company Name

_____

_____
Address

WEST HORIZON SUBDIVISION

BID SUMMARY

PAVING AND GRADING	$ — 0 —
WATER MAIN EXTENSION	$ 98825.10
SANITARY SEWER	$ 106,112.00
TOTAL BID:	$ 204,937.10

SAWS Job No. 99-1078
Job Title: **WEST HORIZON SUBDIVISION**
Description: **Water Main Extension**

Date: 5-5-99
San Antonio, Texas

BID PROPOSAL

PROPOSAL OF

A Corporation organized and existing under the laws of the State of Texas
A Partnership consisting of —
An individual doing business as —

TO THE OWNER c/o

Pursuant to Instructions and Invitations to Bidders, the undersigned proposes to furnish all labor and materials as specified and perform the work required for the construction of pipelines and appurtenances, San Antonio Water System Job No. 99-1078, in accordance with the Plans and Specifications for the following prices to wit:

Item No.	Description & Estimated Quantities (Price to be Written in Words)	Unit Price (Figures)	Total Price (Figures)
PHASE I			
A.	595 L.F. 6" C-900 P.V.C. Pipe, in open trench; per linear foot		
	Thirteen dollars and thirty cents	$ 13.30	$ 7913.50
B.	1152 L.F. 8" C-900 P.V.C. Pipe, in open trench; per linear foot		
	Fourteen dollars and thirty cents	$ 14.30	$ 16473.60
C.	1 Ea. - 6" Gate Valve, with Box, M.J., per each		
	Four hundred seventy five dollars	$ 475.00	$ 475.00
D.	2 Ea. - 8" Gate Valve & Box, M.J., with Box; per each		
	Six hundred twenty five dollars	$ 625.00	$ 1250.00

Item No.	Description & Estimated Quantities (Price to be Written in Words)	Unit Price (Figures)	Total Price (Figures)
E.	3 Ea. – Standard Fire Hydrant, on new main; per each		
	Twenty one hundred dollars	$ 2100.00	$ 6300.00
F.	2 Ea. – 12" X 6" Tapping Sleeve & Valve; per each		
	Fifty eight hundred dollars	$ 5800.00	$ 11600.00
G.	1 Ea. – 12" X 8" Tapping Sleeve & Valve; per each		
	Seventy five hundred dollars	$ 7500.00	$ 7500.00
H.	1 Ea. – Cut in 8" X 8" Tee; per each		
	Sixty two hundred dollars	$ 6200.00	$ 6200.00
I.	0.32 Tons – Pipe Fittings, all sizes and types; per Ton		
	Thirty one hundred dollars	$ 3100.00	$ 992.00
J.	1747 L.F. - Trench Excavation Protection; per lineal foot		
	One dollar	$ 1.00	$ 1747.00
K.	1 Ea. – Pressure Test; per each		
	Six hundred dollars	$ 600.00	$ 600.00
L.	652 S.F. - Saw Cut, Remove and Replace Asphalt Pavement; per square foot		
	Twelve dollars	$ 12.00	$ 7824.00

Item No.	Description & Estimated Quantities (Price to be Written in Words)	Unit Price (Figures)	Total Price (Figures)
M.	2 Ea. – 2" Temporary Blowwoff; per each		
	One thousand dollars	$ 1000.00	$ 2000.00
N.	2 Ea. - ¾ " Short Single Service; Per each		
	Four hundred dollars	$ 400.00	$ 800.00
O.	3 Ea. - ¾" Long Single Service; per each		
	Five hundred dollars	$ 500.00	$ 1500.00
P.	10 Ea. – 1" Dual Short Service; per each		
	Four hundred dollars	$ 400.00	$ 4000.00
Q.	19 Ea. – 1" Dual Long Service, per each		
	Seven hundred twenty five dollars	$ 725.00	$ 13775.00
	PHASE I SUB-TOTAL		90950.10

PHASE II

A.	63 Ea. – New Meter Box; per each		
	One hundred twenty five dollars	$ 125.00	$ 7875.00
	PHASE II SUB-TOTAL		$ 7875.00
	WATER TOTAL BID		$ 98825.10

SAWS Job No. 99-1565
Job Title: WEST HORIZON SUBDIVISION
Description: Sanitary Sewer

Date: 5-5-99
San Antonio, Texas

BID PROPOSAL

PROPOSAL OF

A Corporation organized and existing under the laws of the State of Texas
A Partnership consisting of —
An individual doing business as —

TO THE OWNER c/o

Pursuant to Instructions and Invitations to Bidders, the undersigned proposes to furnish all labor and materials as specified and perform the work required for the construction of pipelines and appurtenances, San Antonio Water System Job No. 99-1565, in accordance with the Plans and Specifications for the following prices to wit:

Item No.	Description & Estimated Quantities (Price to be Written in Words)	Unit Price (Figures)	Total Price (Figures)
100	1 - L.S. Mobilization; per lump sum		
	Eight thousand eight hundred dollars	$ 8800.00	$ 8800.00
103.1.	6 L.F. - Remove and replace concrete curb; per linear foot		
	Sixty dollars —	$ 60.00	$ 360.00

Item No.	Description & Estimated Quantities (Price to be Written in Words)	Unit Price (Figures)	Total Price (Figures)
103.2	30 L.F. - Remove and replace concrete walk; per linear foot.		
	One hundred dollars	$ 100.00	$ 3000.00
511.A	158 S.Y. - Remove and replace asphalt and base; per square yard.		
	Thirty three dollars	$ 33.00	$ 5214.00
550.	1860 L.F. - Trench protection; per linear foot.		
	One dollar	$ 1.00	$ 1860.00
848.	1806 L.F. - 8" Sanitary sewer main; per linear foot.		
	Eighteen dollars	$ 18.00	$ 32508.00
852.	10 Ea. - Standard sanitary sewer manhole; per each.		
	Fourteen hundred twenty five dollars	$ 1425.00	$ 14250.00
852.	7 V.F. - Extra depth for sanitary sewer manhole; per vertical foot.		
	One hundred ten dollars	$ 110.00	$ 770.00
854.	1890 L.F. - 6" House lateral; per linear foot.		
	Fifteen dollars	$ 15.00	$ 28350.00

Item No.	Description & Estimated Quantities (Price to be Written in Words)	Unit Price (Figures)	Total Price (Figures)
854.	11 Ea. - New service tap; per each.		
	One thousand dollars	$ 1000.00	$ 11000.00
	SANITARY SEWER TOTAL	$ 106112.00	

IV. ECONOMIC FEASIBILITY

IV. Economic Feasibility

Important to the success of this particular residential development is its ability to capture a share of the local and regional growth as well as successfully compete with comparable housing product. Reviewing the components of a project's economic feasibility includes trends that affect short and long term demand for this product. Economic and market factors reviewed include demographic and housing data, including existing housing conditions, sales, and new construction as well as population mobility. The scope of the work includes an analysis of these factors for the market area against the larger community. Data provided has been aggregated at the census track , and city as a whole.

A review of housing resource material utilized by the City for a variety of projects, including the Empowerment Zone application, indicated the 1990 Census data as a primary reference. In order to use the most current data applicable, staff selected as a resource, the 1995 Housing Market Study for San Antonio issued by the U.S. Department of Housing and Urban Development and the U.S. Department of Commerce entitled, American Housing Survey for the San Antonio Metropolitan Area. The study presents a collection of information that profiles the housing conditions for the City. According to the study, the median housing value for owner occupied units as of 1995 was approximately $62,577. Median unit size was 1,593 square feet with six (6) rooms; three (3) bedrooms/two (2) baths. Monthly housing costs, including all mortgages plus maintenance costs, was estimated at $502, roughly 20% of current household income. *

The City of San Antonio has adopted a policy to encourage the provision of safe, decent, comfortable, and affordable housing as a reality for all the citizens of San Antonio. Tax Increment Financing (TIF) is a mechanism that promotes the City's goals by providing reimbursement to the developer for public improvements related to the construction of residential or commercial developments that meet delineated criteria as set forth in the application. Reimbursable expenses include: development of plans and design for public improvements, acquisition of property for public uses, and related costs for due diligence, financing, administration, site preparation, utilities, street lights, pedestrian walkways, parks, drainage facilities, water/sewer facilities, education facilities, and parking facilities. The purpose of TIF is to reduce overall development costs for the developer, thereby encouraging development that might not otherwise have happened given existing market conditions.

The New (West) Horizons Tax Increment Reinvestment Zone (TIRZ) proposed development will take place at the intersection of Hortencia and West Commerce on a 10-acre tract of land, to include approximately 63 single-family units. This parcel has two electrical towers that would require two 22 foot easements. The average price per home is $60,000 contingent on implementation of the TIRZ. It is the expectation of the developer to provide long term improvements to the area via the provision of quality affordable housing, an increase in property values, an injection of new homeowners in the area, and catalyst for others in the area to make improvements to their real property.

Proposed improvements include infrastructure improvements for water and sewer lines, streets and drainage, and sidewalks.

Market Area Profile

Population **

	1980	1990	1998
TIRZ	5,193	6,155	6,717
City	785,880	935,933	1,146,100

San Antonio has been experiencing consistent growth in population of the past 30 years as well as a significant increase since 1980, and further, is projected to increase by another 10% by the year 2004.

Change in Population Percentages**

	1980-1990	1990-1998
TIRZ	18%	9%
City	19%	22%

The area for the proposed New (West) Horizons development , although increasing in population, has experienced a decline in percentage change in population, suggesting a leveling off or inverse trend to that of the city.

Age**

	1990	1998
0-17 yrs	37%	37%
18 - 64 yrs	57%	55%
65+ yrs	6%	8%
Median Age	24.9 yrs	29.7 yrs

The age of the population within the TIRZ area reflects a youthful community with more than half being eligible members of an active workforce with income earning potential. However, the table also indicates an increasing number of persons over 65 years of age with a consistent number of those 17 and under. This suggest a "graying" of the community as the elderly outpaces the growth of younger segments of the population.

Educational Attainment**

	TIRZ	City
Less than 12th grade	54%	31%
H.S. Graduate	25%	24%
Some College	19%	27%
Bachelor Degree	2%	12%
Graduate + Degree	0%	6%

The area surrounding the proposed development has a population where greater than half of all adults have less than a 12th grade education, which is nearly 75% above city-wide figures. The area has failed to maintain a rate of educational attainment at that of the city as a whole.

Educational attainment is considered a direct factor in determining subsequent income potential. This is evidenced in the median household income for this area in 1998 being at $20,300; which is 33% below median income. As a percent of average household income, 20% is typical dedicated to mortgages and related expenses. This would result in the average homebuyer in this area being able to afford $400 a month to be dedicated to housing.

Median Household Income**

	TIRZ	City
1990	$17,200	$23,584
1998	$20,300	$30,585

The number of families in the TIRZ area is approximately 1,500 with an average household size of 3.78. Of the 1,500 families in the market area 63% are married couples, which is higher than the city's overall percentage at 51%.**

Current Housing Stock

The average age of the housing stock in the area is approximately 30 years old and valued at $36,100. These figures reflect median values for owner occupied units. Rental units comprise 32% of the area's housing and median rent is $258. It should be noted that these figures are below median housing values and rents for the city of San Antonio. The vacancy rate for the area is at 8% versus the city's rate of 11%.

YTD Sales Closed for Market Area ***

	Median Sales Price	Sales Price per sq ft	New Listings	Active Listings	Pending Sales	Days on Market
1998 YTD	$43,900	$39	194	104	117	97
1999 YTD	$45,600	$41	188	82	167	79

According to 1998 Bexar County Appraisal District statistics, the average 1998 single family appraised value is $27,134. According to resale activity obtained from the San Antonio Board of Realtors, sales for 1999 year to date records 131 sales with a median sales price of $45,600. Active listings have decreased by 20 percent and houses have been selling more quickly at a higher price per square feet. Sales per square foot have increased from $39 to $41 dollars since 1998. These figures reflect sales of existing housing stock. Figures indicate that there is a demand for housing product in this location and price range. ** New residential activity for the past 5 years (1993 to 1998), based off of recorded building permits indicates 71 permits recorded. Permit values had an average of $23,214.

The proposed New (West) Horizons subdivision would be providing homes at an average value of $65,000 per home and would not be deviating drastically from current market activity. Instead offering housing opportunities in an area that is experiencing gradual growth and accordingly, a demand for housing.

Mobility

Within the TIRZ and census track 61% of the persons have resided in their homes for over 5 years** which may account for stability in overall population shifts. The 1995 American Housing Survey of the San Antonio Metropolitan Area cites the following as primary reasons for relocation and choice of residence.

Reasons for Leaving Previous Residence*

	% of Total Surveyed
New job or job transfer	19%
To establish own household	15%
Needed larger house	13%
Other, family/person related	10%
Wanted better home	10%
Change from renter to owner	7%
Other	33%

The primary reason for change of residence listed is job opportunity followed closely by the desire to establish own household. The remaining considerations can be related to improvements in personal finances and good general economic conditions.

Choice of Present Neighborhood*

	TTL Surveyed
Convenient to job	25%
Convenient to friends/relatives	20%
Looks/design of neighborhood	19%
House was most important decision	18%
Good schools	10%
Convenient to leisure activities	4%
Convenient to public transportation	3%
Other	1%

Respondents surveyed indicated the primary reason for selecting a particular neighborhood for their current resident is convenience to job. This is followed closely by proximity to support groups defined as friends and relatives. Quality of schools did not rank in the top 3 reasons. Convenience to leisure activities and public transportation were considered less important.

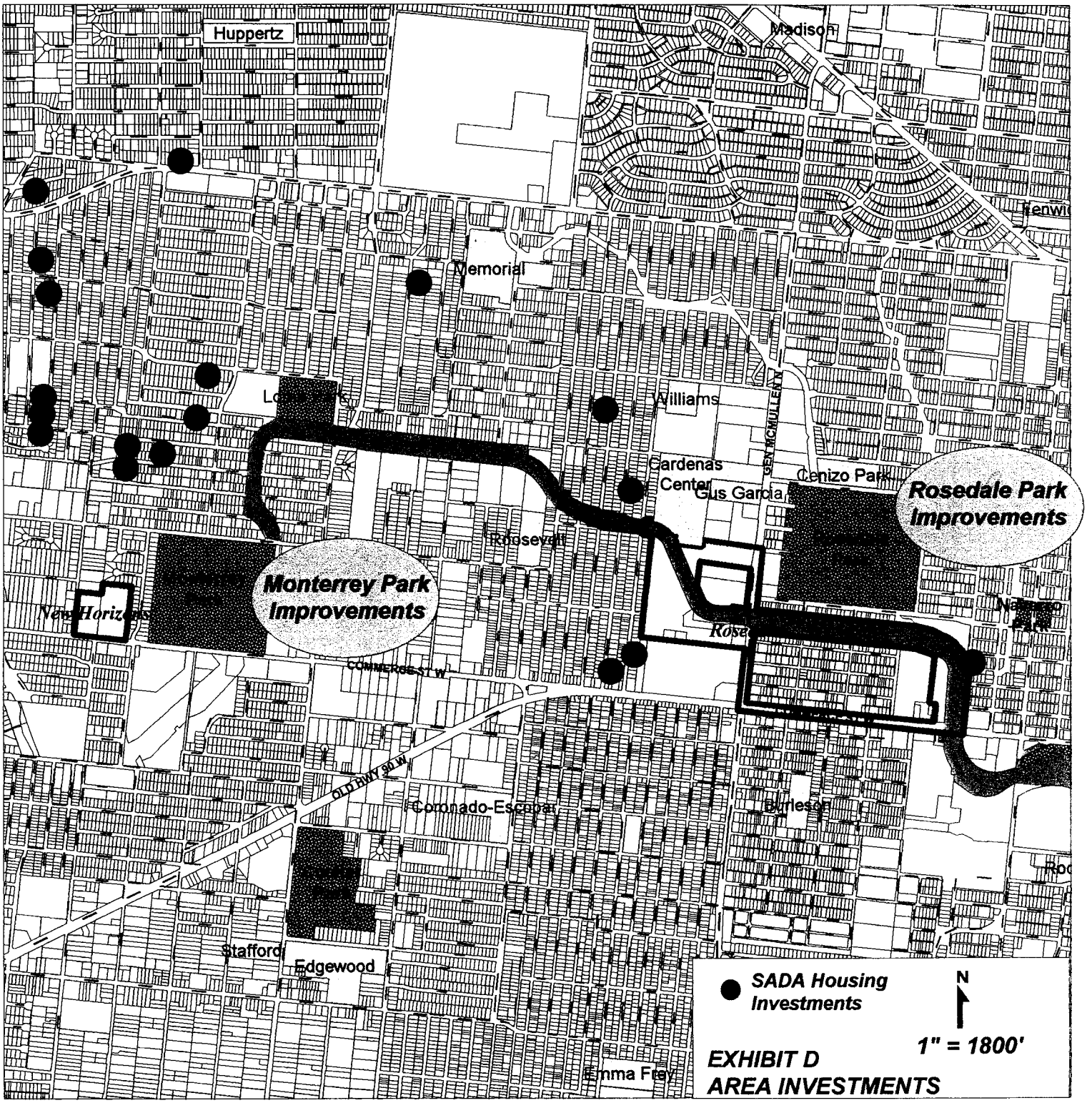
A brief sampling of city services, schools and Police & Fire substations within a 5 mile radius is listed below. Attached you will find comprehensive listing (Atch 1.).

Leisure Activities: San Antonio Natatorium, Wolff Municipal Stadium, Market Square and Woodlawn Lake ***Fire SubStations:*** 12 ***Police Substations:*** 2
Library Branches: 7
Health Facilities: 24 ***Parks:*** 8

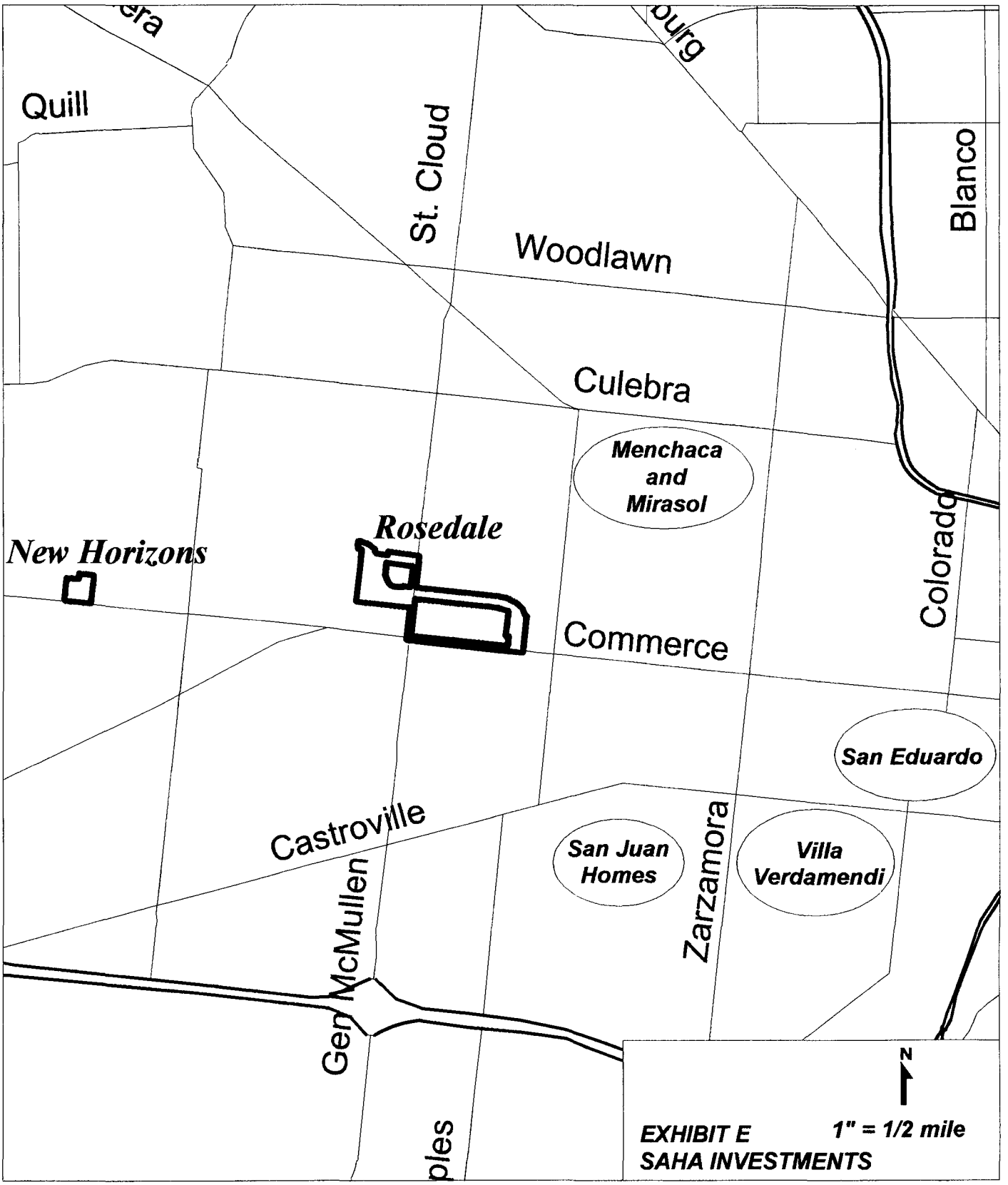
School Districts: San Antonio, South San Antonio, Edgewood, Northside, Lackland
Elementary Schools: 21 ***Middle Schools:*** 7 ***High Schools:*** 2

These entities are expected to meet the needs of anticipated growth in residents. This area is highly mobilized and active in matters concerning the community. Formal organizations include Loma Park Neighborhood Association and Community Worker's Council. Although the Applicant includes letters of support from FannieMae and the San Antonio Development Agency, developers should make every effort to work closely with residents in this community to promote the success of this project and the vitality of the neighborhood.

ROSEDALE AND NEW HORIZONS
TIF REINVESTMENT ZONE



ROSEDALE AND NEW HORIZONS
TIF REINVESTMENT ZONE



V. BOARD OF DIRECTORS

New (West) Horizons TIRZ Board Members

Maricela Tello (Director)
8058 Vantage
San Antonio, Texas 78230
Phone: 210/308-8809; Fax: 210/349-2313

Robert Tello (Director)
8058 Vantage
San Antonio, Texas 78230
Phone: 210/308-8809; Fax: 210/349-2313

Carlos Balido (Director)
8058 Vantage
San Antonio, Texas 78230
Phone: 210/308-8809; Fax: 210/349-2313

The Honorable Juan F. Solis III (Director)
State Representative, District 124
907 W. Kirk Place
San Antonio, Texas 78226
Phone (SA): 210/438-0124; Fax: 210/438-1324
Austin Ph. : 512/463-0634; Fax: 512/463-7668

Leslie Balido (Director)
8058 Vantage
San Antonio, Texas 78230
Phone: 210/308-8809; Fax: 210/349-2313

Carmen Lemon (Director)
8058 Vantage
San Antonio, Texas 78230
Phone: 210/308-8809; Fax: 210/349-2313

The Honorable Paul Elizondo (Director)
County Commissioner, Precinct #2
Bexar County Commissioner Court
100 Dolorosa , Suite 101
San Antonio, Texas 78250-3036
Phone: 210/335-2612; Fax: 210/335-2264

John McCormick (Observer, Edgewood ISD)
5358 W. Commerce
San Antonio, Texas 78237
Phone: 210/444-4600x4529; Fax: 210/444-4528

To Be Determined:

Board Appointees from: State Senator Gregory Luna[1], and
Edgewood Independent School District[2]

[1] Office has been contacted; waiting for Senator's decision. Default Director: Gregory Luna.
[2] Office has been contacted, and official Observer appointed. Director appointee to be determined.

Default Directors:

The Honorable Gregory Luna
State Senator, District 26
318 W. Houston, Suite 302
San Antonio, Texas 78205
Phone (SA): 210/226-2626; Fax: 210/226-0144
Austin Ph. : 512/463-0126; Fax: 512/463-2114

VI. APPENDICES

A. Legal Description

NEW (WEST) HORIZONS

VI. APPENDICES

A. Legal description

TRACT I:

LOTS 7, 8,9 AND 10, BLOCK 6, NEW CITY BLOCK 7448, ALAMEDA GARDENS TRACT #3, IN THE CITY OF SAN ANTONIO, BEXAR COUTY, TEXAS, ACCORDING TO PLAT THEREOF RECORDED IN VOLUME 105, PAGE 313, DEED AND PLAT RECORDS OF BEXAR COUNTY, TEXAS, SAVE AND EXCEPT THAT PORTION OF TRACTS 9 AND 10 BEING MORE PARTICULARLY DESCRIBED IN ADDENDUM ATTACHED HERETO AND MADE A PART HEREOF.

TRACT II:

LOT 16, BLOCK 1, NEW CITY BLOCK 8242, ALAMEDA GARDENS TRACT #2, IN THE CITY OF SAN ANTONIO, BEXAR COUNTY, TEXAS, ACCORDING TO PLAT THEREOF RECORDED IN VOLUME 105, PAGE 226, DEED AND PLAT RECORDS OF BEXAR COUNTY, TEXAS, SAVE AND EXCEPT THAT PORTION MORE PARTICULARLY DESCRIBED IN ADDENDUM ATTACHED HERETO AND MORE A PART HEREOF.

CITY OF SAN ANTONIO TEXAS

NOTICE OF INTENTION

TO CREATE A TAX INCREMENT FINANCING REINVESTMENT ZONE FOR THE NEW HORIZONS (NUEVOS HORIZONTES) AREA PROJECT

The City Council of the City of San Antonio, Texas (the "City") does hereby give notice of intention to create a tax increment financing reinvestment zone for the development of the New Horizons (Nuevos Horizontes) Project (the "Project") pursuant to the requirements of *The Tax Increment Financing Act,* TEXAS TAX CODE, CHAPTER 311, as amended (the "Act"). This notice is provided in accordance with the requirements of Section 311.003(e) of the Act and is being sent to the governing body of each taxing unit that levies real property taxes in the proposed reinvestment zone site.

I. Description of the Proposed Boundaries of the Proposed Zone:

The proposed zone encompasses approximately 10.3 acres of undeveloped land in the western section of the City of San Antonio. The proposed boundaries include:

Eastern Boundaries

S.W. 39th Street

Southern Boundaries

West Commerce Street

Western Boundaries

Hortencia Street

Northern Boundaries

Caywood Street

II. Tentative Plans for the Development or Redevelopment of the Proposed Zone:

The proposed zone site includes the following proposed developments:

- **Development of 63 units of Single-family Residential Subdivision;**
- **Public acquisition of land and/or improvements;**
- **construction of public improvements permitted under the Texas Tax Code** (which may include, but are not limited to, water, sewer, drainage, sidewalks and lighting) for a residential and commercial subdivision;
- **acquisition of property of public improvements.**

III. Estimate of the General Impact of the Proposed Zone on Property Values and Tax Revenues:

While it is impossible to predict with certainty the impact of the proposed zone on property taxes values and tax revenues, the City believes that it is reasonable to assume that the general impact of the proposed zone on property values will lead to an increase in property values within the proposed zone, with an associated increase in tax revenues, even assuming no increase in tax rate.

Proposed Portion of Tax Increment to be Paid by School District

[*Pending State law prescribes that the proposed portion of tax increment to be paid into a tax increment fund by the impacted school district(s) be provided in this notice.*] In order to provide maximum flexibility in the development of the project and financing plan for the proposed reinvestment zone, one hundred percent (100%) of the portion of tax increment to be paid into a tax increment fund by the impacted school district(s) is being proposed for use in this zone. This notice does not obligate the impacted school district (s) or other taxing entity to participate. Written contractual agreements describing and providing for future deposits of tax increments are required under the Texas Tax Code (311.013(g)).

Norma S. Rodriguez, City Clerk
City of San Antonio, Texas

THE STATE OF TEXAS §
§
COUNTY OF BEXAR §

INTERLOCAL AGREEMENT

I. PARTIES

A. Address

THIS INTERLOCAL AGREEMENT (the "Agreement") is made by and between the **CITY OF SAN ANTONIO, TEXAS** (the "City"), a municipal corporation and home-rule city of the State of Texas situated in the County of Bexar acting through its City Manager pursuant to Ordinance No. 90382, the **EDGEWOOD INDEPENDENT SCHOOL DISTRICT** (the "School District"), and the **REINVESTMENT ZONE NUMBER FIVE (5), CITY OF SAN ANTONIO, TEXAS** (the "Zone"), a reinvestment zone created by the City pursuant to Chapter 311 of the Texas Tax Code. This Agreement is made pursuant to Chapter 791 of the Texas Government Code and Chapter 311 of the Texas Tax Code for the participation of the School District in the Zone.

The initial addresses of the parties, which one party may change by giving written notice of its changed address to the other parties, are as follows:

City

Alexander E. Briseño
City Manager
City of San Antonio
100 Military Plaza
San Antonio, TX 78205

School District

Ben Gutierrez
Ben Gutierrez, Designee of
Edgewood Management Team
Edgewood Independent School District
5358 W. Commerce Street
San Antonio, TX 78237

Zone

Chairman
Reinvestment Zone Number Five (5),
City of San Antonio, Texas

ES:rc/Contracts/edgewood isd zone5
2/22/00

B. Index

For, and in consideration of the covenants set forth herein, and subject to the terms and conditions herein, the City, the School District and the Zone hereby agree to the terms and conditions of this Agreement. This Agreement consists of the following sections:

Section	Description	Page
I.	Parties	1
II.	Definitions	2
III.	Background	4
IV.	Rights and Obligations of School District	5
V.	Rights and Obligations of City and Zone	11
VI.	Term and Termination	13
VII.	Miscellaneous	14
Exhibit "A"	Zone Plan	
Exhibit "B"	City of San Antonio Ordinance No. 90382	
Exhibit "C"	Standards For Development	
Exhibit "D"	Development Targets	

C. Parts Incorporated

All of the above described sections and documents are hereby incorporated into this Agreement by this reference for all purposes.

II. DEFINITIONS

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

"Administrative Costs" means reasonable costs associated with organizing and operating the Zone and reasonable imputed administrative costs incurred by the participating taxing entities,

including attorney and financial consultant fees which are associated with the Zone. Administrative costs are estimated at $45,000 for the life of the Zone.

"Agreement" means this agreement between the City, the School District, and the Zone.

"Agreement Term" is defined in Section VI.

"Captured Appraised Value" means the captured appraised value of the Zone, as defined by Section 311.012(b), Texas Tax Code, as amended from time to time.

"City" is defined in Section I of this Agreement and includes its successors and assigns.

"Plan" means the project plan and reinvestment zone financing plan for the Zone as defined in Chapter 311, Texas Tax Code and as adopted by the board of directors of the Zone on August 20, 1999 and approved by the City Council of the City on August 26, 1999 and attached as Exhibit "A."

"Project Costs" means any and all of the items of "project costs" set forth and described in Section 311.002(1), Texas Tax Code, which are included in the Project Plan for the Zone. These costs include public infrastructure improvements and related capital costs including street installation, sidewalks, utilities, drainage, and other public improvements. The capital cost is estimated at $514,244.10.

"School District" is defined in Section I of this Agreement and includes its successors and assigns.

"School District Administrative Costs" means the costs incurred by the School District and to be incurred by the School District in organizing the Zone (up to and including execution of interlocal agreements), including attorney and financial consultant fees.

"School District Tax Increment Participation" is the amount of taxes collected by the School District each year during the term of this Agreement by levying tax on real property in the Zone at the tax rate adopted by the School District per $100 valuation on the Captured Appraised Value.

City Tax Increment Participation" is the amount of taxes collected by the City each year during the term of this Agreement by levying tax on real property in the Zone at the tax rate adopted by the City per $100 valuation on the Captured Appraised Value.

"Tax Increment" means the total amount of ad valorem taxes levied and collected each year by the School District, and other participating taxing entities, in the Zone on the Captured Appraised Value on taxable real property in the Zone.

"Tax Increment Fund" means the tax increment fund created by the City for the Zone entitled "Reinvestment Zone Number Five (5), City of San Antonio, Texas Tax Increment Fund."

"Tax Increment Payment" means the amount of the Tax Increment that the School District, and other participating taxing entities, agree to deposit annually to the Tax Increment Fund in accordance with the requirements of Subsections A and B of Section IV and Subsections A and B of Section V of this Agreement, the Plan and Chapter 311, Texas Tax Code.

"Zone" means Reinvestment Zone Number Five (5), City of San Antonio, Texas, created by the City over the Zone Area on August 19, 1999 by Ordinance No. 90311, and includes its successors and assigns.

"Zone Area" shall mean the area of the City to be included in the Zone, as more particularly described in Exhibit "A" attached hereto.

"Zone Board" means the Board of Directors of the Zone.

Otherwise, the terms used herein shall have the meanings ascribed to them in Chapter 311, Texas Tax Code, or the Texas Education Code, as applicable.

III. BACKGROUND

Resolution No. 99-22-25, passed and approved by City Council on May 27, 1999, expressed the City's intent to create a tax increment financing reinvestment zone to support revitalization activities for the New (West) Horizons Project. On August 19, 1999, the City Council passed and approved Ordinance No. 90311 which created the Zone for the purposes of

redevelopment in the Zone Area. The proposed New (West) Horizons Development is located approximately 5.8 miles west of downtown San Antonio and approximately 1.8 miles north of US Highway 90. The Zone is bound by West Commerce Street to the south, NW 39th Street to the east, Caywood Street to the north, and Hortencia Avenue to the west. The development is in the Edgewood Independent School District and encompasses approximately 10.03 acres. The 1999 base value is $53,500 and the projected captured tax incremental value is $4,095,000.00. The project includes the construction of 63 single family homes with an average base sale price of $65,000 (unless a buyer requests additions and qualifies for a higher sale price). Construction will be carried out in two phases, with the values to be included in tax years 2001 and 2002. The total public improvement infrastructure capital cost is estimated at $514,244.10 and shall not exceed $514,244.10. Presently, the developers are Reeves Engineering, a duly authorized Texas corporation and Nuevos Horizontes, a duly authorized Texas corporation. The life of the Tax Increment Reinvestment Zone ("TIRZ") is projected to be 10.09 years with the TIRZ being in existence through September 30, 2009 unless earlier termination occurs as a result of the full payment of all Project Costs.

The Board of Directors of the Zone adopted the Plan on August 20, 1999. The City adopted the Plan on August 26, 1999. The School District will contribute ad valorem tax increments produced in the Zone to the Tax Increment Fund as set out in Ordinance No. 90382 attached hereto as Exhibit "B." The School District desires to participate in the Zone in consideration for the agreements set forth below. The School District hereby acknowledges receipt of notice of the initial creation of the Zone. The School District has waived the 60-day notice requirement of Section 311.003(e), Texas Tax Code, with respect to the initial creation of the Zone.

IV. RIGHTS AND OBLIGATIONS OF THE SCHOOL DISTRICT

A. Tax Increment Participation by the School District

Subject to the limitations set out in this Agreement the School District agrees to participate in the Zone by contributing ninety and two-tenths per cent (90.2%) of every one dollar and sixty-three cents ($1.63) of the ad valorem Tax Increment produced in the Zone attributable to the School District to the Tax Increment Fund during the term of this Agreement.

B. Tax Increment Limitation

Taxes collected by the School District in any year on actual Captured Appraised Value that exceed the estimate of Captured Appraised Value for that year shown in the Plan approved before September 1, 1999 shall be retained by the School District.

The City and the Zone Board agree that no interest or penalty will be charged to the School District for any late payment received from the School District for taxes which have not been collected by the School District.

The School District's Tax Increment Participation and obligation to participate in the Zone shall be restricted to its Tax Increment collected on the Captured Appraised Value in the Zone. The School District shall not be obligated to pay its School District Tax Increment Participation from other School District taxes or revenues or until the School District Tax Increment Participation in the Zone is actually collected. The obligation to pay the School District Tax Increment Participation shall accrue as taxes representing the School District tax increment are collected on behalf of the School District and payment shall be due on the first day of each calendar quarter. The School District shall not be obligated to pay its School District Tax Increment Participation in the event that the City discontinues its contribution to the Tax Increment Fund during the Agreement term described in Section VI.

The payment of Tax Increment Payments by the School District, or any obligation to make such payments, is expressly conditioned on the timely, full and complete performance of all terms and conditions of this Agreement and the Plan which are material to the School District by all

parties to such Agreement or Plan and by all persons, firms or legal entities who have any obligations or responsibilities by virtue of such Agreement or Plan, and the passage by the City of any ordinances and building codes. Any failure to timely, fully and completely perform any term, condition, obligation or any responsibility which is material to the School District by any such party or person, firm or legal entity shall relieve the School District of any obligation to make any or all Tax Increment Payments which the School District may have agreed to make by virtue of this Agreement or might otherwise be obligated to make. Prior to termination or withholding of Tax Increment Payments under this Subsection IV(B), the School District shall notify the City and Zone Board in writing at the addresses stated in Section I of this Agreement and shall provide a period of sixty (60) days from such written notice to cure any deficiency.

Except for the School District's Tax Increment Payments as set out in the Plan, the School District shall have no obligation for any costs or expenses associated with the operation of the Zone, including, without limitation, any obligation to pay or repay any debt issued by other participating taxing entities, the Zone, or the Zone Board relating to the Zone or any costs associated with the operation of Zone or any projects relating thereto. Notwithstanding anything herein to the contrary, the total School District's Tax Increment Payment over the term of the Zone shall not exceed $350,168.00.

C. Changes in Applicable Laws

Notwithstanding any other provision of this Agreement, in the event and to the extent that Texas law applicable to the School District or tax increment reinvestment zones is changed subsequent to the effective date of this Agreement, or there is a interpretation, ruling, order, decree or court decision interpreting existing or subsequently enacted law applicable to the School District or tax increment reinvestment zones, whether administratively by the Texas Education Agency, the Comptroller of Public Accounts of the State of Texas, the Attorney General of the State of Texas, or by a court of competent jurisdiction, or for any other reason, with the result that the

participation of the School District in the Zone decreases the aggregate amount of the state or local funds available to or received in any school year by the School District during the term of this Agreement that would otherwise be available to or received by the School District in such school year if the School District was not participating in the Zone during that year, as determined by the School District subject to the review by the City as to the accuracy of the calculations, the School District's Tax Increment Participation shall, at the option of the School District, be reduced in an amount equal to the amount of the decrease in the aggregate state and/or local funding available to or received in that school year by the School District during the term of this Agreement as a result of the School District's participation in the Zone. If within sixty (60) days of receiving the School District's calculations, the City does not challenge the accuracy of said calculations to the School District in writing, said calculations shall be deemed accurate. The School District shall provide the City sufficient information for the City to review the accuracy of the calculation of loss. Such a reduction in the participation level of the School District will not create any further obligation on the part of the other participating taxing entities, other than that set forth in the Plan, which is attached hereto in Exhibit A. "State or local funds" for purposes of this Agreement are defined in Chapters 41, 42 and 46 (and their successor statutes) of the Texas Education Code but do not include the amount paid by the School District into the Tax Increment Fund pursuant to this Agreement.

For any School District fiscal year that the School District intends to decrease its participation in the Zone pursuant to this Article, the School District shall give written notice to the City and Zone Board of any interpretation, ruling order, decree or court decision that will decrease the aggregate amount of state or local funds available to the School District no later than two (2) months after the School District has actual knowledge of such event and will provide the School District's calculation of the decrease no later than ten (10) months following the end of the fiscal year in which the event occurs. The City will have sixty (60) days to review the School District's

calculations. If the School District submits the calculation after the payment of its tax increment for the applicable year, the deductions shall be made from the School District's future payments of the School District Tax Increment Participation.

At any time the School District may make a demand for reimbursement of funds previously deposited by the School District in the Tax Increment Fund when it determines that, by virtue of its previous payments into the Fund, the School District received a reduction in the combined revenues from local or state sources or both, that the School District would have received had the School District not participated in this Agreement. Any demand for reimbursement shall be accompanied by written explanation showing the calculations underlying the claim for reimbursement and a reference to any rule, statute, or administrative interpretation, which explains the calculations. In the event that the City receives a claim for reimbursement, the City or Zone Board shall, within thirty (30) calendar days, return the funds claimed for refund to the School District, provided said funds are available. If the City or Zone Board wishes to contest the claim for reimbursement, it shall, within thirty (30) calendar days of receipt of a request send a written objection to the reimbursement request and shall immediately segregate and maintain the contested amounts, provided said funds are available, in a interest bearing reserve account pending the resolution of the dispute.

The School District shall be entitled to reimbursement from the Tax Increment Fund for any School District interest cost resulting from delayed payment to the School District. Such reimbursement shall be limited to the interest the School District pays on any funds borrowed by the School District or, if the School District chooses in its sole discretion to cover any shortfall with the School District's reserves, the interest lost on such reserves. No reimbursement shall be due before the 31st day after the date the School District makes a demand for reimbursement. A reduction in the participation level of the School District will not create any further obligation on the part of the other participating taxing entities, other than that set forth in Exhibit A. If such a

reduction in the participation level of the School District creates a shortfall in the Tax Increment Fund revenues and consequently creates the inability to pay Project Costs, the Developer, and not the participating taxing entities, shall be responsible for the payment of those costs. Until the dispute is resolved, segregated funds, which are being contested will not be available for expenditure for eligible Tax Increment Fund project costs.

In the event that there is an outstanding reimbursement obligation from the Tax Increment Fund to the School District at the time that any payment is due from the School District to the Tax Increment Fund under this Agreement, the School District may offset any reimbursement amount against its payment obligation.

The obligation to reimburse the School District for any amount in accordance with this Subsection is limited to, and payable only from, amounts available in the Tax Increment Fund. If at the time any such payment becomes due there are insufficient funds in the Tax Increment Fund to make such payment in full and the School District's participation has not been reduced to zero, the School District agrees: (1) only the amount of the Fund representing the School District's percentage of the participation in the Fund shall be used to reimburse the School District, and (2) to recover any remaining reimbursement from the School District's future payment obligation until such reimbursement, together with interest as provided in this subsection IV(D), is fully recovered.

If at any time such payment becomes due there are insufficient funds in the Tax Increment Fund to make such payment in full and the School District's participation has been reduced to zero, reimbursement shall not be limited to the amount of the Fund representing the School District's percentage of participation in the Fund, and the School District shall be reimbursed as soon as funds become available and shall have first priority among claims against the Tax Increment Fund.

D. Expansion of the Zone

The obligation of the School District to participate in the Zone is limited to the area described in the Plan. The School District's participation shall not extend to the tax increment on any additional property added to the Zone by the City unless the School District approves such participation.

E. Board of Directors

The School District shall have the unequivocal right to appoint to, and maintain one member on, the Board of Directors of the Zone. Failure of the School District to appoint a person to the Board of Directors of the Zone by January 1, 2000 shall not be deemed a waiver of the School District's right to make an appointment by a later date.

V. RIGHTS AND OBLIGATIONS OF CITY AND ZONE

A. Tax Increment Participation by the City

The City agrees to participate by contributing one hundred percent (100%) of the increase in ad valorem Tax Increments produced in the Zone attributable to the City as set out in the Plan and deposit said amounts into the Tax Increment Fund during the term of this Agreement.

B. Tax Increment Limitation

The Zone Board agrees that no interest or penalty will be charged to the City for any late payment received on behalf of the City for taxes which have not been collected. The City's Tax Increment Participation and obligation to participate in the Zone shall be restricted to its Tax Increment collected on the Captured Appraised Value in the Zone. The City shall not be obligated to pay its City Tax Increment Participation from other City taxes or revenues nor shall payment be made until the increment is actually collected. The obligation to pay the City Tax Increment Participation shall accrue as taxes representing the City tax increment are collected on behalf of the City and payment shall be due on the first day of each calendar quarter. The City shall not be obligated to pay its City Tax Increment Participation in the event that the School District, or any

other participating taxing entity, discontinues its contribution to the Tax Increment Fund during the Agreement term described in Section VI.

Any obligation of the City to make tax increment payments, is expressly conditioned on the timely, full and complete performance of all terms and conditions of this Agreement and the Plan which are material to the City by all parties to this Agreement or Plan and by all persons, firms or legal entities who have any obligations or responsibilities by virtue of such Agreement or Plan, and the passage of any ordinances or resolutions by any of the participating taxing entities, building codes or any other requirements to allow use of the City's property for city purposes. Any failure to timely, fully and completely perform any term, condition, obligation or any responsibilities which are material to the City by any such party or person, firm or legal entity shall relieve the City of any obligation to make any or all Tax Increment Payments which the City may have agreed to make by virtue of this Agreement or might otherwise be obligated to make. Prior to termination or withholding of Tax Increment Payments under this Subsection V(B), the City shall furnish written notice to the participating taxing entities and Zone Board and provide a period of sixty (60) days from such written notice to cure any deficiency.

Except for the City's Tax Increment Participation, the City shall have no obligation for any costs or expenses associated with the operation of the Zone, including, without limitation, any obligation to pay or repay any debt issued by other participating taxing entities or the Zone Board relating to the Zone or any other costs associated with the operation of Zone or any projects relating thereto, except for Project Costs. Notwithstanding anything herein to the contrary, the total City Tax Increment Payment over the term of the Zone shall not exceed $138,112.00.

C. Financing of Project Costs

The City and the School District shall participate in the payment of Project Costs only to the extent described above. The City and the Zone Board shall be entitled to enter into any other agreements to pay Project Costs, principal and interest on bonds, and other obligations from the

tax increments paid into the Tax Increment Fund by the City without the consent of the School District.

D. Additional Tax under Chapter 23, Texas Tax Code

The parties agree that any additional tax provided for in Chapter 23, Texas Tax Code, and its successor statutes, which becomes due during the term of the Zone shall not be a part of the School District's Tax Increment Participation and shall be retained by the School District.

E. Development Standards

The parties agree the minimum standards for development of the Project are described in Standards for Development, attached as Exhibit "C" to this Agreement. No modification, change or amendment to these standards shall be effective unless approved by the Board of Trustees of the School District and in compliance with the Unified Development Code (UDC). In the event of a deviation from the minimum standards for development, the School District shall have the right to terminate this Agreement. The City will enforce the UDC and the Standards for Development.

F. School District Administrative Costs

The parties agree that School District Administrative Costs shall be paid by the City or the Zone Board to the School District from the Tax Increment Fund. In addition to the capital costs, other costs to be paid from TIRZ revenues include the City's financial and legal advisor, City Administrator fees, the School District's financial and legal advisor and other participating taxing entities administrative costs. Revenues derived from the TIRZ will be used to pay costs in the following order of priority of payment: (i) first, to the payment of eligible costs incurred by the participating taxing entities participating in the TIRZ; (ii) second, to the City's financial and legal advisor until the total amount due has been paid, (iii) third, administrative fees pertaining to the City or its administrator; and (iv) to the developer, on an annual basis, as TIRZ and to the extent such revenues are available for such payments.

VI. TERM AND TERMINATION

A. Agreement Term

This Agreement shall become effective as of August 31, 1999, and shall remain in effect until September 30, 2009; provided, however, the School District may terminate this Agreement in the event changes in applicable laws described in Subsection IV(C) result in the School District's complete withdrawal from participation in the Zone, as permitted herein under Section VIB.

The first payment of increment taxes by the School District under this Agreement shall be for those taxes levied by the School District in the year 1999 and the last payment by the School District under this Agreement is for those taxes levied by the School District in the year 2009.

The first payment of increment taxes by the City under this Agreement shall be for those taxes levied by the City in the year 1999 and the last payment by the City under this Agreement is for those taxes levied by the City in the year 2009.

B. Early Termination

No participating taxing entity or the Board of Directors of the Zone shall take any action to terminate the Zone earlier than the duration of the Zone as specified herein or, if earlier, upon the date on which all eligible Project Costs have been paid, except the City may terminate its participation in this Agreement if the Developer ceases to undertake said improvements as set out in the Developer Agreement or the Developer fails to meet the targets which are attached hereto as Exhibit "D."

Not withstanding any other provisions in this Agreement, the School District shall have the right to terminate this Agreement at any time if it is formally notified by the State that it will lose State or local educational funds by virture of it's participation under this Agreement. The School District must give written notice of its termination and the reasons therefor, at least 60 days prior to the effective date of termination, to all other taxing entities participating under this Agreement.

In no event will the remaining taxing entities be responsible for the resulting shortfall to the TIRZ Fund.

C. Disposition of Tax Increments

Upon termination of the Zone, and if all Project Costs have been paid, the City and the Zone shall pay to the participating taxing entities all monies, including interest earned thereon, remaining in the Tax Increment Fund that are attributable to the participating taxing entities Tax Increment Participation.

VII. MISCELLANEOUS

Any costs incurred by the Developer are not and shall never become general obligations or debt of the City or the School District. The public improvement infrastructure costs incurred by the Developer shall be payable solely from the Tax Increment Fund and shall never constitute a debt, indebtedness, or a pledge of the faith and credit or taxing power of the State, the City, or the School District.

There shall also be no recourse against the City, public official, Zone Board, or any other participating taxing entity involved if all or part of the Developer contributions are not reimbursed. It is recognized by the Zone Board that the Plan does not forecast sufficient tax revenues to reimburse the Developer for all contributions.

A. Severability

In the event any term, covenant, or condition herein contained shall be held to be invalid by any court of competent jurisdiction, such invalidity shall not affect any other term, covenant, or condition herein contained, provided that such invalidity does not materially prejudice either the City, the School District or the Zone in their respective rights and obligations contained in the valid terms, covenants, or conditions hereof.

In the event any term, covenant, or condition shall be held invalid and affects in any manner the limitations on the participating entities contributions or participation, then this

Agreement shall be void as to the participating entity and the participating entity shall have no liability for any incremental or other payments as may otherwise be provided for in this Agreement.

B. Entire Agreement

This Agreement merges the prior negotiations and understandings of the parties hereto and embodies the entire agreement of the parties, and there are no other agreements, assurances, conditions, covenants (express or implied), or other terms with respect to the covenants, whether written or verbal, antecedent or contemporaneous, with the execution hereof.

C. Written Amendment

Unless otherwise provided herein, this Agreement may be amended only by written instrument duly executed on behalf of each party.

D. Notices

All notices required or permitted hereunder shall be in writing and shall be deemed delivered when actually received or, if earlier, on the third day following deposit in a United States Postal Service post office or receptacle with proper postage affixed (certified mail, return receipt requested) addressed to the respective other part at the address prescribed in Section I of this Agreement or at such other address as the receiving party may have theretofore prescribed by notice to the sending party.

E. Non-Waiver

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

F. Assignment

Except for the City's right to assign and delegate this Agreement and the performance of obligations to the Board of Directors of the Zone, no party shall assign this Agreement at law or otherwise without the prior written consent of the other parties and no party shall delegate any portion of its performance under this Agreement without the written consent of the other parties.

G. Amendment

The parties acknowledge that the Superintendent of Schools of the School District (his designee or equivalent) was permitted to review and comment upon the Plan before it is was submitted to the City Council for City approval. The parties further agree that an amendment to the Plan occurring after September 1, 1999, shall not apply to the School District unless the Board of Trustees of the School District or its duly authorized designee approves the amendment to the Plan, if such amendment to the Project Plan:

(1) has the effect of directly or indirectly increasing the percentage or amount of tax increment to be contributed by the School District;

(2) increases or reduces the geographical area of the Zone set forth in the Plan.

H. Successors

This Agreement shall bind and benefit the parties and their legal successors. This Agreement does not create any personal liability on the part of any trustee, officer, agent, or employee or agent of the participating taxing entities or the Zone.

I. No Waiver of Immunity

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

J. Access to Financial Information

Each party to this Agreement shall have reasonable access to all financial information and audit reports regarding the operation of the Zone and expenditures from the Tax Increment Fund.

IN WITNESS HEREOF, the City, the School District, and the Zone have made and executed this Agreement in multiple copies, each of which is an original.

CITY OF SAN ANTONIO

City Manager

ATTEST/SEAL:

City Clerk

APPROVED AS TO FORM:

City Attorney

EDGEWOOD INDEPENDENT SCHOOL DISTRICT

President

ATTEST/SEAL:

Secretary

REINVESTMENT ZONE NUMBER FIVE
CITY OF SAN ANTONIO, TEXAS
New (West) Horizons Zone

Chairman, Board of Directors

ATTEST/SEAL:

Secretary, Board of Directors

Exhibit C
New (West) Horizons Project
Standards For Development

Deed Restrictions and Home Owner's Association. All development phases identified in the Project Plan will be subject to deed restrictions and establishment and governance by one or more home owner's association agreements that contain provisions consistent with the requirements set forth in this Exhibit.

Construction Standard. All homes in the Zone shall be constructed on permanent foundations using materials and uniform building industry standards of the day. No manufactured homes, as defined in the City of San Antonio Unified Development Code as amended, previously constructed elsewhere may be moved on any lot in the Zone. This prohibition specifically includes the use of a manufactured home in which the axle and wheels have been removed and placed upon a concrete slab, which said manufactured home is hereby specifically prohibited as a residence, either temporarily or permanently; and further, specifically includes a manufactured home upon which the wheels have been left attached.

Design and Materials. The design and materials may vary to meet current consumer demand and evolving construction technology, provided, however, that all single family homes shall have a minimum of twenty-five percent (25%) exterior consisting of masonry, Hardie Plank™ siding material, any other siding material with qualities similar to masonry or Hardie Plank™ siding material.

Single Family Houses. Single family houses, as described in the Plan, shall be a minimum of 1000 square feet in gross living area. However, if required to meet customer requests/qualifications or market demands, then up to three (3) of the total homes may be a minimum of the 850 square feet.

Outbuilding Requirements. Every outbuilding, inclusive of such structures as a storage building, greenhouse or children's playhouse, shall be compatible with the dwelling to which it is appurtenant in terms of its design and material composition.

Temporary Structures. No structure of a temporary character (e.g., trailer, tent, shack, garage, barn or other outbuildings) shall be used on any lot at any time as a residence, either temporarily or permanently. No trailer, camper or similar vehicle shall at any time be connected to utilities situated within a lot. No manufactured home, as defined in the City of San Antonio Unified Development Code as amended, previously constructed elsewhere may be moved onto any lot in the Zone. This prohibition specifically includes the use of a manufactured home in which the axle and wheels have been removed and placed upon a concrete slab, which said manufactured home is hereby specifically prohibited as a residence, either temporarily or permanently; and further, specifically includes a manufactured home upon which the wheels have been left attached.

Notwithstanding the prior paragraph, during the construction and sales period of the initial dwelling units, the builder may erect and maintain such temporary structures as are customary in connection with such construction and sale of such property, including but not limited to, a business office, storage areas, construction yards, signs, model units, and sales office.

Maintenance. Grass, weeds, and vegetation on each lot sold shall be kept mowed at regular intervals. Trees, shrubs, vines, and plants which die shall be promptly removed from the property. Lawns must be properly maintained, fences must be repaired and maintained and no objectionable or unsightly usage of lots will be permitted which is visible to the public view. Building materials shall not be stored on any lot except when being employed in construction upon such lot, and any excess materials not needed for construction and any building refuse shall promptly be removed from such lot.

Vehicles. No stripped down, wrecked, junked, or wholly inoperable vehicle shall be kept, parked, stored, or maintained on the street fronting any lot in the subdivision, or on any portion of the front yard or driveway of the permanent structure, and such vehicles shall be kept, parked, stored, or maintained on other portions of a lot only within an enclosed structure or a screened area which prevents the view thereof from adjacent lots or streets. No dismantling or assembling of motor vehicles, boats, trailers or other machinery or equipment shall be permitted in any driveway or yard adjacent to a street.

Nuisances. No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. No Owner shall commit an act or conduct work that will impair the structural soundness or integrity of another residence or impair any casement or hereditament, nor do any act nor allow any condition to exist which will adversely affect the other residences or their owners.

Garbage and Refuse Disposal. No lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage and other waste shall be kept in sanitary containers, whether arranged for alley pickup or street pickup. No trash, ashes or other refuse may be thrown or dumped on any vacant lot, park or drainage area.

Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot, except for cats, dogs, or other generally recognized household pets of a reasonable number, provided that they are not kept, bred or maintained for any commercial purposes.

Exhibit "D"
Development Targets

The Developer, Reeves Engineering/ Nuevos Horizontes have secured a Tax Increment Reinvestment Zone designation for the West (New) Horizons Development. This project includes the construction of 63 single-family homes with sales prices ranging in value between $60,000 to $75,000. The sizes of the homes are expected to be between approximately 1,000 to over 1,400 square feet. Construction is planned to be carried out in two phases in years 2001 and 2002, subject to demand and market conditions.

The Developer will exercise reasonable efforts to cause the site improvements to be constructed, operated, and maintained in accordance with the terms of this agreement, the Project and Financing Plan and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, energy conservation, building code and public health laws) today and in the future, except for variances approved by the City, necessary to construct the improvements contemplated in the Project and Financing Plan. The Developer agrees to the following terms regarding site improvements as set forth below.

(A) The Developer agrees that the scope and scale of the site improvements to be constructed shall not be significantly less than the scope and scale of the improvements as detailed and outlined in the Developer's Project and Financing Plans. The proposed improvements and related capital costs include streets, drainage, utilities, platting and related governmental land development fees wholly or prorportionaltly attributable to eligible public improvements, architectural and engineering, sidewalks, landscaping, and rights-of-way, and park improvements.

(B) The Developer shall submit a project status report and a financial report on a annual basis to the City, Participating Governmental Entities and Administrator, or within thirty (30) days of any such request.

(C) Further, the Developer shall be required to diligently execute the construction and marketing of infrastructure and homes in the Project area and substantially complete each item of the public infrastructure improvements and housing in accordance with the Plan. Per Section 311.013 (d) the Developer shall be deemed to have abandoned the Project, and the City may terminate its participation in this Agreement, if the Developer fails, for a period of at least three (3) consecutive years, to (i) commence construction activities on any homes in the Project; or (ii) commence construction of physical improvements pursuant to the project plan as defined in Section 311.002 (A).

Below is a description of the development targets that the Developer has submitted and used as a basis for the formation of the Project and Financing Plan. These development targets are proposed to be met by the Developer during the term of the Agreement. The City acknowledges that the Developer's ability to construct the site improvements is subject to the then-current market conditions, including but not limited to the availability of tenants, owners, financing, or winter conditions.

Number of Houses to be Constructed

Phase	Year	Number of Homes	Type of Structure
Phase 1	2001	31	Single Family Homes
Phase 2	2002	32	Single Family Homes
Total Units		**63**	**Single Family Homes**

Initials: _____
Initials: _____

FINAL PROJECT PLAN
AND REINVESTMENT ZONE FINANCING PLAN
FOR

REINVESTMENT ZONE NUMBER 5
CITY OF SAN ANTONIO, TEXAS

"NEW (WEST) HORIZONS"

Prepared by:
City of San Antonio

August 26, 1999

Exhibit
"A"

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I. EXECUTIVE SUMMARY

NEW (WEST) HORIZONS

I. EXECUTIVE SUMMARY

The City of San Antonio's proposed Tax Increment Reinvestment Zone No. 5 ("TIRZ" or "Zone"), can help facilitate the development of an approximately 10 acre tract of land, of which will contain 63 affordable single family homes. The residential subdivision will be known as New (West) Horizons. Of the planned residential development, houses will range in price from $60,000 - $75,000, and houses will range in size from 1,000 to over 1,400 square feet with lot sizes of approximately 5,000 square feet.

The proposed New (West) Horizons development is located at the corner of Hortencia at West Commerce in the West Side of the city. The developer of the property is Nuevos Horizontes and is requesting the City of San Antonio, along with other taxing entities, to participate in the TIF.

The proposed cost of the public improvements for New (West) Horizons is estimated at $609,379, which includes an interest cost of 9.25%. The proposed cost for administrative expenses is $45,000, totaling $654,379. The proposed public improvements for this project include: street installation, sidewalks, utilities, drainage, and other public improvements. The financing for this project has been arranged through International Bank of Commerce by Nuevos Horizontes for all infrastructure and site improvements.

Participation from the City of San Antonio, Bexar County, Edgewood Independent School District, University Health System, and Alamo Community College District is being requested.

The Board of Directors for New (West) Horizons Tax Increment Reinvestment Zone No. 5 met on Friday, August 20, 1999, and approved the attached final project and financing plans. The TIRZ has been calculated to be paid out in ten years, at which time the zone will be dissolved, in September 2009.

In summary, the proposed New (West) Horizons TIRZ will enable the developer to provide 63 affordable single-family homes. Additionally, the TIRZ will enhance the quality of life for the residents of the neighborhood, and the City will gain a self-sustaining, single family neighborhood in the spirit of the initiatives set by the Community Revitalization Action Group (CRAG).

II. PROJECT PLAN

A. Overview
B. Boundaries
C. Land Use & Existing Conditions
D. Project Plan Objective
E. Relocation
F. Municipal Ordinances
G. Non-project Costs

II. Project Plan

A. Overview

The New (West) Horizons TIRZ will provide the financing needed for infrastructure to develop 63 affordable homes on the West Side of San Antonio. This development will bring homeownership and revitalization opportunities to an inner-city area. Through the Community Revitalization Action Group (CRAG) process, the City has committed to identifying, developing and encouraging efforts to revitalize the communities located inside Loop 410. The CRAG Final Report recommends the creation of TIRZ districts as a tool for community revitalization.

The Project Plan and the Financing Plan provide for the funding of streets, sidewalks, utilities, drainage, and public improvements associated with the proposed residential development. The entire 10 acre tract will be developed for single family uses. The houses in the zone will range in sales price from $60,000 to $75,000. House sizes will range from 1,000 to 1,400 square feet. Lot sizes will average about 5,000 square feet. The projected completion date for the area infrastructure is 2001. The project will target homeowners who earn 80 percent of city's median income.

In addition to the residential development, the plan calls for improvements to the pedestrian environment along West Commerce Street and Hortencia Avenue by adding landscaping, lighting, and sidewalks. These enhancements are supported by the City's Master Plan which encourages the development of accessible, safe and stimulating streetscapes (Urban Design: Policy 1e).

As part of project development, meetings were held with area stakeholders including neighborhood groups, community organizations, and the Edgewood Independent School District. The need for community involvement in the development of infill projects is stressed in the City's Master Plan.

The use of the TIRZ will enable the developer to create affordable single family housing that will help to increase area population, support the existing retail base, supplement the existing job market, attract additional private development, and revitalize the neighborhood. Without the creation of the TIRZ, the development of the proposed 63 affordable homes would not be financially feasible. The TIRZ funds will provide for the difference between the costs of development and the price the market will allow.

B. Boundaries

The TIRZ is located about 5.8 miles west of downtown San Antonio and about 1.8 miles north of US Highway 90. The TIRZ is roughly bound by West Commerce Street to the south, NW 39th Street to the east, Caywood Street to the north, and Hortencia Avenue to the west. The location of the zone is shown in Exhibit A: Vicinity/School Districts Map. The boundaries of the zone are shown in Exhibit B: Boundary/Floodplain Map. A legal description of the property is found in the Appendices of the plan.

C. Land Use and Existing Conditions

Area Land Use

The land uses south of the zone include single family residential development and vacant properties. Single family houses and Monterrey Park is located east of the zone. Monterrey Park, a developed large urban park, currently is receiving capital improvements funded through City of San Antonio general obligation bonds. Single family development also borders the zone to the north. A mix of uses including single family residential, commercial, public/institutional and vacant properties are found west of the zone. (see Exhibit C: Existing Land Use).

According to the 1990 Census, the median housing value for the census tract where the zone is located is $36,100. The 1990 citywide median housing value is $49,700. About 68 percent of the housing in the tract is owner-occupied compared to 54 percent for the city as a whole.

Current Site Conditions

The zone includes about 10.3 acres of undeveloped land. Access to the property is provided from West Commerce Street and Hortenica Avenue. West Commerce Street is identified as a Secondary Arterial Type A in the Major Thoroughfare Plan.

The development of the property will require street excavation and installation, grading, and the construction of drainage structures/channels, sidewalks, approaches, sewer lines, water lines, street lighting and electrical services. The property is not located within the 100 year FEMA floodplain (see Exhibit B: Boundary/Floodplain Map and Exhibit D: Site Plan).

Current Economic Conditions

The TIRZ is located in the southeast corner of Census Tract 1714. The population for this census tract grew at nearly the same rate as the city as a whole between the 1980 Census and the 1990 Census. The tract grew by 18.5 percent between 1980 and 1990 (from 5,193 to 6,155) and the city as a whole grew by 19 percent (from 786,023 to 935,933). According to population estimates developed by Claritas Corporation, the tract is projected to have a 1998 population of 6,717 persons. This figure represents a 9 percent growth over the 1990 Census figure. In comparison, Claritas projected a 25 percent increase in population for the entire city of San Antonio.

According to Claritas data, the 1998 median household income in the Census tract is $20,300 compared to a 1998 citywide median household income of $30,585.

A breakdown of the 1998 population, based on projections provided by Claritas, follows:

Ethnicity	***Census Tract 1714*** *% of 1998 Population*	***Citywide*** *% of 1998 Population*
Anglo	2%	30%
Black	1%	6%
Hispanic	96%	62%
Other	1%	2%

The southern boundary of the zone is West Commerce Street which serves as a major transportation artery. The area is served by VIA bus service to downtown, the medical center and Kelly AFB. The transportation network contributes to the suitability of infill residential development in the area.

D. Project Plan Objective

The objective of the plan is to develop 10.3 acres of land into 63 affordable home sites and enhance the pedestrian environment along West Commerce Street and Hortencia Avenue. The project will create opportunities for first time homeownership, provide counseling for homebuyers, develop safe and affordable single family housing, and enhance the pedestrian environment. The development would not occur without the TIRZ. The TIRZ funds will provide for the difference between development costs and the market price.

E. Relocation

The Plan does not call for the relocation or displacement of residents.

F. Municipal Ordinances

In addition to compliance with ordinances directly associated with the development of a TIRZ, the proposed development will comply with local codes and ordinances.

The property currently is zoned R-7 (Small Lot Home District). No zoning change is needed for the proposed project.

In keeping with the Master Plan, the City has worked with developers in past projects to create design guidelines for appropriate infill. These design guidelines are developed to "complement the architectural design and character of the neighborhood" when designing new housing (Neighborhoods: Policy 4a). The same standards of review apply to the proposed TIF project.

The Master Plan also calls for efforts to facilitate the provision of choice in housing for special needs populations (Neighborhoods: Policy 4d). Efforts to meet this policy could include ensuring homes are visitable or easily adaptable to disabled persons. Policy 4i requires the community to explore the full range of options to allow people to remain in their homes throughout their lives. The Fair Housing Act Amendments of 1988 and Section 504 of the Rehabilitation Act of 1973 complement the Master Plan Policies by

requiring accessibility in all new multi-family housing. An even stronger incentive for assuring housing is universally designed to allow all people to live in the neighborhood of their choice is Senate Bill 623 established in the last legislative session. This legislation requires that all single family affordable housing funded in whole or in part by state or federal funds must be designed to be universally usable to all people regardless of age or disability. The necessary design guidance to achieve this part of the legislation will become effective September 1999.

The project developer also will continue to provide for community involvement in the development of the proposed infill project (Urban Design: Policy 1d).

The plan for enhancements to West Commerce Street and Hortenica Avenue will be reviewed by the City to ensure compatibility with the Master Plan and other city ordinances.

The proposed project does not conflict with the Major Thoroughfare Plan.

G. Non-Project Costs

None known at this time.

NEW HORIZON
TIF REINVESTMENT ZON

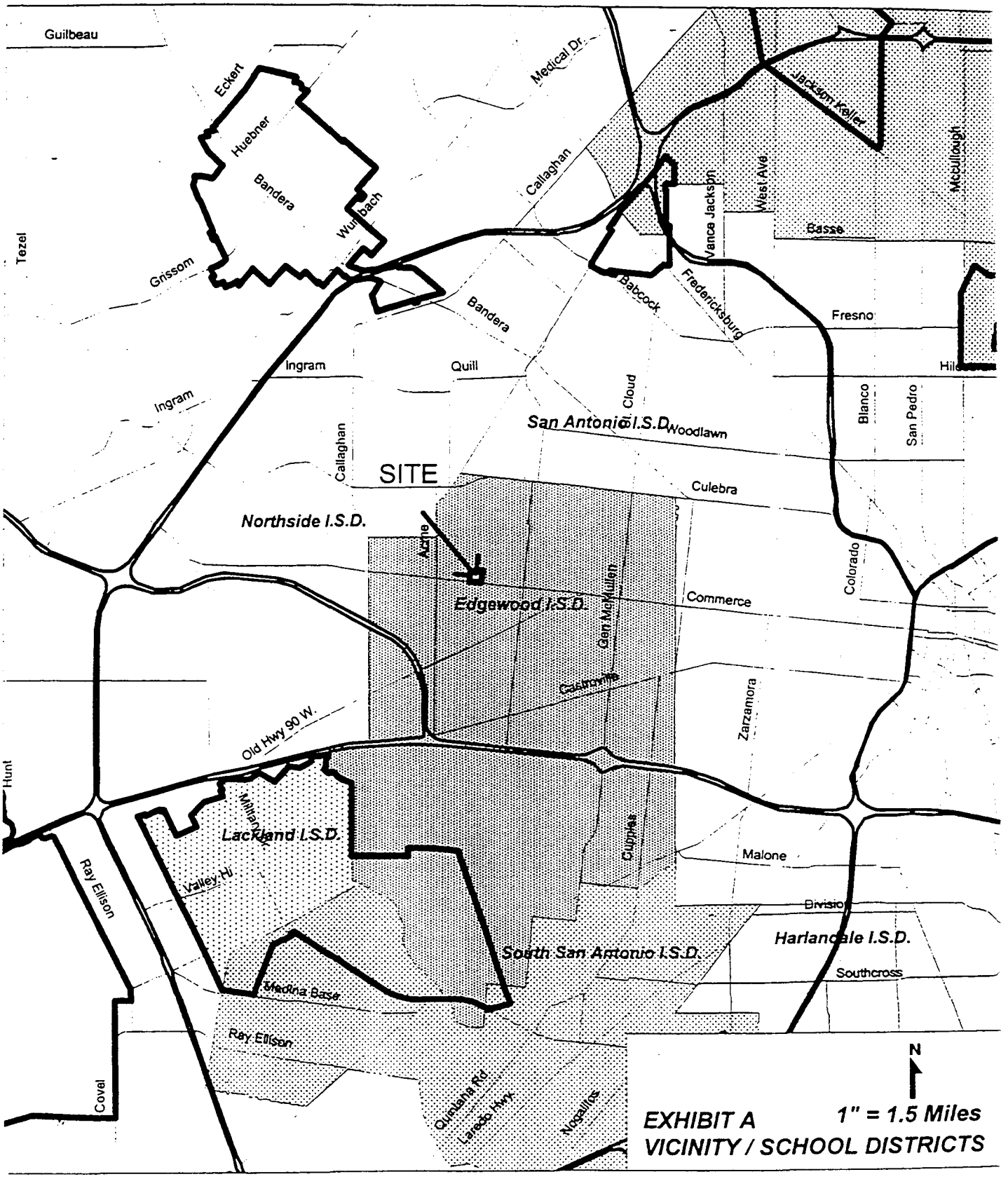


EXHIBIT A
VICINITY / SCHOOL DISTRICTS

. NEW HORIZO
TIF REINVESTMENT ZO

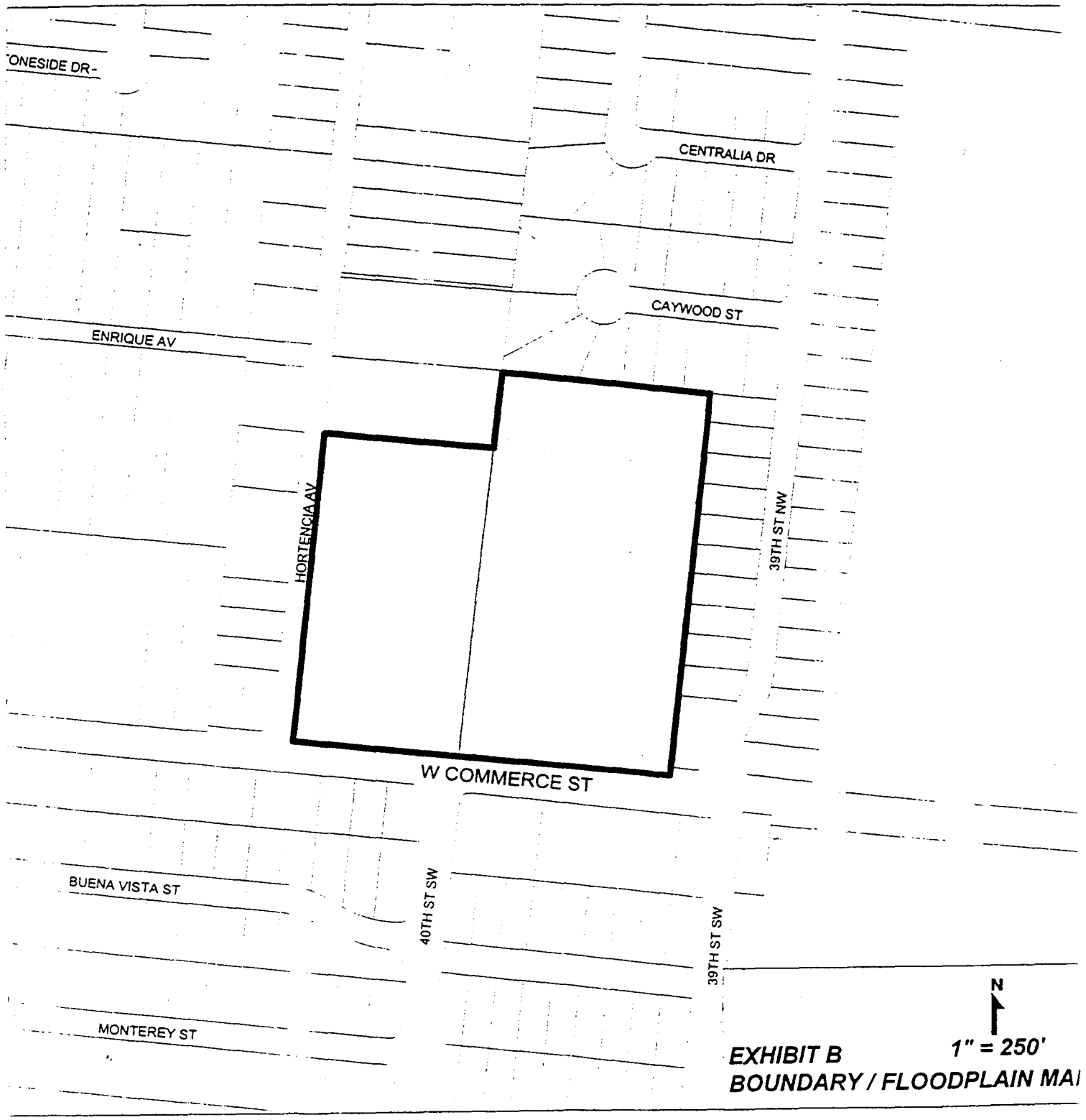
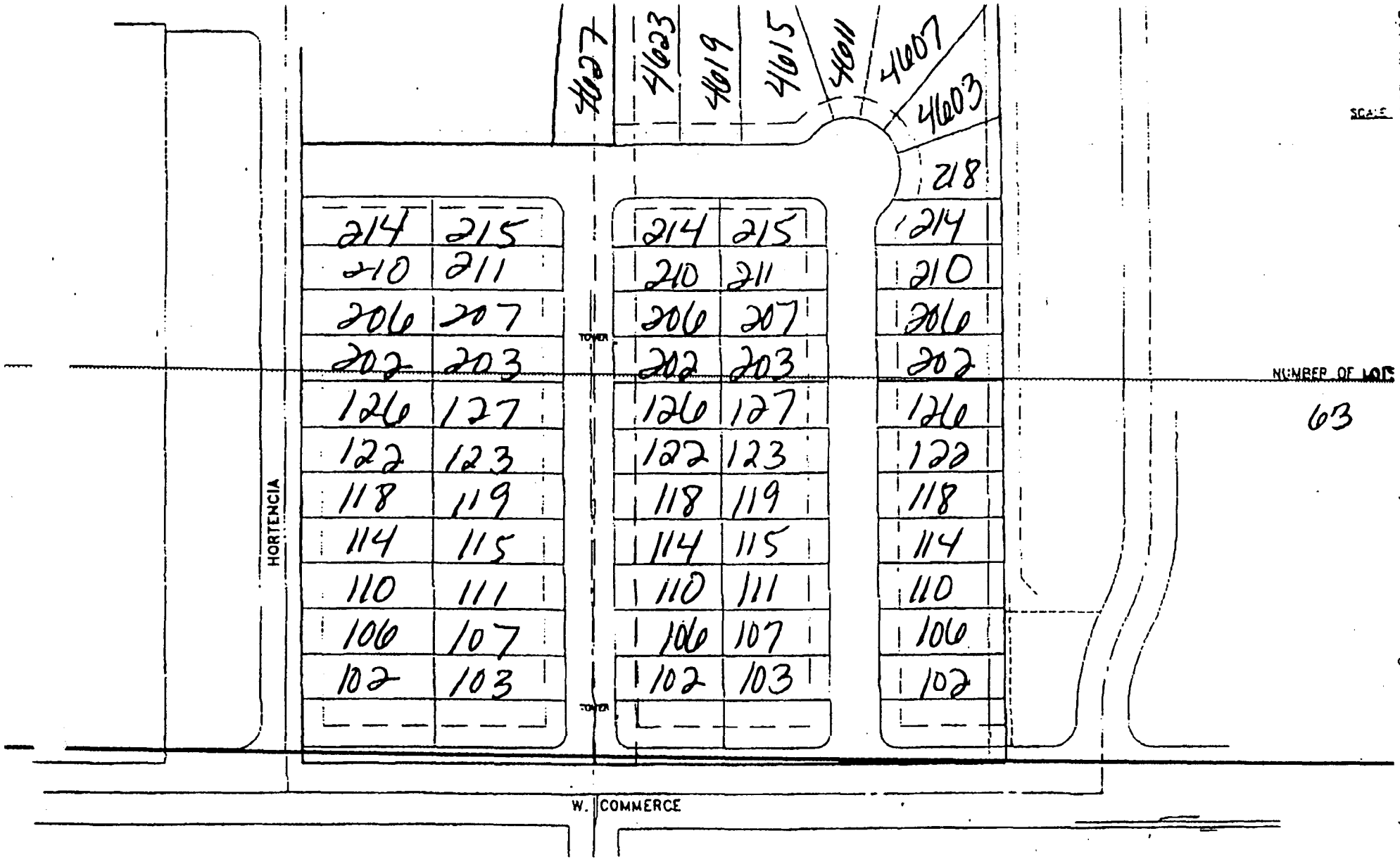


EXHIBIT B
BOUNDARY / FLOODPLAIN MA

NEW HORIZONS
TIF REINVESTMENT ZONE



Reaves Engineering, LLC
P.O. Box 791793
San Antonio, Tx. 78279-1793
(210) 490-4506, Fax 490-4812

NEW HORIZONS
COMMERCE AND HORTE

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III. REINVESTMENT ZONE FINANCING PLAN

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N. Contracts and Bids

Nuevos Horizontes Development
Tax Increment Reinvestment Zone – Plan of Finance

Introduction

The proposed Nuevos Horizontes Development is located in the west section of the City of San Antonio ("City"), on the corner of Hortencia and West Commerce. The development is in the Edgewood Independent School District and encompasses 10.03 acres. The 1999 base value is $53,500 and the projected captured tax incremental value is $4,095,000. The project includes the construction of 63 single family homes with an average sales prices of $65,000. Construction will be carried out in two phases with the values to be included in tax years 2001 and 2002. The total public improvement infrastructure capital cost is estimated at $514,244.10. The developers and builders are Reeves Engineering and Nuevas Horizontes, who have limited experience in the development and construction of such projects. Performance bonds in the amounts of $204,937.10 and $131,436.00 have been provided by Universal Surety of America and Fidelity & Guaranty Insurance Underwriters respectively. The life of the Tax Increment Reinvestment Zone ("TIRZ") is projected to be 10.09 years with the TIRZ being in existence through fiscal year 2009.

Public Infrastructure

The public infrastructure improvements and related capital costs include streets, drainage, utilities, platting fees, architect and engineering, sidewalks, landscaping and rights-of-way and park improvements. The capital cost is estimated at $514,244.10. Included in the $514,244.10 is $30,000 for landscaping, $10,000 for site security, and $53,500 for land for a total of $93,500. It has not been finally determined that the $93,500 is eligible for TIRZ financing reimbursement, however, this cost is included in this analysis.

Plan of Finance

The base value of the TIRZ is $53,500. Projected captured values that would be taxed to produce revenues to pay for the capital costs of the public infrastructure improvements commences in tax year 2001 with collections commencing in tax year 2002 (fiscal year 2003). Captured values grow from $2,015,000 in tax year 2001 to $4,095,000 in tax year 2003.

The taxing jurisdictions and tax rate per $100 valuation utilized in the analysis include: City of San Antonio at $0.57979; Bexar County at $0.34191; University health System at $0.243869; Edgewood Independent School District at $1.47; and the Alamo Community College District at $0.1115. This produces annual revenues of $53,970 in fiscal year 2003 to $109,680 in fiscal years 2004 through 2009. No growth in tax rate or values is assumed.

The cost of the public infrastructure improvements is incurred by the developer and paid over time from revenues produced by the TIRZ. In addition to the capital costs, other costs to be paid from TIRZ revenues include the City's financial advisor and certain City of San Antonio and/or Administrator fees. Revenues derived from the TIRZ will be used to pay costs in the following order of priority of payment: (i.) first, to the payment of eligible costs incurred by the governmental entities participating in the TIRZ; (ii.) second, to the City's financial advisor until the total amount due has been paid, (iii) third,

administrative fees pertaining to the City or its administrator; and (iv) to the developer, on an annual basis, as TIRZ revenues are available for such payments.

The developer's capital cost incurred for public infrastructure improvements is $514,244.10 plus two years interest of $95,135.16 calculated at an interest rate of 9.25%, for a total reimbursable cost of $609,379.26. Revenues from the TIRZ are used to pay this amount. It is projected that the developer would not receive any payment until fiscal year 2003. The payout schedule is structured through the fiscal year 2009. The TIRZ collections for this project shall not extend beyond September 30, 2009, and may be terminated once each taxing entity has deposited its respective amount described in the table below.

TABLE–TIRZ Contributions		
Taxing Entities	Maximum Dollar Contribution	Length of Contribution
City of San Antonio	$138,112	10 years
Bexar County	$81,446	10 years
University Health System	$58,092	10 years
Edgewood ISD	$350,168	10 years
Alamo Comm. College District	$26,560	10 years
TOTAL PROJECT COST	**$654,379**	**10 years**

Limited Obligation of the City or Participating Governmental Entities

The City and Participating Governmental Entities shall have a limited obligation to impose, collect taxes, and deposit such tax receipts into a TIRZ fund so long as the project is viable and capital costs incurred by the developer have not been fully paid. The TIRZ collections for this project shall not extend beyond September 30, 2009, and may be terminated prior to September 30, 2009, upon payment of public improvement capital and interest costs incurred by the developer totaling $609,379.26, or for the failure of the developer to perform, or for any other reason deemed appropriate by the City and the Participating Governmental Entities.

Any costs incurred by the developer are not and shall never in any event become general obligations or debt of the City or any of the Participating Governmental Entities. The public improvement infrastructure costs incurred by the developer shall be payable solely from the TIRZ revenues and shall never constitute a debt, indebtedness, or a pledge of the faith and credit or taxing power of the State, the City, the Participating Governmental Entities, any political corporation, subdivision, or agency of the State.

Developer's Risk

All financing, developmental costs, construction costs, improvements, damages, or other costs incurred with respect to this project are at the sole risk of the developer. Neither the City nor any Participating Governmental Entity shall incur any risk whatsoever associated with the development, construction, completion or failure of the project. In the event the project fails, is abandoned by the developer or for any reason is not completed, the City shall have the right to terminate the TIRZ and any funds remaining in the TIRZ account shall be distributed to the City and Participating Governmental Entities on pro a rata basis in accordance with each entities participation level.

Compliance

The developer shall comply with all federal, state and local laws, rules and regulations.

Reporting

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

Inspection

The City, Participating Governmental Entities or Administrator shall have the right to inspect the project site or sites and the premises of the developer without notice.

Recommendation

It is recommended that the City and Participating Governmental Entities proceed with the project, submit the plan of finance, create the mechanisms required to tax and collect TIRZ revenues and deposit such revenues into a TIRZ account. Such recommendation is conditioned on the acceptance of the plan of finance by the Participating Governmental Entities, at the approximate participation levels described in this Plan of Finance.

City of San Antonio
Project Review
Nuevos Horizontes

Summary Fact Sheet
August 16, 1999

Agenda

1. Create TIRZ
2. Finance Plan
3. Appoint TIRZ Board

Plan of Finance

Site Area	10.03	Acres
Base Value (1998)	$53,500	
Average Home Price	$65,000	
Homes Built:		
Phase I	31	
Phase II	32	
Total Homes Built	63	
Experience of Housing Developer	Limited	
Performance Bonds:		
Universal Surety of America	$204,937.10	
Fidelity & Guaranty Insurance Underwriters	131,436.00	
	$336,373.10	

Assumptions

Captured Value	$4,095,000.00	
Growth Factor	0.00%	
Collection Rate	97.50%	
Estimated Total TIF Revenues	$ 712,050.59	
Estimated TIF Life	10.09	Years

Nuevos Horizontes - TIF Reinvestment Zone

Sources & Uses

Sources of Funds	
TIF Revenues	$ 712,050.59
Total TIF Proceed Funds	$ 712,050.59
Total Sources of Funds	$ 712,050.59
Uses of TIF Revenue	
Engineering Costs	
Sewer	$ 106,112.00
Water	98,825.10
Paving and Grading	131,436.00
Engineering & Surveying	43,000.00
Platting Application	4,775.00
Tree Affidavit Fees	100.00
Public Works Drainage Fee	4,400.00
SAWS Impact Fee	32,096.00
Subtotal	$ 420,744.10
Additional Uses of TIF Revenue (Eligibility to be determined)	
Site Security	$ 10,000.00
Landscaping	30,000.00
Land	53,500.00
Subtotal	93,500.00
Total Infrastructure	514,244.10
Interest Cost for 2 years @ 9.25%	95,135.16
Total Payments to Nuevos Horizontes	609,379.26
Total Administrative Expenses	45,000.00
Grand Total	$ 654,379.26
Project Financing Surplus/Shortage	$ 57,671.33

Nuevos Horizontes - TIF Reinvestment Zone

Projected Tax Increment Revenue

	Tax Increment Zone				City of San Antonio			Bexar County			University Health System			Edgewood ISD			Alamo Community College District				
Tax Year	Beginning Assessed Value	Annual Value of New Development	Projected Year-End Assessed Value	Projected Captured Value	Captured Taxable Value	Tax Rate Contribution	Tax Increments	Captured Taxable Value	Tax Rate Contribution	Tax Increments	Captured Taxable Value	Tax Rate Contribution	Tax Increments	Captured Taxable Value	Tax Rate Contribution	Tax Increments	Captured Taxable Value	Tax Rate Contribution	Tax Increments	Combined TIF Collections	Fis Ye End
1998	53,500		53,500			0.57979			0.34191			0.243869			1.47000			0.1115			
1999	53,500	-	53,500	-	-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	
2000	53,500	-	53,500	-	-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	
2001	53,500	2,015,000	2,068,500	-	-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-		
2002	2,068,500	2,080,000	4,148,500	2,015,000	2,015,000	0.57979	11,391	2,015,000	0.34191	6,717	2,015,000	0.243869	4,791	2,015,000	1.47000	28,880	2,015,000	0.1115	2,191		
2003	4,148,500	-	4,148,500	4,095,000	4,095,000	0.57979	23,149	4,095,000	0.34191	13,651	4,095,000	0.243869	9,737	4,095,000	1.47000	58,692	4,095,000	0.1115	4,452		
2004	4,148,500	-	4,148,500	4,095,000	4,095,000	0.57979	23,149	4,095,000	0.34191	13,651	4,095,000	0.243869	9,737	4,095,000	1.47000	58,692	4,095,000	0.1115	4,452	109,680	
2005	4,148,500	-	4,148,500	4,095,000	4,095,000	0.57979	23,149	4,095,000	0.34191	13,651	4,095,000	0.243869	9,737	4,095,000	1.47000	58,692	4,095,000	0.1115	4,452	109,680	
2006	4,148,500		4,148,500	4,095,000	4,095,000	0.57979	23,149	4,095,000	0.34191	13,651	4,095,000	0.243869	9,737	4,095,000	1.47000	58,692	4,095,000	0.1115	4,452	109,680	
2007	4,148,500		4,148,500	4,095,000	4,095,000	0.57979	23,149	4,095,000	0.34191	13,651	4,095,000	0.243869	9,737	4,095,000	1.47000	58,692	4,095,000	0.1115	4,452	109,680	
2008	4,148,500		4,148,500	4,095,000	4,095,000	0.57979	23,149	4,095,000	0.34191	13,651	4,095,000	0.243869	9,737	4,095,000	1.47000	58,692	4,095,000	0.1115	4,452	109,680	
2009					-	0.57979	-	-	0.34191	-	-	0.243869	-	-	1.47000	-	-	0.1115	-	-	
2010					-	0.57979	-	-	0.34191	-	-	0.243869	-	-	1.47000	-	-	0.1115	-	-	
2011					-	0.57979	-	-	0.34191	-	-	0.243869	-	-	1.47000	-	-	0.1115	-	-	
2012					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	
2013					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	
2014					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	
2015					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	
2016					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	
2017					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	
2018					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	
2019					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	
2020					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	
2021					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	
2022					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	
2023					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	
2024					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	
2025					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	
2026					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	
2027					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	
2028					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-	
		$ 4,095,000					$ 150,284			$ 88,624			$ 63,212			$ 381,030			$ 28,901	$ 712,051	
	Existing Annual Value Growth Factors																				
	Years 1999-2003			0.00%	Participation Level		100%	Participation Level		100%	Participation Level		100%	Participation Level		90%	Participation Level		100%		
	Thereafter			0.00%	Tax Rate Growth Factor		0.00%	Tax Rate Growth Factor		0.00%	Tax Rate Growth Factor		0.00%	Tax Rate Growth Factor		0.00%	Tax Rate Growth Factor		0.00%		
	Combined Compound Growth Rate				Tax Rate Collection Factor		97.50%	Tax Rate Collection Factor		97.50%	Tax Rate Collection Factor		97.50%	Tax Rate Collection Factor		97.50%	Tax Rate Collection Factor		97.50%		

Nuevos Horizontes - TIF Reinvestment Zone

Reimbursement for Public Improvements

Fiscal Year Ending	TIF Revenue	Public Improvement Infrastructure	San Antonio Housing Trust Admin. Exp.	Annual Variance	TIF Fund Balance
1999					
2000	-	609,379	18,000	(627,379)	(627,379)
2001	-		3,000	(3,000)	(630,379)
2002	-		3,000	(3,000)	(633,379)
2003	53,970		3,000	50,970	(582,410)
2004	109,680		3,000	106,680	(475,729)
2005	109,680		3,000	106,680	(369,049)
2006	109,680		3,000	106,680	(262,369)
2007	109,680		3,000	106,680	(155,689)
2008	109,680		3,000	106,680	(49,009)
2009	109,680		3,000	106,680	57,671
2010	-				
2011	-				
2012	-				
2013	-				
2014	-				
2015	-				
2016	-				
2017	-				
2018	-				
2019	-				
2020	-				
2021	-				
2022	-				
2023	-				
2024	-				
2025	-				
2026	-				
2027	-				
2028	-				
2029	-				
	$ 712,051	$ 609,379	$ 45,000	$ 57,671	

Nuevos Horizontes - TIF Reinvestment Zone

Projected New Value of Tax Increment

Tax Year	Phase I	Phase II	Annual Total
1997			0
1998			0
1999			0
2000			0
2001	$ 2,015,000		$ 2,015,000
2002		$ 2,080,000	2,080,000
2003			0
2004			0
2005			0
2006			0
2007			0
2008			0
2009			0
2010			0
2011			0
2012			0
	$2,015,000	$2,080,000	$4,095,000

Nuevos Horizontes - TIF Reinvestment Zone

Participation

Entity	Tax Rate	Level of Participation	Tax Rate Based on Participation	% of Project	TIF Revenues	TIF Expenses
San Antonio	0.5797900	100%	0.5797900	21.11%	$150,283.74	$138,111.77
Bexar County	0.3419100	100%	0.3419100	12.45%	88,624.35	81,446.38
University Health System	0.2438690	100%	0.2438690	8.88%	63,211.76	58,092.03
Edgewood ISD	1.6300000	90%	1.4700000	53.51%	381,029.51	350,168.67
Alamo CCD	0.1115000	100%	0.1115000	4.06%	28,901.22	26,560.41
Bexar Road & Flood	0.0181000	0%	0.0000000	0.00%	0.00	0.00
TOTAL	2.9251690		2.7470690	100.00%	$712,050.59	$654,379.26

NEW HORIZONS
TIF REINVESTMENT ZONE

Account Number	1999 Assessed Value	Acreage
07448-006-0061	17,500	3.9300
08242-001-0160	36,000	6.1000
Totals	53,500	10.0300

NEW HORIZO
TIF REINVESTMENT ZO

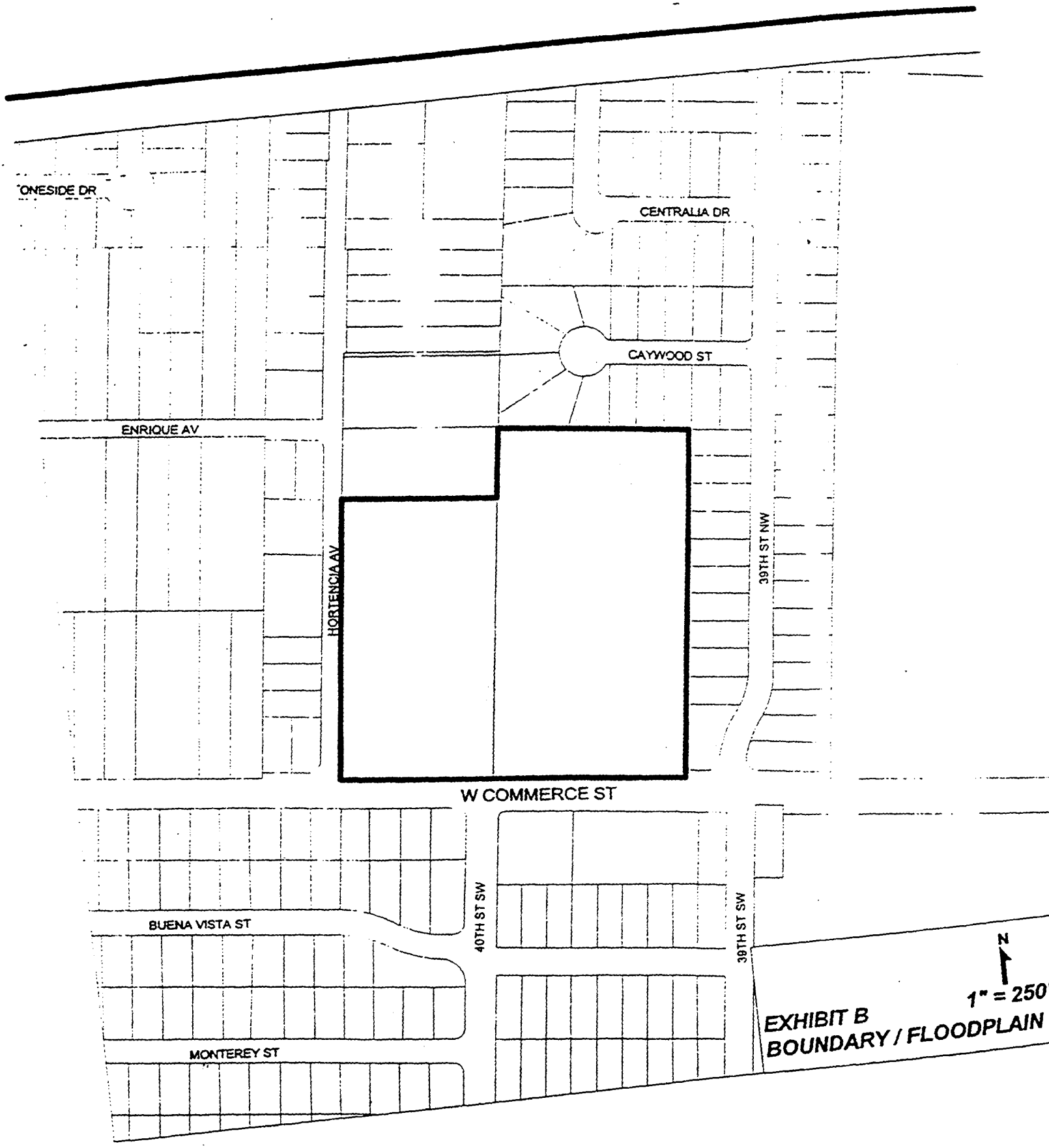
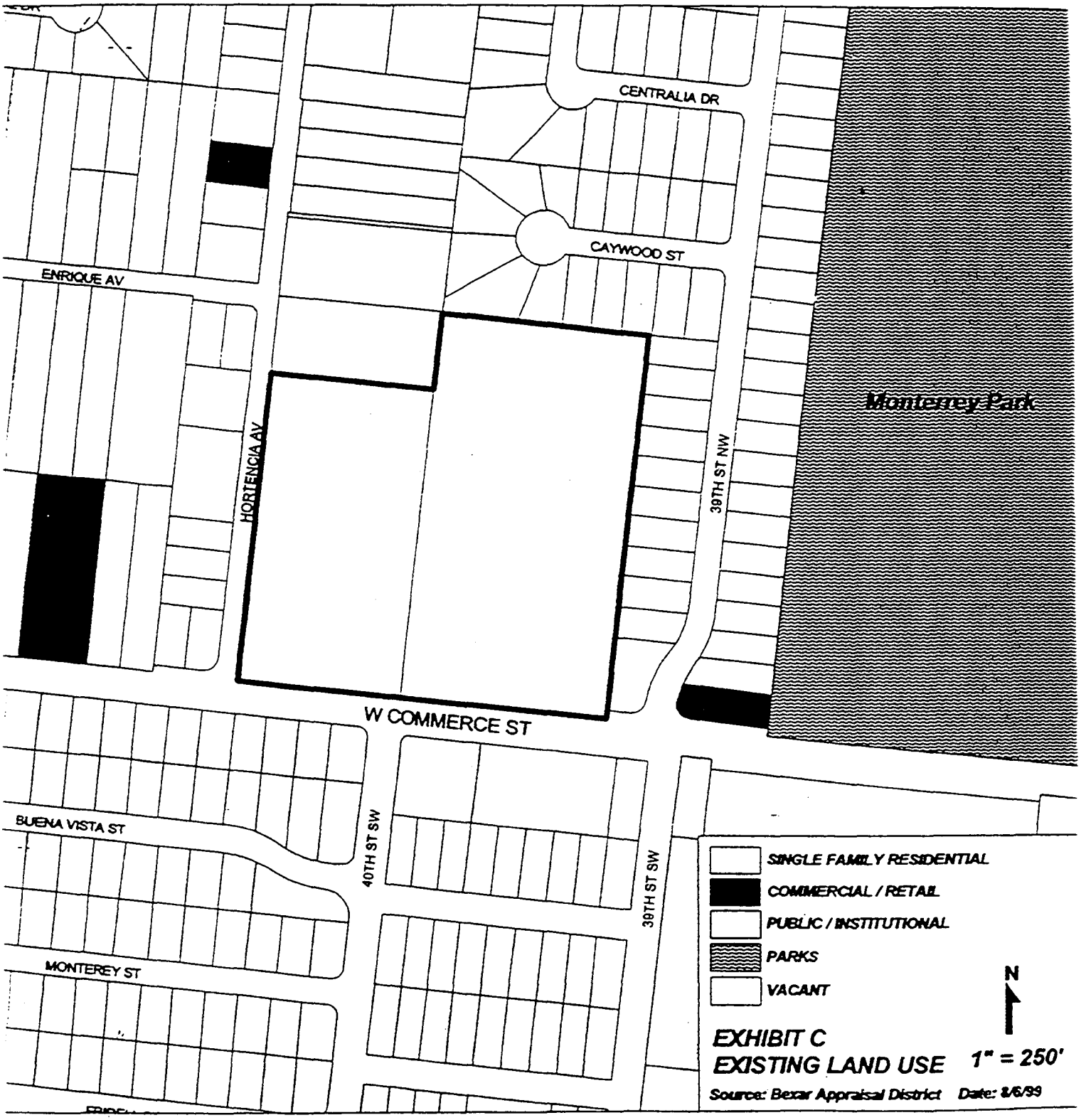
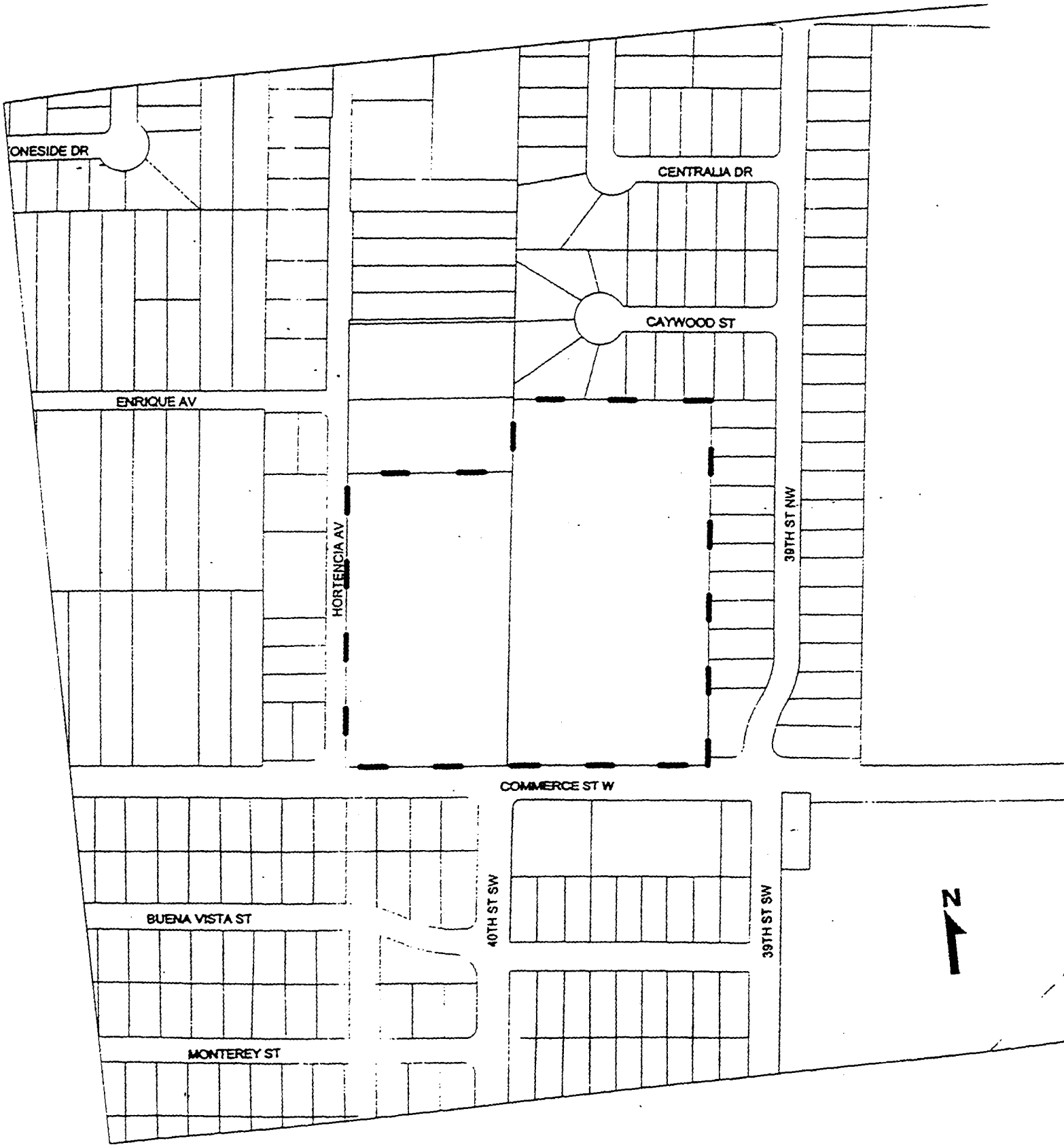


EXHIBIT B
BOUNDARY / FLOODPLAIN

NEW HORIZON
TIF REINVESTMENT ZON



NEW HORIZONS
TIF REINVESTMENT ZONE



? Is this be added in TIF

Developer Expectations
11-15 yr. TIF

5, 8, 10 yr. Scenario

New Horizons - TIF Reinvestment Zone

Projected Uses of Tax Increment
Construction Completed Cost

Year	Land & Predevelopment	Phase I Infrastructure	Phase II Infrastructure	Phase I Security	Phase II Security	Dev. Interest Exp.	Phase I Dev. Admin.	Phase II Dev. Admin.	Dev. Exp.	Total
~~1998~~										0
1999										0
2000	$53,500	$225,000		$50,000		$64,500	$30,000		$40,500	$463,500
2001			$225,000		$50,000	$64,500		$30,000	15,500	385,000
2002									15,500	15,500
2003									15,500	15,500
2004									15,500	15,500
2005									15,500	15,500
2006									15,500	15,500
2007									15,500	15,500
2008									15,500	15,500
2009									15,500	15,500
2010									15,500	15,500
2011										-
2012										-
	$53,500	$225,000	$225,000	$50,000	$50,000	$129,000	$30,000	$30,000	$195,500	$988,000

"Project Amounts"

2000 = $423,000.00 (PHASE I)

"note" 2001 = $369,500.00 (PHASE II)

"Year Completed"

12/15/99 infrastructure

12/15/00

(Infrastructure timeline)

PUBLIC IMPROVEMENTS ONLY $450,000.

Avg. for 60's - 73

New Hoctrons - TIF Reinvestment Zone

Projected New Value of Tax Increment

Year	Phase I	Phase II	Annual Total
1997			0
1998			0
1999			0
2000 M.T.	$ 2,015,000		$ 2,015,000
2001 M.T.		$ 2,080,000	2,080,000
2002			0
2003			0
2004			0
2005			0
2006			0
2007			0
2008			0
2009			0
2010			0
2011			0
2012			0
	$2,015,000	$2,080,000	$4,095,000

From: Tor 'Vendorf
Sent: Th Jay, August 05, 1999 8:05 PM
To: Trey Jacobson; Celena Gutierrez; Kara Norman
Cc: Robert Opitz; Andy Ballard; John German; Tom Wendorf
Subject: TIFF Review - Public Works Report 1

Thanks to a great Public Works Development Review and City Engineer Staff the TIF cost estimates were reviewed tod. Due to time constraints, there may be some discrepancies or errors below; if you see them, please point them out to me ASAP. I will be checking them out with my staff on Friday.

Some San Antonio Infrastructure "Yardsticks":

According to our development staff, today's average development cost for an average residential lot (50'x120') is in the $8000 to $10,000 range. This includes infrastructure, engineering and city platting and development fees. It does not include land cost or home construction or profit.
The Drainage Fee is $1200 per acre. ~~FOR~~ RESIDENTIAL LOTS
COMMERCIAL-W ~~LESS~~ THAN 65% IMPERVIOUS $3,000 / ACRE
~~INDUSTRIAL~~ LESS THAN 65% " $ 2,600 / ACRE

General Comments:

Soft Costs related to engineering and contingency seemed high at first look. Consideration needs to be given to the fact that geotechnical report, construction testing and inflation are not accounted for in individual line items.

Review to date on TIF Project Construction Estimates:

Rosedale

The Back Up is nonexistent. There is no support for the total lot costs. The densities seem high. The lot cost seems a little low. Did they include drainage fees, sewer fees any fees; who knows?!? Should they include fees? (If the city is underwriting the TIF, the Drainage Fee of $1200 per acre should be paid.) The mix is harder to analyze because it includes the park improvements. Also was the plat ever filed? There are questions about the project team that I can review verbally at the meeting tomorrow.

A Parcel by Parcel detail:

Parcel A
Infrastructure cost is $11,328 per lot for 64 lots for a total of $725,000
The density is 4 units per acre.

Parcel B
Infrastructure cost is $ 83.33 per unit for 30 units for a total of $2,500 (I guess almost all of the Infrastructure is there.) ~~FOR~~ COMMERCIAL DRAINAGE FEE
The density is 20 units per acre. BUDGET $3,000 / ACRE
Where is the infrastructure? What is the infrastructure? I will research further.

Parcel C
1 acre of commercial @ $15,000 for infrastructure.

Parcel D
Infrastructure cost is $3880 per unit for 90 units for a total of $420,000
Infrastructure and land acquisition cost is $4600 per unit
The density is 13.64 units per acre.

Parcel E & F
Dale Bransford will review from the "Parks Perspective".

Recommendation: Review information further with Applicant. If applicant is unable to provide additional information in the time allotted for this effort, increase unit costs and total project costs appropriately. This project seems to be marginal unless further explaination is given. Parks ~~needs to~~ HAS determined THAT Parcel E & F ~~are covered by other programs~~. SHOULD BE LEFT IN

Highland Heights

The cost estimates look good. This seems to be a complete package. The engineer that developed the estimate is no longer with the firm.

Overall

... discrepancy in the total acre

... on Summary Site Plan, 130.56 on page 3.
The Builder Performa Summary states that the "Closing costs and buyer co- essions" is 1%, $63,360. This amount should be $31,680.
The density is 1.95 units per acre (this includes the parkland).

Phase 1 has no drainage or street light or gas or sewer impact fee or water impact fees (does have drainage fees), so i next to existing infrastructure and can go fairly quickly and is a lower cost per unit.

Recommendation: This is a go. Minor corrections should be made to the factual information.

New Horizons

Infrastructure cost is $13,700 per lot for 63 lots for a total of $858,000. Note that bids have been received for streets, water and sewer; including the land cost of $92,242 yields a total of $428,615. If this is compared to the above this is a 2 to 1 coverage; pretty good, low risk for the developer. If you look at the cost considering 15% engineering 15% contingency and 15% for all other stuff you get to $651,869 or a 1.32 to 1 coverage. Good deal (or there is some room f cost cutting)!! If you look at the cost considering 20% engineering 20% contingency and 20% for all other stuff you get t $888,776 or a little over the total estimated infrastructure cost. (How did that happen?)

Drainage fees are shown to be $4,400, they are calculated to be $12,000

Recommendation: Accept as submitted and realize that risk is substantially reduced on this project or review further with Applicant to cut costs. This is a go.

Mission del Lago

Will report on tomorrow.

Any questions or detail needed? Call or page me.

—Original Message—
From: David Beales
Sent: Thursday, August 05, 1999 5:11 PM
To: Tom Wendorf
Cc: Robert Opitz
Subject: SINGLE FAMILY RESIDENTIAL DEVELOPMENT COSTS.

Today's average development cost for an average residential lot (50'x120') is in the $8 - $10,000 range. This includes infrastructure, engineering and city platting and development fees. It does not include land cost or home construction.

NUEVOS HORIZONTES
8058 VANTAGE
SAN ANTONIO,TX. 78230

Phone: (210) 308-8809
Fax: (210) 349-2313

FAX TRANSMISSION

DATE: 8/9/99

TO: City of S.A Economic Dev. Dept.

ATTN: Celena Gutierrez

FAX: 207-8151

FROM: Mari Tello

 # OF PAGES INCLUDING THIS ONE: 4

REFERENCE Celena, I hope this will do — let me know. I am waiting for a more detailed letter from IBC. All of our financing will be from IBC

Have a great day
M. Tello

Nuevos Horizontes
8058 Vantage
San Antonio, Tx. 78.

To whom it may concern,

The scheduled timeline for "West Horizon Subdivision," are as follows:

PHASE 1- Streets, sidewalks, sewer, water, and utilities for Hortencia and SW 40th St. timeline completion date is 12-15-99.

PHASE 2- Streets, sidewalks, sewer, water, and utilities for Elizabeth Ashley St. and Katherine St. timeline date is 12-15-00.

Phase 1 will have 31 houses, Phase 2 will have 32 houses. West Horizon Subdivision will have a total of 63 new residential homes.

(I have also enclosed the information and actual performance bond.)

Nuevos Horizontes will be building according to the building standards regarding visibility requirements; referred to Senate Bill 623, Section 2306.514.

If you are needing any further information please don't hesitate to call. #325-0184.

Sincerely Yours,
Maricela Tello
Maricela Tello

Bond No. TX 161 3944

STATUTORY PERFORMANCE BOND

Pursuant to Vernon's Texas Government Code
Title 10, Chapter 2253, as amended

(Penalty of this Bond must be 100% of Contract Award)

KNOW ALL MEN BY THESE PRESENTS:

That Diamond S Construction, Inc. (hereinafter called "Principal"), as Principal, and Universal Surety of America, a corporation organized and existing under the laws of the State of Texas, with its principal office in the City of Houston, and authorized under the laws of the State of Texas to act as surety on bonds for principals (hereinafter called "Surety"), are held and firmly bound unto NUEVOS HORIZONTES, INC., San Antonio, Bexar County, Texas (hereinafter called "Owner/Obligee"), in the amount of Two Hundred Four Thousand Nine Hundred Thirty-Seven 10/100 Dollars ($ 204,937.10), for the payment whereof, Principal and Surety firmly bind themselves, and their heirs, administrators, executors, successors and assigns, jointly and severally, by these presents:

WHEREAS, Principal has entered into a certain written contract with the Owner/Obligee, dated the 24th day of May, 199 9, consisting of GRF Project No. 98-0812 Mesa Horizon Subdivision (hereinafter called "the Contract"), which Contract is hereby referred to and made a part hereof as fully and to the same extent as if copied at length herein.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if Principal shall faithfully perform the work in accordance with the plans, specifications and Contract Documents, then this obligation shall be void; otherwise to remain in full force and effect.

NOW, THEREFORE, if Principal shall repair any and all defects in said work occasioned by and resulting from defect in materials furnished by, or workmanship of, Principal in performance of the work covered by the Contract, occurring during a period of within 24 months from the date of the Contract Completion Certification, therein this obligation shall be null and void; otherwise to remain in full force and effect.

PROVIDED, HOWEVER, that this bond is executed pursuant to the provisions of Title 10, Chapter 2253, as amended, of the Texas Government Code, and all liabilities on this bond shall be determined in accordance with the provisions of this Chapter, to the same extent as if it were copied at length herein.

Surety, for value received, stipulates and agrees that no change, extension of time, or other waiver or amendment of the terms of the Contract or to the work to be performed thereunder, nor any change in the method nor any change in the method or amount of payments stipulated to be made by Owner/Obligee under the Contract, shall relieve Surety of its obligations hereunder, and Surety hereby waives notice of any such change, extension of time, waiver or amendment of the terms of the Contract or to the work to be performed thereunder. The bond shall be automatically extended in time, without formal and separate amendment, to cover full and faithful performance of the Contract in the event of modification of the Contract, regardless of the length of time involved.

IN WITNESS THEREOF, Principal and Surety have signed and sealed this instrument on the 24th day of May, 199 9

Diamond S Construction, Inc	Universal Surety of America
Principal	Surety
By Glaire Sklass	By
Title Sect/Treas.	Title Wayne K. Justice, Attorney-in-Fact
Address Route 9, Box 132H	Address 404 E. Ramsey, Ste. 104
Converse, TX 78109	San Antonio, TX 78216

Name, Address and Telephone Number of Resident Agent of Surety:

Trimble-Barjer Ins. Assoc., L.L.P., 404 E. Ramsey, Ste. 104, San Antonio, TX 78216
(210) 308-9438

Bond No. 28846-99-1

STATUTORY PERFORMANCE BOND

Pursuant to Vernon's Texas Government Code
Title 10, Chapter 2253, as amended

(Penalty of this Bond must be 100% of Contract Award)

KNOW ALL MEN BY THESE PRESENTS:

That Garrich Industries, Inc. dba Winco Contractors (hereinafter called "Principal"), as Principal, and Fidelity and Guaranty Insurance Underwriters, Inc a corporation organized and existing under the laws of the State of Wisconsin, with its principal office in the City of Baltimore Maryland, and authorized under the laws of the State of Texas to act as surety on bonds for principals (hereinafter called "Surety"), are held and firmly bound unto NUEVOS HORIZONTES, INC., San Antonio, Bexar County, Texas (hereinafter called "Owner/Obligee"), in the amount of one hundred thirty one thousand four hundred thirty six and no/100 Dollars ($ 131,436.00), for the payment whereof, Principal and Surety firmly bind themselves, and their heirs, administrators, executors, successors and assigns, jointly and severally, by these presents:

WHEREAS, Principal has entered into a certain written contract with the Owner/Obligee, dated the 4th day of June, 1999, consisting of construction of certain improvements as set forth in contractor's proposal for GPF Project No. 98-8182 (hereinafter called "the Contract"), which Contract is hereby referred to and made a part hereof as fully and to the same extent as if copied at length herein.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if Principal shall faithfully perform the work in accordance with the plans, specifications and Contract Documents, then this obligation shall be void; otherwise to remain in full force and effect.

NOW, THEREFORE, if Principal shall repair any and all defects in said work occasioned by and resulting from defect in materials furnished by, or workmanship of, Principal in performance of the work covered by the Contract, occurring during a period of within 24 months from the date of the Contract Completion Certification, therein this obligation shall be null and void; otherwise to remain in full force and effect.

PROVIDED, HOWEVER, that this bond is executed pursuant to the provisions of Title 10, Chapter 2253, as amended, of the Texas Government Code, and all liabilities on this bond shall be determined in accordance with the provisions of this Chapter, to the same extent as if it were copied at length herein.

Surety, for value received, stipulates and agrees that no change, extension of time, or other waiver or amendment of the terms of the Contract or to the work to be performed thereunder, nor any change in the method nor any change in the method or amount of payments stipulated to be made by Owner/Obligee under the Contract, shall relieve Surety of its obligations hereunder, and Surety hereby waives notice of any such change, extension of time, waiver or amendment of the terms of the Contract or to the work to be performed thereunder. The bond shall be automatically extended in time, without formal and separate amendment, to cover full and faithful performance of the Contract in the event of modification of the Contract, regardless of the length of time involved.

IN WITNESS THEREOF, Principal and Surety have signed and sealed this instrument on the 7th day of June, 1999.

Garrich Industries, Inc.
dba Winco Contractors
Principal

By [signature]

Title President

Address 18954 FM 2252
Garden Ridge, TX 78266

Fidelity and Guaranty
Insurance Underwriters, Inc
Surety

By [signature]

Title Attorney-In-Fact

Address 900 N E Loop 410, Suite D430
San Antonio, TX 78209

Name, Address and Telephone Number of Resident Agent of Surety:

Douglas J. Wealty, 900 N E Loop 410, Suite D430, San Antonio, TX 78209
(210) 821-6938

NUEVOS HORIZONTES
8058 VANTAGE
SAN ANTONIO,TX. 78230

Phone: (210) 308-8809
Fax: (210) 349-2313

FAX TRANSMISSION

DATE: 8/10/99

TO: City of SA Economic Development Dept.

ATTN: Celena Gutierrez

FAX: 207-8151

FROM: Mari Tello

 # OF PAGES INCLUDING THIS ONE: 21

REFERENCE Celena here is a copy of the TBC commitment letter, also a copy of contracts with the infrastructure developers and an exact perc per all infrastructure costs. (It is a detailed sheet.) the sheet you sent me is accurate.
PUBLIC Improvements and cost and details are listed. $450,000.00 estimated for public improvements thanks, (11)
M. Tello

IBC
International Bank of Commerce

August 9, 1999

Mrs. Mariocla Tello
8058 Vantage
San Antonio, Texas 78230

Re: Financing for Nuevos Horizontes, Inc. (West Horizon Subdivision)

Dear Mrs. Tello:

As you are aware, International Bank of Commerce (Bank) is providing financing for the West Horizon Subdivision, an approximate 10 acre parcel being developed into 63 residential lots. The Bank is currently funding draw requests for the 2 loan facilities.

Borrower: Nuevos Horizontes Inc.

Lot Development Loan: $375,000

A. Purpose: Provide a portion of the cost of the infrastructure cost for building the streets, utilities, etc. to result in 63 completed residential lots.
B. Interest Rate: 10%, payable monthly.
C. Maturity: 5/31/2000
D. Renewals: If no default has occurred and all other financial conditions are maintained, the bank will consider a renewal if requested.
E. No penalty for early repayment

House Construction Guidance Line

A. Purpose: Provide funds for the construction of new homes to be built in the newly developed West Horizon Subdivision.
B. Interest Rate: 10%, payable monthly
C. Maturity: Individual notes-six months. Guidance Line will mature 7/31/2000.
D. Renewals: If no default has occurred and all other financial conditions are maintained, the Bank will consider a renewal of individual notes, if requested. It is anticipated that the Borrower will request the Guidance Line be renewed and if performance is satisfactory, such request will be favorable considered.
E. No penalty for early repayment.
F. It is anticipated that the Guidance Line will be used to finance up to 10 new homes at a time. As homes are sold and the Line paid down, additional notes for additional new homes will be funded according to the Loan Agreement.

It is our understanding that the full economic value created after all 63 homes have been built will be in excess of $4,000,000 based on the Borrower's projections. If there are any questions, please do not hesitate to call me at (210) 518-2504.

Yours Very Truly,

Richard L. Cipps
Senior Vice President

CONTRACT

STATE OF TEXAS §
COUNTY OF BEXAR § **KNOW ALL MEN BY THESE PRESENTS:**

That this Agreement made and entered into this 4th day of June, 1999, AD, by and between **NUEVOS HORIZONTES, INC.**, City of San Antonio, County of Bexar, State of Texas, Acting through its Contracting Officer, First Party, hereinafter termed the Owner, and **Russell Boring, Vice-President, Winco Contractors, 18954 FM 2252, Garden Ridge, Texas 78266** of the City of San Antonio, County of Bexar, State of Texas, Second Party, hereinafter termed the Contractor.

WITNESSETH: That for and in consideration of the payments and agreements hereinafter mentioned to be made and performed by said First Party, (Owner), the said Second Party, (Contractor), hereby agrees with the First Party to commence and complete the construction of certain improvements at the prices set forth in the Contractor's Proposal for **GRE Project No. 98-0182**, dated June 4, 1999, the same being designated as **West Horizon Subdivision**.

The Contractor shall perform all work shown on the Plans and described Specifications and shall meet all requirements of this Agreement, The General and Special Conditions of the Agreement; and such Orders and Agreements for Extra Work as may subsequently be entered by the above named parties to this Agreement.

The Contractor shall not offer, confer, or agree to confer any benefit or gift to any employee of Bridle Bit Corporation of GE Reaves Engineering, Inc.

The Contractor hereby agrees to commence work under this Contract within seven (7) days after issuance by the Owner's written Authorization to Proceed. Under no circumstances shall the work commence prior to the Contractor's receipt of Owner's issued, written Authorization to Proceed. Computation of Contract Time will begin upon actual commencement of Work by the Contractor during the seven (7) calendar day period referenced above, or upon the eighth (8th) calendar day (assuming the eighth day is a day upon which Work may lawfully and Contractually be performed), whichever occurs first. All work specified in these Contract Documents shall be completed within forty-five (45) calendar days.

It is agreed and understood by the Owner and the Contractor that the provisions of Article 2368a, Vernon's Annotated Civil Statutes of Texas, apply to this contract. The terms of the aforementioned state law are incorporated herein by reference.

The Owner agrees to pay the Contractor in current funds, and to make payments on account, for the performance of the work in accordance with the Contract, at the prices set forth in the Contractor's Proposal, subject to additions and deductions, all as provided in the General Conditions of the Agreement.

The following documents, together with this Contract, comprise the Agreement, and they are as fully a part thereof as if herein repeated in full:

The Invitation to Bidders
The Instructions to Bidders
The Proposal
Bid Bond
The Payment Bond
The Performance Bond
The General Conditions of the Contract
The Special Conditions of the Contract
The Construction Specifications
The Standard Drawings
Addenda
Change Orders

The Plans, designated **West Horizon Subdivision, GRE No. 98-0812.**

All unnecessary debris will be hauled off by Winco Contractors, including trees.

In witness thereof of the Parties of these presents have executed this Agreement in the year and day of first above written.

NUEVOS HORIZONTES, INC., PRESIDENT

Officer

By: Carlos M. Balido
Title: President

Russell Boring V.P.

Contractor

By: Russell Boring
Title: Vice President

STATE OF TEXAS §
COUNTY OF BEXAR §

Sworn and subscribed by me on this the 4th day of June, 1999.

Janice A. Little

Notary Public
My Commission Expires on 9-14-99

JANICE A. LITTLE
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 9-14-99

PROPOSAL

Accompanying this proposal is a Bid Bond or Certified or Cashier's Check on a State or National Bank payable to the Order Of the Owner for SIX THOUSAND FIFTY SEVEN 12/100 dollars ($ 6057.12) which amount represents five percent (5%) of the total bid price. Said bond or check is to be returned to the bidder unless the proposal is accepted and the bidder fails to execute and file a contract within 10 calendar days after the award of the Contract, in which case the check shall become the property of said Owner, and shall be considered as payment for damages due to delay and other inconveniences suffered by said Owner due to the failure of the bidder to execute the contract. The Owner reserves the right to reject any and all bids.

It is anticipated that the Owner will act on this proposal within 30 calendar days after the bid opening. Upon acceptance and award of the contract to the undersigned by the Owner, the undersigned shall execute standard San Antonio Water System Contract Documents and make Performance and Payment Bonds for the full amount of the contract within 10 calendar days after the award of the Contract to secure proper compliance with the terms and provisions of the contract, to insure and guarantee the work until final completion and acceptance, and the guarantee period stipulated, and to guarantee payment of all lawful claims for labor performed and materials furnished in the fulfillment of the contract.

It is anticipated that the Owner will provide written Authorization to Proceed within 30 days after the award of the Contract.

The Contractor hereby agrees to commence work under this Contract within seven (7) calendar days after issuance by the Owner of the written Authorization To Proceed. Under no circumstances shall the work commence prior to Contractor's receipt of Owner's issued, written Authorization To Proceed.

The undersigned certifies that the bid prices contained in the proposal have been carefully checked and are submitted as correct and final.

In completing the work contained in this proposal the undersigned certifies that bidder's practices and policies do not discriminate on the grounds of race, color, religion, sex or national origin and that the bidder will affirmatively cooperate in the implementation of these policies and practices.

Signed: Russell Boring
Company Representative

WINCO CONTRACTORS
Company Name

18954 F.M. 2252
Address

GARDEN RIDGE, TX 78266

Please return bidder's check to: _____
Company Name

_____

_____
Address

WEST HORIZON SUBDIVISION

BID SUMMARY

PAVING AND GRADING	$ 131,436.00
WATER MAIN EXTENSION	$ -0-
SANITARY SEWER	$ -0-
TOTAL BID:	$ 131,436.00

Job Title: **WEST HORIZON SUBDIVISION**
Description: **Paving and Grading**

Date: 5-5-99
San Antonio, Texas

BID PROPOSAL

PROPOSAL OF

A Corporation organized and existing under the laws of the State of Texas
A Partnership consisting of –
An individual doing business as –

TO THE OWNER c/o

Pursuant to Instructions and Invitations to Bidders, the undersigned proposes to furnish all labor and materials as specified and perform the work required for the construction of paving and grading in accordance with the Plans and Specifications for the following prices to wit:

Item No.	Description & Estimated Quantities (Price to be Written in Words)	Unit Price (Figures)	Total Price (Figures)
100	1 L.S. - Mobilization; per lump sum.		
	Eleven thousand dollars	$ 11,000.00	$ 11,000.00
103.1	220 L. F. - Remove existing curb; per linear foot.		
	Six dollars and fifty cents	$ 6.50	$ 1430.00
103.2	880 S. F. - Remove existing sidewalk; per square foot.		
	Two dollars	$ 2.00	$ 1760.00

Item No.	Description & Estimated Quantities (Price to be Written in Words)	Unit Price (Figures)	Total Price (Figures)
108.1	6468 SY - Lime treated subgrade; per square yard.		
	One dollar and fifteen cents	$ 1.15	$ 7438.20
108.2	100.3 Ton - Lime; per ton.		
	Ninety three dollars ——	$ 93.00	$ 9327.90
104	5100 C.Y. – Street Excavation; per cubic yard.		
	Four dollars and fifty cents	$ 4.50	$ 22950.00
205.2	6368 6" S.Y. - flexible base; per square yard.		
	Five dollars and sixty cents	$ 5.60	$ 35660.80
205.3	5831 S.Y. - 1½" Hox mix asphaltic concrete; per square yard.		
	Five dollars and thirty cents	$ 5.30	$ 30904.30
500	3332 L.F. - 7" concrete curb; per linear foot.		
	Four dollars and seventy five cents	$ 4.75	$ 15827.00

PROPOSAL

Winco Contractors
18954 FM 2252
GARDEN RIDGE, TX 78266

PHONE: 210/651-6783
FAX: 210/651-5857

Proposal submitted to	Plans	Date
Nuevos Horizontes		6/2/99
Street	Job Name	
	West Horizon Lot Grading	
City, State, and Zip Code	Job Location	
	Hortencia & S.W. Commerce St., San Antonio, Tx.	
Architect	Architect's Project No.	Date of Plans

WE PROPOSE hereby to furnish material and labor – complete in accordance with specifications below, for the sum of: Ninety Two Thousand Two Hundred Forty Two Dollars & -0- cents
($ 92,242.00)

Request for payment based upon percentage of completion submitted on or before the 25th of the month for payment no later than the 10th of the following month.

All material is guaranteed to be as specified. All work to be completed in a workmanlike manner according to standard practices. Any alteration or deviation from specifications below involving extra costs will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado and other necessary insurance. Our workers are fully covered by Workmen's Compensation Insurance. This proposal will be attached to any contract for the work included in the proposal and will be the ruling document including work included in the above price.

Authorized Signature Russell Boring

Note: This proposal may be withdrawn by us if not accepted within 30 days.

We hereby submit by specifications and plans.

Items included in our price:

1. Clear & Grub.
2. .20' Topsoil strip at house foundation footprints.
3. Cut and fill of building footprints and landscape as needed to obtain grading plan as per plan sheet SD3. On site material, where available, will be used in areas where fill is needed.
4. Finish subgrade at building pads and paving areas based upon use of on site materials.
5. Export of excess excavation materials created by the scope of our work only.
6. Cut & Fill of landscape areas to subgrade before installation of foundation, curbing, sidewalks, and utilities.
7. This portion of work will incur additional contract time beyond time allotted for street work.

Excluded from our proposal:

1. Curbing.
2. Purchase and placement of select topsoil.
3. Concrete work or supply and placement of concrete cushion material.
4. Finish landscaping, shrubbery, sod, hydromulch.
5. Erosion control, tree protection, barricades, herbicide supply or application.
6. Initial layout by a licensed surveyor, professional engineering of any type.
7. Laboratory testing and onsite density testing.
8. Demolition of any onsite structures unless otherwise noted.
9. Permits, payment and or performance bonds.
10. Storm sewer purchase or installation.
11. Handling or removal of subsurface contaminated material.
12. Removal and or relocation of existing utilities or irrigation systems.
13. Any additional insurance beyond Winco Contractors standard liability and workmans compensation coverage.
14. Wage scale beyond Winco Contractors prevailing rate.
15. Ditch line compaction.
16. Items not specifically included above.

ACCEPTANCE OF PROPOSAL - The above prices, specification and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

Date of Acceptance _____ Signature _____

Signature _____

C:\DOCS\PROPOSAL\W-HORIZON LOT GRADING.doc

CONTRACT

STATE OF TEXAS §
COUNTY OF BEXAR § **KNOW ALL MEN BY THESE PRESENTS:**

That this Agreement made and entered into this 4th day of June, 1999, AD, by and between **NUEVOS HORIZONTES, INC.**, City of San Antonio, County of Bexar, State of Texas, Acting through its Contracting Officer, First Party, hereinafter termed the Owner, and **Larry Skloss, President, Diamond S. Construction, Inc., Route 9, Box 132H, Converse, Texas 78109** of the City of San Antonio, County of Bexar, State of Texas, Second Party, hereinafter termed the Contractor.

WITNESSETH: That for and in consideration of the payments and agreements hereinafter mentioned to be made and performed by said First Party, (Owner), the said Second Party, (Contractor), hereby agrees with the First Party to commence and complete the construction of certain improvements at the prices set forth in the Contractor's Proposal for **GRE Project No. 98-0182**, dated June 4, 1999, the same being designated as **West Horizon Subdivision**.

The Contractor shall perform all work shown on the Plans and described Specifications and shall meet all requirements of this Agreement, The General and Special Conditions of the Agreement; and such Orders and Agreements for Extra Work as may subsequently be entered by the above named parties to this Agreement.

The Contractor shall not offer, confer, or agree to confer any benefit or gift to any employee of Bridle Bit Corporation of GE Reaves Engineering, Inc.

The Contractor hereby agrees to commence work under this Contract within seven (7) days after issuance by the Owner's written Authorization to Proceed. Under no circumstances shall the work commence prior to the Contractor's receipt of Owner's issued, written Authorization to Proceed. Computation of Contract Time will begin upon actual commencement of Work by the Contractor during the seven (7) calendar day period referenced above, or upon the eighth (8th) calendar day (assuming the eighth day is a day upon which Work may lawfully and Contractually be performed), whichever occurs first. All work specified in these Contract Documents shall be completed within forty-five (45) calendar days.

It is agreed and understood by the Owner and the Contractor that the provisions of Article 2368a, Vernon's Annotated Civil Statutes of Texas, apply to this contract. The terms of the aforementioned state law are incorporated herein by reference.

The Owner agrees to pay the Contractor in current funds, and to make payments on account, for the performance of the work in accordance with the Contract, at the prices set forth in the Contractor's Proposal, subject to additions and deductions, all as provided in the General Conditions of the Agreement.

The following documents, together with this Contract, comprise the Agreement, and they are as fully a part thereof as if herein repeated in full:

The Invitation to Bidders
The Instructions to Bidders
The Proposal
Bid Bond
The Payment Bond
The Performance Bond
The General Conditions of the Contract
The Special Conditions of the Contract
The Construction Specifications
The Standard Drawings
Addenda
Change Orders

The Plans, designated **West Horizon Subdivision, GRE No. 98-0812.**

In witness thereof of the Parties of these presents have executed this Agreement in the year and day of first above written.

NUEVOS HORIZONTES, INC., PRESIDENT

Officer

By: Carlos M. Balido

Title: President

Contractor

By: Larry Skloss

Title: President

TE OF TEXAS §
NTY OF BEXAR §

and subscribed by me on this the 4th day of June, 1999.

JANICE A. LITTLE
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 9-14-99

Notary Public
My Commission Expires on 9-14-99

PROPOSAL

Accompanying this proposal is a Bid Bond or Certified or Cashier's Check on a State or National Bank payable to the Order Of the Owner for_____dollars ($_____) which amount represents five percent (5%) of the total bid price. Said bond or check is to be returned to the bidder unless the proposal is accepted and the bidder fails to execute and file a contract within 10 calendar days after the award of the Contract, in which case the check shall become the property of said Owner, and shall be considered as payment for damages due to delay and other inconveniences suffered by said Owner due to the failure of the bidder to execute the contract. The Owner reserves the right to reject any and all bids.

It is anticipated that the Owner will act on this proposal within 30 calendar days after the bid opening. Upon acceptance and award of the contract to the undersigned by the Owner, the undersigned shall execute standard San Antonio Water System Contract Documents and make Performance and Payment Bonds for the full amount of the contract within 10 calendar days after the award of the Contract to secure proper compliance with the terms and provisions of the contract, to insure and guarantee the work until final completion and acceptance, and the guarantee period stipulated, and to guarantee payment of all lawful claims for labor performed and materials furnished in the fulfillment of the contract.

It is anticipated that the Owner will provide written Authorization to Proceed within 30 days after the award of the Contract.

The Contractor hereby agrees to commence work under this Contract within seven (7) calendar days after issuance by the Owner of the written Authorization To Proceed. Under no circumstances shall the work commence prior to Contractor's receipt of Owner's issued, written Authorization To Proceed.

The undersigned certifies that the bid prices contained in the proposal have been carefully checked and are submitted as correct and final.

In completing the work contained in this proposal the undersigned certifies that bidder's practices and policies do not discriminate on the grounds of race, color, religion, sex or national origin and that the bidder will affirmatively cooperate in the implementation of these policies and practices.

Signed: Wyane Sklass, Sect/Treas.
Company Representative

DIAMOND S CONSTRUCTION, INC.
Company Name

ROUTE 9 BOX 132H
Address

CONVERSE, TEXAS 78109

Please return bidder's check to: _____
Company Name

_____

_____
Address

WEST HORIZON SUBDIVISION

BID SUMMARY

PAVING AND GRADING	$ — 0 —
WATER MAIN EXTENSION	$ 98825.10
SANITARY SEWER	$ 106,112.00
TOTAL BID:	$ 204,937.10

SAWS Job No. 99-1078
Job Title: **WEST HORIZON SUBDIVISION**
Description: **Water Main Extension**

Date: 5-5-99
San Antonio, Texas

BID PROPOSAL

PROPOSAL OF

A Corporation organized and existing under the laws of the State of Texas
A Partnership consisting of —
An individual doing business as —

TO THE OWNER c/o

Pursuant to Instructions and Invitations to Bidders, the undersigned proposes to furnish all labor and materials as specified and perform the work required for the construction of pipelines and appurtenances, San Antonio Water System Job No. 99-1078, in accordance with the Plans and Specifications for the following prices to wit:

Item No.	Description & Estimated Quantities (Price to be Written in Words)	Unit Price (Figures)	Total Price (Figures)
PHASE I			
A.	595 L.F. 6" C-900 P.V.C. Pipe, in open trench; per linear foot		
	Thirteen dollars and thirty cents	$ 13.30	$ 7913.50
B.	1152 L.F. 8" C-900 P.V.C. Pipe, in open trench; per linear foot		
	Fourteen dollars and thirty cents	$ 14.30	$ 16473.60
C.	1 Ea. - 6" Gate Valve, with Box, M.J., per each		
	Four hundred seventy five dollars	$ 475.00	$ 475.00
D.	2 Ea. - 8" Gate Valve & Box, M.J., with Box; per each		
	Six hundred twenty five dollars	$ 625.00	$ 1250.00

Item No.	Description & Estimated Quantities (Price to be Written in Words)	Unit Price (Figures)	Total Price (Figures)
E.	3 Ea. – Standard Fire Hydrant, on new main; per each		
	Twenty one hundred dollars	$ 2100.00	$ 6300.00
F.	2 Ea. – 12" X 6" Tapping Sleeve & Valve; per each		
	Fifty eight hundred dollars	$ 5800.00	$ 11600.00
G.	1 Ea. – 12" X 8" Tapping Sleeve & Valve; per each		
	Seventy five hundred dollars	$ 7500.00	$ 7500.00
H.	1 Ea. – Cut in 8" X 8" Tee; per each		
	Sixty two hundred dollars	$ 6200.00	$ 6200.00
I.	0.32 Tons – Pipe Fittings, all sizes and types; per Ton		
	Thirty one hundred dollars	$ 3100.00	$ 992.00
J.	1747 L.F. - Trench Excavation Protection; per lineal foot		
	One dollar	$ 1.00	$ 1747.00
K.	1 Ea. – Pressure Test; per each		
	Six hundred dollars	$ 600.00	$ 600.00
L.	652 S.F. - Saw Cut, Remove and Replace Asphalt Pavement; per square foot		
	Twelve dollars	$ 12.00	$ 7824.00

Item No.	Description & Estimated Quantities (Price to be Written in Words)	Unit Price (Figures)	Total Price (Figures)
M.	2 Ea. – 2" Temporary Blowwoff; per each		
	One thousand dollars	$ 1000.00	$ 2000.00
N.	2 Ea. - ¾ " Short Single Service; Per each		
	Four hundred dollars	$ 400.00	$ 800.00
O.	3 Ea. - ¾" Long Single Service; per each		
	Five hundred dollars	$ 500.00	$ 1500.00
P.	10 Ea. – 1" Dual Short Service; per each		
	Four hundred dollars	$ 400.00	$ 4000.00
Q.	19 Ea. – 1" Dual Long Service; per each		
	Seven hundred twenty five dollars	$ 725.00	$ 13775.00
	PHASE I SUB-TOTAL		90950.10

PHASE II

A.	63 Ea. – New Meter Box; per each		
	One hundred twenty five dollars	$ 125.00	$ 7875.00
	PHASE II SUB-TOTAL		$ 7875.00
	WATER TOTAL BID		$ 98825.10

SAWS Job No. 99-1565
Job Title: WEST HORIZON SUBDIVISION
Description: Sanitary Sewer

Date: 5-5-99
San Antonio, Texas

BID PROPOSAL

PROPOSAL OF

A Corporation organized and existing under the laws of the State of Texas
A Partnership consisting of —
An individual doing business as —

TO THE OWNER c/o

Pursuant to Instructions and Invitations to Bidders, the undersigned proposes to furnish all labor and materials as specified and perform the work required for the construction of pipelines and appurtenances, San Antonio Water System Job No. 99-1565, in accordance with the Plans and Specifications for the following prices to wit:

Item No.	Description & Estimated Quantities (Price to be Written in Words)	Unit Price (Figures)	Total Price (Figures)
100	1 - L.S. Mobilization; per lump sum		
	Eight thousand eight hundred dollars	$ 8800.00	$ 8800.00
103.1.	6 L.F. - Remove and replace concrete curb; per linear foot.		
	Sixty dollars —	$ 60.00	$ 360.00

Item No.	Description & Estimated Quantities (Price to be Written in Words)	Unit Price (Figures)	Total Price (Figures)
103.2	30 L.F. - Remove and replace concrete walk; per linear foot.		
	One hundred dollars	$ 100.00	$ 3000.00
511.A	158 S.Y. - Remove and replace asphalt and base; per square yard.		
	Thirty three dollars	$ 33.00	$ 5214.00
550.	1860 L.F. - Trench protection; per linear foot.		
	One dollar	$ 1.00	$ 1860.00
848.	1806 L.F. - 8" Sanitary sewer main; per linear foot.		
	Eighteen dollars	$ 18.00	$ 32508.00
852.	10 Ea. - Standard sanitary sewer manhole; per each.		
	Fourteen hundred twenty five dollars	$ 1425.00	$ 14250.00
852.	7 V.F. - Extra depth for sanitary sewer manhole; per vertical foot.		
	One hundred ten dollars	$ 110.00	$ 770.00
854.	1890 L.F. - 6" House lateral; per linear foot.		
	Fifteen dollars	$ 15.00	$ 28350.00

Item No.	Description & Estimated Quantities (Price to be Written in Words)	Unit Price (Figures)	Total Price (Figures)
854.	11 Ea. - New service tap; per each.		
	One thousand dollars	$ 1000.00	$ 11000.00
	SANITARY SEWER TOTAL	$ 106112.00	

IV. ECONOMIC FEASIBILITY

IV. Economic Feasibility

Important to the success of this particular residential development is its ability to capture a share of the local and regional growth as well as successfully compete with comparable housing product. Reviewing the components of a project's economic feasibility includes trends that affect short and long term demand for this product. Economic and market factors reviewed include demographic and housing data, including existing housing conditions, sales, and new construction as well as population mobility. The scope of the work includes an analysis of these factors for the market area against the larger community. Data provided has been aggregated at the census track , and city as a whole.

A review of housing resource material utilized by the City for a variety of projects, including the Empowerment Zone application, indicated the 1990 Census data as a primary reference. In order to use the most current data applicable, staff selected as a resource, the 1995 Housing Market Study for San Antonio issued by the U.S. Department of Housing and Urban Development and the U.S. Department of Commerce entitled, American Housing Survey for the San Antonio Metropolitan Area. The study presents a collection of information that profiles the housing conditions for the City. According to the study, the median housing value for owner occupied units as of 1995 was approximately $62,577. Median unit size was 1,593 square feet with six (6) rooms; three (3) bedrooms/two (2) baths. Monthly housing costs, including all mortgages plus maintenance costs, was estimated at $502, roughly 20% of current household income. *

The City of San Antonio has adopted a policy to encourage the provision of safe, decent, comfortable, and affordable housing as a reality for all the citizens of San Antonio. Tax Increment Financing (TIF) is a mechanism that promotes the City's goals by providing reimbursement to the developer for public improvements related to the construction of residential or commercial developments that meet delineated criteria as set forth in the application. Reimbursable expenses include: development of plans and design for public improvements, acquisition of property for public uses, and related costs for due diligence, financing, administration, site preparation, utilities, street lights, pedestrian walkways, parks, drainage facilities, water/sewer facilities, education facilities, and parking facilities. The purpose of TIF is to reduce overall development costs for the developer, thereby encouraging development that might not otherwise have happened given existing market conditions.

The New (West) Horizons Tax Increment Reinvestment Zone (TIRZ) proposed development will take place at the intersection of Hortencia and West Commerce on a 10-acre tract of land, to include approximately 63 single-family units. This parcel has two electrical towers that would require two 22 foot easements. The average price per home is $60,000 contingent on implementation of the TIRZ. It is the expectation of the developer to provide long term improvements to the area via the provision of quality affordable housing, an increase in property values, an injection of new homeowners in the area, and catalyst for others in the area to make improvements to their real property.

Proposed improvements include infrastructure improvements for water and sewer lines, streets and drainage, and sidewalks.

Market Area Profile

Population **

	1980	1990	1998
TIRZ	5,193	6,155	6,717
City	785,880	935,933	1,146,100

San Antonio has been experiencing consistent growth in population of the past 30 years as well as a significant increase since 1980, and further, is projected to increase by another 10% by the year 2004.

Change in Population Percentages**

	1980-1990	1990-1998
TIRZ	18%	9%
City	19%	22%

The area for the proposed New (West) Horizons development , although increasing in population, has experienced a decline in percentage change in population, suggesting a leveling off or inverse trend to that of the city.

Age**

	1990	1998
0-17 yrs	37%	37%
18 - 64 yrs	57%	55%
65+ yrs	6%	8%
Median Age	24.9 yrs	29.7 yrs

The age of the population within the TIRZ area reflects a youthful community with more than half being eligible members of an active workforce with income earning potential. However, the table also indicates an increasing number of persons over 65 years of age with a consistent number of those 17 and under. This suggest a "graying" of the community as the elderly outpaces the growth of younger segments of the population.

Educational Attainment**

	TIRZ	City
Less than 12th grade	54%	31%
H.S. Graduate	25%	24%
Some College	19%	27%
Bachelor Degree	2%	12%
Graduate + Degree	0%	6%

The area surrounding the proposed development has a population where greater than half of all adults have less than a 12th grade education, which is nearly 75% above city-wide figures. The area has failed to maintain a rate of educational attainment at that of the city as a whole.

Educational attainment is considered a direct factor in determining subsequent income potential. This is evidenced in the median household income for this area in 1998 being at $20,300; which is 33% below median income. As a percent of average household income, 20% is typical dedicated to mortgages and related expenses. This would result in the average homebuyer in this area being able to afford $400 a month to be dedicated to housing.

Median Household Income**

	TIRZ	City
1990	$17,200	$23,584
1998	$20,300	$30,585

The number of families in the TIRZ area is approximately 1,500 with an average household size of 3.78. Of the 1,500 families in the market area 63% are married couples, which is higher than the city's overall percentage at 51%.**

Current Housing Stock

The average age of the housing stock in the area is approximately 30 years old and valued at $36,100. These figures reflect median values for owner occupied units. Rental units comprise 32% of the area's housing and median rent is $258. It should be noted that these figures are below median housing values and rents for the city of San Antonio. The vacancy rate for the area is at 8% versus the city's rate of 11%.

YTD Sales Closed for Market Area ***

	Median Sales Price	Sales Price per sq ft	New Listings	Active Listings	Pending Sales	Days on Market
1998 YTD	$43,900	$39	194	104	117	97
1999 YTD	$45,600	$41	188	82	167	79

According to 1998 Bexar County Appraisal District statistics, the average 1998 single family appraised value is $27,134. According to resale activity obtained from the San Antonio Board of Realtors, sales for 1999 year to date records 131 sales with a median sales price of $45,600. Active listings have decreased by 20 percent and houses have been selling more quickly at a higher price per square feet. Sales per square foot have increased from $39 to $41 dollars since 1998. These figures reflect sales of existing housing stock. Figures indicate that there is a demand for housing product in this location and price range. ** New residential activity for the past 5 years (1993 to 1998), based off of recorded building permits indicates 71 permits recorded. Permit values had an average of $23,214.

The proposed New (West) Horizons subdivision would be providing homes at an average value of $65,000 per home and would not be deviating drastically from current market activity. Instead offering housing opportunities in an area that is experiencing gradual growth and accordingly, a demand for housing.

Mobility

Within the TIRZ and census track 61% of the persons have resided in their homes for over 5 years** which may account for stability in overall population shifts. The 1995 American Housing Survey of the San Antonio Metropolitan Area cites the following as primary reasons for relocation and choice of residence.

Reasons for Leaving Previous Residence*

	% of Total Surveyed
New job or job transfer	19%
To establish own household	15%
Needed larger house	13%
Other, family/person related	10%
Wanted better home	10%
Change from renter to owner	7%
Other	33%

The primary reason for change of residence listed is job opportunity followed closely by the desire to establish own household. The remaining considerations can be related to improvements in personal finances and good general economic conditions.

Choice of Present Neighborhood*

	TTL Surveyed
Convenient to job	25%
Convenient to friends/relatives	20%
Looks/design of neighborhood	19%
House was most important decision	18%
Good schools	10%
Convenient to leisure activities	4%
Convenient to public transportation	3%
Other	1%

Respondents surveyed indicated the primary reason for selecting a particular neighborhood for their current resident is convenience to job. This is followed closely by proximity to support groups defined as friends and relatives. Quality of schools did not rank in the top 3 reasons. Convenience to leisure activities and public transportation were considered less important.

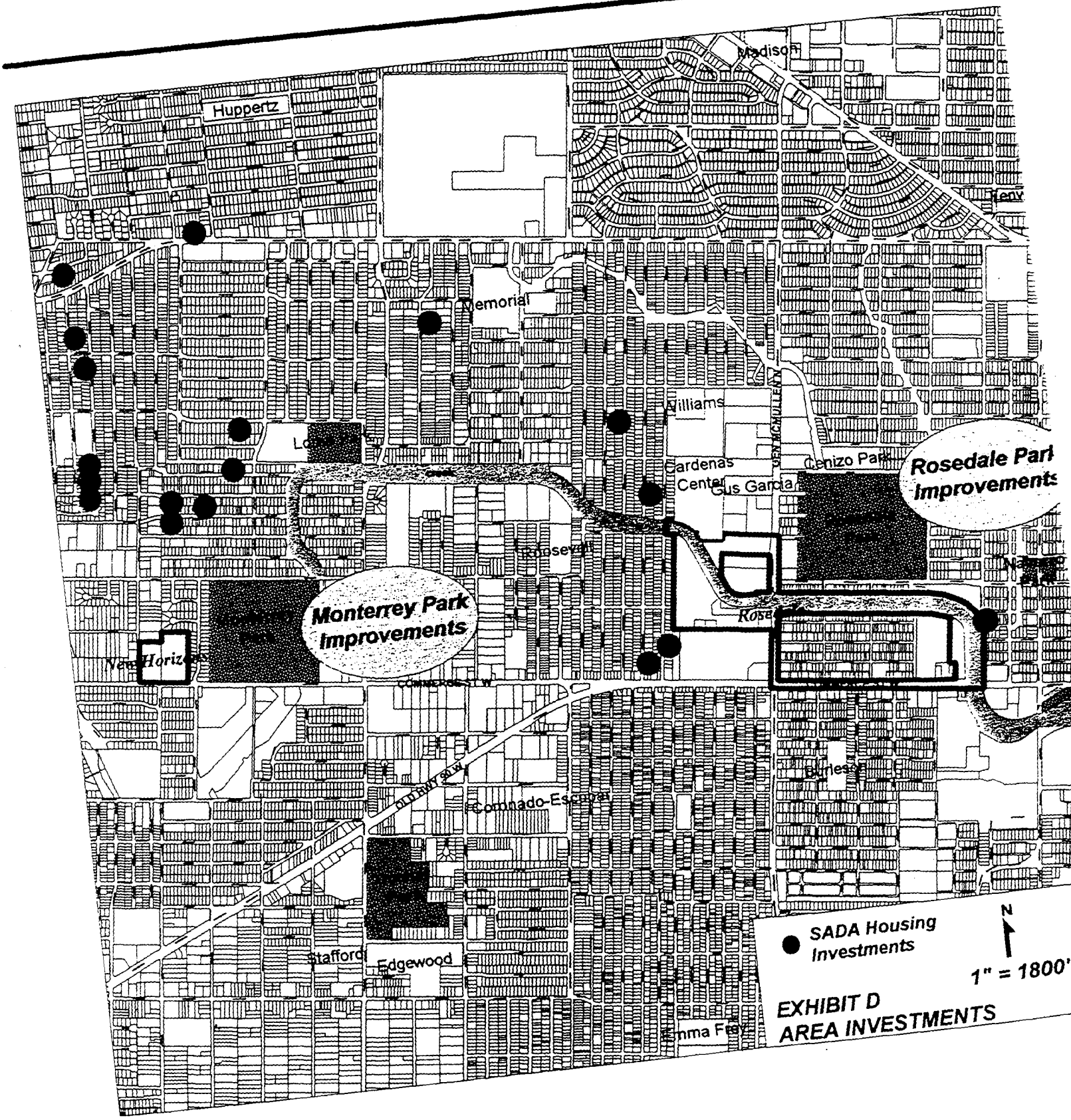
A brief sampling of city services, schools and Police & Fire substations within a 5 mile radius is listed below. Attached you will find comprehensive listing (Atch 1.).

Leisure Activities: San Antonio Natatorium, Wolff Municipal Stadium, Market Square and Woodlawn Lake ***Fire SubStations:*** 12 ***Police Substations:*** 2
Library Branches: 7
Health Facilities: 24 ***Parks:*** 8

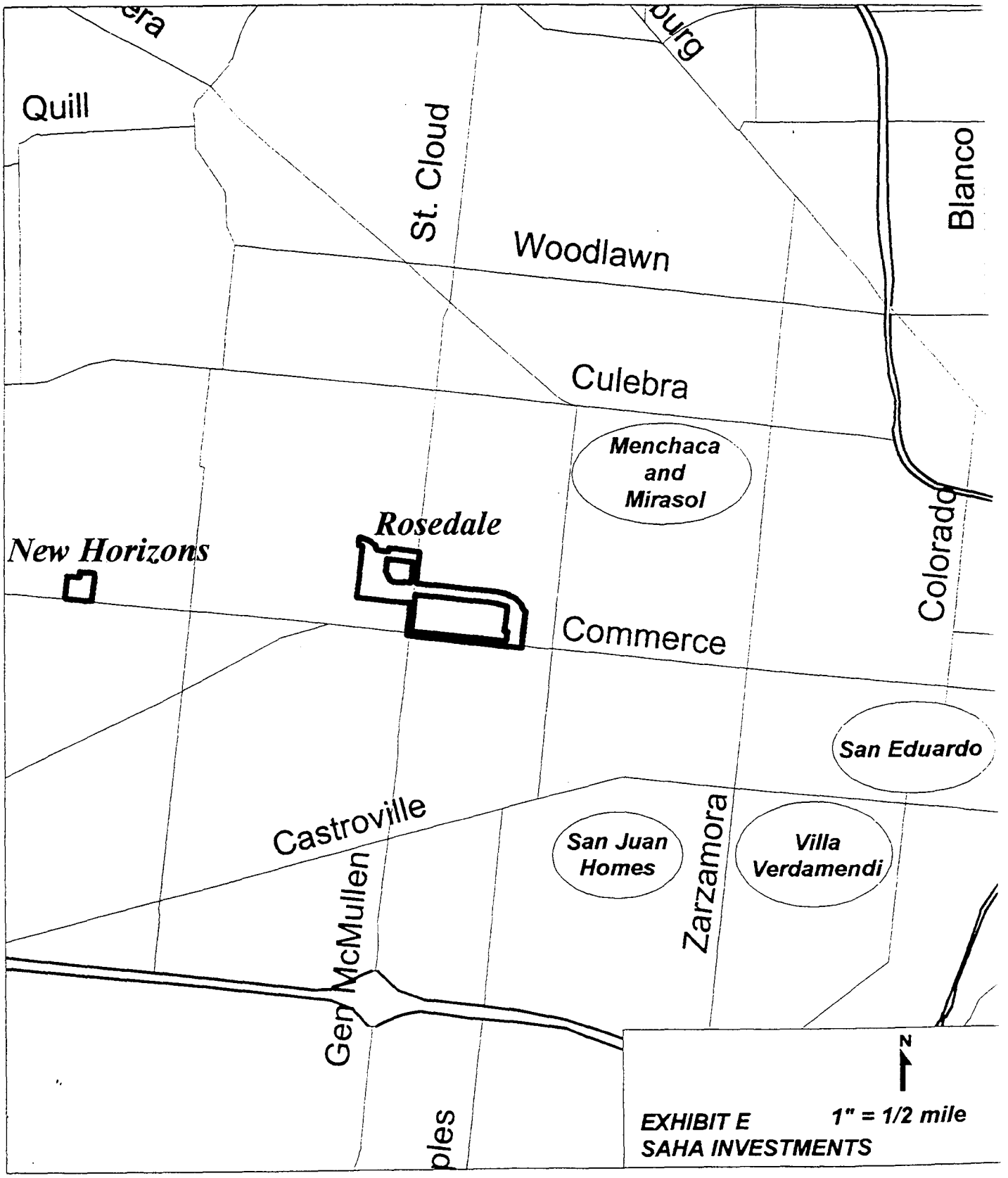
School Districts: San Antonio, South San Antonio, Edgewood, Northside, Lackland
Elementary Schools: 21 ***Middle Schools:*** 7 ***High Schools:*** 2

These entities are expected to meet the needs of anticipated growth in residents. This area is highly mobilized and active in matters concerning the community. Formal organizations include Loma Park Neighborhood Association and Community Worker's Council. Although the Applicant includes letters of support from FannieMae and the San Antonio Development Agency, developers should make every effort to work closely with residents in this community to promote the success of this project and the vitality of the neighborhood.

ROSEDALE AND NEW HORIZON TIF REINVESTMENT ZONE



ROSEDALE AND NEW HORIZON
TIF REINVESTMENT ZON



V. BOARD OF DIRECTORS

New (W t) Horizons TIRZ Boar Members

Maricela Tello (Director)
8058 Vantage
San Antonio, Texas 78230
Phone: 210/308-8809; Fax: 210/349-2313

Robert Tello (Director)
8058 Vantage
San Antonio, Texas 78230
Phone: 210/308-8809; Fax: 210/349-2313

Carlos Balido (Director)
8058 Vantage
San Antonio, Texas 78230
Phone: 210/308-8809; Fax: 210/349-2313

Courtesy copy to:
The Honorable José Menéndez (Director)
State Representative, House District 124
2961 Moss Rock Drive
San Antonio, Texas 78230
Phone (SA): 210/341-8861; Fax: 210/341-2619
Austin Ph. : 512/463-0634; Fax: 512/463-8161

Official designee by
State Representative José Menéndez
Attn: Mr. Gene Sprague
Alamo Community College District
201 W. Sheridan
San Antonio, TX 78204-1429

Leslie Balido (Director)
8058 Vantage
San Antonio, Texas 78230
Phone: 210/308-8809; Fax: 210/349-2313

Carmen Lemon (Director)
8058 Vantage
San Antonio, Texas 78230
Phone: 210/308-8809; Fax: 210/349-2313

The Honorable Paul Elizondo (Director)
County Commissioner, Precinct #2
Bexar County Commissioner Court
100 Dolorosa , Suite 101
San Antonio, Texas 78250-3036
Phone: 210/335-2612; Fax: 210/335-2264

Estefana Martinez (Director)
Edgewood ISD Board member
5358 W. Commerce
San Antonio, Texas 78237
Phone: 210/444-4600; Fax: 210/444-4602

The Honorable Leticia Van de Putte (Director)
State Senator, District 26
3718 Blanco Road, Suite 2
San Antonio, Texas 78212
Phone (SA): 210/733-6604; Fax: 210/733-6605

Revised 12/12/2001

VI. APPENDICES

A. Legal Description

VI. APPENDICES

A. Legal description

TRACT I:

LOTS 7, 8,9 AND 10, BLOCK 6, NEW CITY BLOCK 7448, ALAMEDA GARDENS TRACT #3, IN THE CITY OF SAN ANTONIO, BEXAR COUTY, TEXAS, ACCORDING TO PLAT THEREOF RECORDED IN VOLUME 105, PAGE 313, DEED AND PLAT RECORDS OF BEXAR COUNTY, TEXAS, SAVE AND EXCEPT THAT PORTION OF TRACTS 9 AND 10 BEING MORE PARTICULARLY DESCRIBED IN ADDENDUM ATTACHED HERETO AND MADE A PART HEREOF.

TRACT II:

LOT 16, BLOCK 1, NEW CITY BLOCK 8242, ALAMEDA GARDENS TRACT #2, IN THE CITY OF SAN ANTONIO, BEXAR COUNTY, TEXAS, ACCORDING TO PLAT THEREOF RECORDED IN VOLUME 105, PAGE 226, DEED AND PLAT RECORDS OF BEXAR COUNTY, TEXAS, SAVE AND EXCEPT THAT PORTION MORE PARTICULARLY DESCRIBED IN ADDENDUM ATTACHED HERETO AND MORE A PART HEREOF.

CITY OF SAN ANTONIO TEXAS

NOTICE OF INTENTION

TO CREATE A TAX INCREMENT FINANCING REINVESTMENT ZONE FOR THE NEW HORIZONS (NUEVOS HORIZONTES) AREA PROJECT

The City Council of the City of San Antonio, Texas (the "City") does hereby give notice of intention to create a tax increment financing reinvestment zone for the development of the New Horizons (Nuevos Horizontes) Project (the "Project") pursuant to the requirements of *The Tax Increment Financing Act,* TEXAS TAX CODE, CHAPTER 311, as amended (the "Act"). This notice is provided in accordance with the requirements of Section 311.003(e) of the Act and is being sent to the governing body of each taxing unit that levies real property taxes in the proposed reinvestment zone site.

I. Description of the Proposed Boundaries of the Proposed Zone:

The proposed zone encompasses approximately 10.3 acres of undeveloped land in the western section of the City of San Antonio. The proposed boundaries include:

Eastern Boundaries

S.W. 39th Street

Southern Boundaries

West Commerce Street

Western Boundaries

Hortencia Street

Northern Boundaries

Caywood Street

II. Tentative Plans for the Development or Redevelopment of the Proposed Zone:

The proposed zone site includes the following proposed developments:

- **Development of 63 units of Single-family Residential Subdivision;**
- **Public acquisition of land and/or improvements;**
- **construction of public improvements permitted under the Texas Tax Code** (which may include, but are not limited to, water, sewer, drainage, sidewalks and lighting) for a residential and commercial subdivision;
- **acquisition of property of public improvements.**

III. Estimate of the General Impact of the Proposed Zone on Property Values and Tax Revenues:

While it is impossible to predict with certainty the impact of the proposed zone on property taxes values and tax revenues, the City believes that it is reasonable to assume that the general impact of the proposed zone on property values will lead to an increase in property values within the proposed zone, with an associated increase in tax revenues, even assuming no increase in tax rate.

Proposed Portion of Tax Increment to be Paid by School District

[*Pending State law prescribes that the proposed portion of tax increment to be paid into a tax increment fund by the impacted school district(s) be provided in this notice.*] In order to provide maximum flexibility in the development of the project and financing plan for the proposed reinvestment zone, one hundred percent (100%) of the portion of tax increment to be paid into a tax increment fund by the impacted school district(s) is being proposed for use in this zone. This notice does not obligate the impacted school district (s) or other taxing entity to participate. Written contractual agreements describing and providing for future deposits of tax increments are required under the Texas Tax Code (311.013(g)).

Norma S. Rodriguez, City Clerk
City of San Antonio, Texas

DVS
4A
08/19/99

AN ORDINANCE 90311

DESIGNATING THE NEW HORIZON SUBDIVISION PROJECT AREA LOCATED ALONG WEST COMMERCE STREET, 39th STREET, AND HORTENCIA STREET, AS A TAX INCREMENT REINVESTMENT ZONE; DESCRIBING THE BOUNDARIES OF THE ZONE; CREATING A BOARD OF DIRECTORS FOR THE ZONE; APPOINTING FIVE CITY REPRESENTATIVES TO THE BOARD OF DIRECTORS; PROVIDING FOR A TERMINATION DATE FOR THE ZONE; ASSIGNING THE NAME FOR THE ZONE TO BE "REINVESTMENT ZONE NUMBER FIVE, CITY OF SAN ANTONIO, TEXAS"; ESTABLISHING A TAX INCREMENT FUND; CONTAINING OTHER PROVISIONS RELATED THERTO.

* * * * *

WHEREAS, the City Council (the "Council") of the City of San Antonio, Texas (the "City") desires to support inner-city revitalization activities for the New Horizon Subdivision Project (the "Project") to be funded, in whole or in part, through the creation of a Tax Increment Financing Reinvestment Zone (the "Zone," as hereinafter more specifically defined and named, and with boundaries as hereinafter provided), pursuant to the provisions of the Tax Increment Financing Act (the "Act"), Texas Tax Code, Chapter 311, as amended; and

WHEREAS, the City received a petition by owners representing over 50% of the value of the land in the proposed Zone and the City agrees to create the Zone by petition; and

WHEREAS, the Project is in compliance with the City's Master Plan and the City's adopted Guidelines and Criteria for use of TIF by encouraging community revitalization, infrastructure improvements and affordable housing within certain areas of the City; and

WHEREAS, the proposed public improvements for the Project may include, but are not limited to, land acquisition, street excavation, street installation, curbing grading, drainage structures and channels, sidewalks and approaches, natural gas, sewer water, street lighting, and electrical; and

WHEREAS, pursuant to the Act, the City may designate a contiguous geographical area within the City as a Zone if the area satisfies the requirements of certain sections of the Act; and

WHEREAS, on May 27, 1999, and as required by the Act, the Council adopted Resolution No. 99-22-25 relating to the proposed Zone, and authorized the City to: (i) prepare a preliminary reinvestment zone financing plan; (ii) send a copy of the preliminary reinvestment zone financing plan to the governing body of each taxing unit that levies taxes on real property located in the proposed zone; (iii) hold a public hearing

Exhibit "B"

on the creation of the zone and its benefits to the City and to property located in the zone; (iv) publish notice of the public hearing in a newspaper of general circulation in the City; (v) send written notice of its intent to establish the Zone to the governing body of each taxing unit that levies taxes on real property in the proposed reinvestment zone, (vi) make formal presentations to the governing body of the county and each school district that levies real property taxes in the proposed Zone; (vii) notify each taxing unit of each presentation to be made to a county or school district; (viii) request each taxing unit that levies real property taxes in a proposed Zone to designate a representative to meet the City, and (ix) call and hold one or more meetings with representatives of the taxing units; and

WHEREAS, pursuant to Section 311.003(b) of the Act, the Council has previously authorized and directed City staff and/or its agent the San Antonio Housing Trust Reinvestment Corporation (the "Trust") to: (i) prepare a Preliminary Reinvestment Zone Financing Plan (the "Preliminary Plan") for the proposed Zone, and (ii) distribute a copy of the Preliminary Plan to the governing body of each taxing unit that levies taxes on real property in the proposed reinvestment zone as soon as the Preliminary Plan is complete; and

WHEREAS, pursuant to Section 311.003(b) of the Act and as directed by Council, the City staff and/or the Trust has: (i) prepared the Preliminary Plan for the proposed Zone; and (ii) distributed a copy of the Preliminary Plan to the governing body of each taxing unit that levies taxes on real property in the proposed Zone; and

WHEREAS, furthermore, Council previously: (i) called and set the date, time, and place for a public hearing to be held in the Council Chambers, City Hall, at 2:00 p.m. on Thursday, August 19, 1998 (to comply with the requirements of and pursuant to Section 311.003(c) of the Act), to consider the creation of a Tax Increment Reinvestment Zone for the Project and its respective benefits to the City and to property in the proposed Zone; and (ii) directed the City Clerk to publish notice of the public hearings not later that Wednesday August 11, 1999, in the San Antonio Express-News, a newspaper of general circulation in the City; and

WHEREAS, said notice was duly published in the San Antonio Express-News on August 11, 1999; and

WHEREAS, pursuant to Section 311.003(e) of the Act, and the direction of the Council, the City did send written notice on Friday, May 28, 1999, to the governing body of each taxing unit that levies real property taxes in the proposed Zone of the City's intent to consider establishing a Tax Increment Reinvestment Zone, which notice contained the following:

1. a description of the proposed boundaries of the proposed Zone;
2. the tentative plans for the development or redevelopment of the proposed Zone; and
3. an estimate of the general impact of the proposed Zone on property values and tax revenues; and

WHEREAS, pursuant to Section 311.003(f) and (g) of the Act, the City Manager, acting pursuant to authority granted him in Resolution No. 99-22-25, has previously: (i) requested that the taxing units designate a representative to meet with City staff and/or the Trust to discuss the Preliminary Project and Financing Plans for the proposed Zone; (ii) requested the opportunity to make a formal presentation to the governing body of Bexar County and each school district that levies real property taxes in the proposed Zone; (iii) notified each taxing unit that levies real property taxes in the proposed Zone of the date and time of each presentation to be made before Bexar County and each school district; and (iv) met with designated representatives to make such presentations; and

WHEREAS, the Council hereby finds and determines that: (a) improvements in the Zone will significantly enhance the value of all the taxable real property in the Zone and will be of general benefit to the City; and (b) the Zone area meets the requirements of Section 311.005(a)(5) of the Act, being that the Zone area:

(1) substantially arrests or impairs the sound growth of the City, retards the provision of housing accommodations, or constitutes an economic or social liability and is a menace to the public health, safety, morals, or welfare in its present condition and use because of the presence of:

(A) a substantial number of substandard, slum, deteriorated, or deteriorating structures;
(B) the predominance of defective or inadequate sidewalk or street layout;
(C) faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
(D) unsanitary or unsafe conditions;
(E) the deterioration of site or other improvements;
(F) tax or special assessment delinquency exceeding the fair value of the land;
(G) defective or unusual conditions of title; or
(H) conditions that endanger life or property by fire or other cause; or

(2) is predominantly open, and because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impairs or arrests the sound growth of the City; and

WHEREAS, the Council, pursuant to the Act, further finds and declares that:

(1) the proposed Zone is a contiguous geographical area located wholly within the corporate limits of the City of San Antonio;

(2) the total appraised value of the taxable real property in the proposed Zone or in existing reinvestment zones, if any, does not exceed fifteen percent (15%) of the total appraised value of taxable real property in the City and in industrial districts created by the City;
(3) the proposed Zone does not contain more than fifteen percent (15%) of the total appraised value of real property taxable by Bexar County or by the Edgewood Independent School District; and
(4) development or redevelopment within the boundaries of the proposed Zone will not occur solely through private investment in the reasonably foreseeable future.

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

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

SECTION 1. DESIGNATING THE AREA AS A REINVESTMENT ZONE. The area located along West Commerce Street, 39th Street, and Hortencia Street in the City commonly referred to as the "New Horizon Subdivision Projects TIF District Site," with the boundaries as more specifically described in Section 2 below, and officially assigned the name as designated in Section 5 below (which reinvestment zone so described, named and designated is hereinafter referred to as the ("Zone"), is hereby designated as a Tax Increment Reinvestment Zone.

SECTION 2. DESCRIPTION OF THE BOUNDARIES OF THE REINVESTMENT ZONE. Attached hereto as Exhibit "A", which is incorporated herein by reference for all purposes as if copied herein verbatim, is a description of the boundaries of the Zone created hereby, and which generally consists of approximately 10.3 acres of certain residential property in the west area of the City.

SECTION 3. CREATION AND COMPOSITION OF A BOARD OF DIRECTORS FOR THE ZONE There is hereby created a Board of Directors (the "Board") for the Zone, with all the rights, powers and duties as provided by the Act to such boards or by action of the City Council. Pursuant to Section 311.009(b) of the Texas Tax Code the Board shall consist of nine (9) members.

Each school district or county that levies taxes on real property in the Zone may appoint one member to the Board if the school district or county has approved the payment of all or part of the tax increment produced by the unit.

The member of the Texas Senate in whose district the Zone is located shall be a member of the Board, and the member of the Texas House of Representatives in whose district the Zone is located shall be a member of the Board, except that either may designate another individual to serve in the member's place at the pleasure of the member. If the Zone is located in more than one senate or house district, the senator or representative whose district is the larger portion of the Zone shall be appointed to the Board.

Should the Edgewood Independent School District and Bexar County decide to participate in the TIF Project, the City shall appoint the remaining five (5) members to the Board.

City Council hereby appoints the following five (5) individuals as the Board of this TIF Project:

Name	Term
1. Maricela Tello (Director)	September 18, 2001
2. Robert Tello (Director)	September 18, 2001
3. Carlos Balido (Director)	September 18, 2001
4. Leslie Balido (Director)	September 18, 2001
5. Carmen Lemon (Director)	September 18, 2001

In the event the Edgewood Independent School District or Bexar County do not participate in this TIF Project, the City Council shall appoint the remaining board members at a future City Council meeting.

Vacancies on the Board shall be filled by the respective taxing unit, or State Senator and State House of Representative making such appointment for the remainder of the unexpired term.

SECTION 5. <u>ASSIGNING A NAME TO THE ZONE.</u> The Tax Increment Reinvestment Zone created hereby assigned the name of "REINVESTMENT ZONE NUMBER FIVE, CITY OF SAN ANTONIO, TEXAS."

SECTION 6. <u>TAX INCREMENT BASE.</u> The Tax Increment Base for the Zone is the total appraised value of all real property taxable by the City and located in the Zone, determined as of January 1, 1999, the year in which the zone was designated as a TIF Reinvestment Zone (the "Tax Increment Base").

SECTION 7. <u>ESTABLISHMENT OF A TAX INCREMENT FUND</u>. There is hereby created and established in the depository bank of the City, a fund to be called the "REINVESTMENT ZONE NUMBER FIVE, CITY OF SAN ANTONIO, TEXAS TAX INCREMENT FUND" (the "Tax Increment Fund"). Money in the Tax Increment Fund,

SECTION 9. SEVERABILITY. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

PASSED AND APPROVED BY AN AFFIRMATIVE VOTE OF 10 MEMBERS OF THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS.

PASSED AND APPROVED this 19TH day of AUGUST, 1999.

MAYOR
Howard W. Peak

ATTEST:
ASSISTANT City Clerk

APPROVED AS TO FORM: Veronica M. Zertuche
for City Attorney

EXHIBIT A

DESCRIPTION OF THE BOUNDARIES OF THE ZONE DESIGNATED "REVESTMENT ZONE NUMBER TWO, CITY OF SAN ANTONIO, TEXAS"

The Zone designated as **"REINVESTMENT ZONE NUMBER FIVE, CITY OF SAN ANTONIO, TEXAS"** encompasses approximately 10.3 acres of residential and commercial property in the western section of the City of San Antonio. The proposed boundaries include the following:

EXHIBIT "A"

Description of the Proposed Boundaries of the Proposed Zone:

The proposed zone encompasses approximately 10.3 acres of undeveloped land in the western section of the City of San Antonio. The proposed boundaries include:

Eastern Boundaries

S.W. 39th Street

Southern Boundaries

West Commerce Street

Western Boundaries

Hortencia

Northern Boundaries

Caywood Street

EXHIBIT "B"

MUNICIPAL REPRESENTATIVES

Maricela Tello (Director)
8058 Vantage
San Antonio, Texas 78230
Phone: 210/308-8809; Fax: 210/349-2313

Robert Tello (Director)
8058 Vantage
San Antonio, Texas 78230
Phone: 210/308-8809; Fax: 210/349-2313

Carlos Balido (Director)
8058 Vantage
San Antonio, Texas 78230
Phone: 210/308-8809; Fax: 210/349-2313

Leslie Balido (Director)
8058 Vantage
San Antonio, Texas 78230
Phone: 210/308-8809; Fax: 210/349-2313

Carmen Lemon (Director)
8058 Vantage
San Antonio, Texas 78230
Phone: 210/308-8809; Fax: 210/349-2313

New (West) Horizons Project
Standards For Development

Deed Restrictions and Home Owner's Association. All development phases identified in the Project Plan will be subject to deed restrictions and establishment and governance by one or more home owner's association agreements that contain provisions consistent with the requirements set forth in this Exhibit.

Construction Standard. All homes in the Zone shall be constructed on permanent foundations using materials and uniform building industry standards of the day. No manufactured homes, as defined in the City of San Antonio Unified Development Code as amended, previously constructed elsewhere may be moved on any lot in the Zone. This prohibition specifically includes the use of a manufactured home in which the axle and wheels have been removed and placed upon a concrete slab, which said manufactured home is hereby specifically prohibited as a residence, either temporarily or permanently; and further, specifically includes a manufactured home upon which the wheels have been left attached.

Design and Materials. The design and materials may vary to meet current consumer demand and evolving construction technology, provided, however, that all single family homes shall have a minimum of twenty-five percent (25%) exterior consisting of masonry, Hardie Plank™ siding material, any other siding material with qualities similar to masonry or Hardie Plank™ siding material.

Single Family Houses. Single family houses, as described in the Plan, shall be a minimum of 1000 square feet in gross living area. However, if required to meet customer requests/qualifications or market demands, then up to three (3) of the total homes may be a minimum of the 850 square feet.

Outbuilding Requirements. Every outbuilding, inclusive of such structures as a storage building, greenhouse or children's playhouse, shall be compatible with the dwelling to which it is appurtenant in terms of its design and material composition.

Temporary Structures. No structure of a temporary character (e.g., trailer, tent, shack, garage, barn or other outbuildings) shall be used on any lot at any time as a residence, either temporarily or permanently. No trailer, camper or similar vehicle shall at any time be connected to utilities situated within a lot. No manufactured home, as defined in the City of San Antonio Unified Development Code as amended, previously constructed elsewhere may be moved onto any lot in the Zone. This prohibition specifically includes the use of a manufactured home in which the axle and wheels have been removed and placed upon a concrete slab, which said manufactured home is hereby specifically prohibited as a residence, either temporarily or permanently; and

Exhibit
"C"

further, specifically includes a manufactured home upon which the wheels have been left attached.

Notwithstanding the prior paragraph, during the construction and sales period of the initial dwelling units, the builder may erect and maintain such temporary structures as are customary in connection with such construction and sale of such property, including but not limited to, a business office, storage areas, construction yards, signs, model units, and sales office.

Maintenance. Grass, weeds, and vegetation on each lot sold shall be kept mowed at regular intervals. Trees, shrubs, vines, and plants which die shall be promptly removed from the property. Lawns must be properly maintained, fences must be repaired and maintained and no objectionable or unsightly usage of lots will be permitted which is visible to the public view. Building materials shall not be stored on any lot except when being employed in construction upon such lot, and any excess materials not needed for construction and any building refuse shall promptly be removed from such lot.

Vehicles. No stripped down, wrecked, junked, or wholly inoperable vehicle shall be kept, parked, stored, or maintained on the street fronting any lot in the subdivision, or on any portion of the front yard or driveway of the permanent structure, and such vehicles shall be kept, parked, stored, or maintained on other portions of a lot only within an enclosed structure or a screened area which prevents the view thereof from adjacent lots or streets. No dismantling or assembling of motor vehicles, boats, trailers or other machinery or equipment shall be permitted in any driveway or yard adjacent to a street.

Nuisances. No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. No Owner shall commit an act or conduct work that will impair the structural soundness or integrity of another residence or impair any casement or hereditament, nor do any act nor allow any condition to exist which will adversely affect the other residences or their owners.

Garbage and Refuse Disposal. No lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage and other waste shall be kept in sanitary containers, whether arranged for alley pickup or street pickup. No trash, ashes or other refuse may be thrown or dumped on any vacant lot, park or drainage area.

Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot, except for cats, dogs, or other generally recognized household pets of a reasonable number, provided that they are not kept, bred or maintained for any commercial purposes.

New (West) Horizons Project
Development Targets

The Developer, Reeves Engineering/ Nuevos Horizontes have secured a Tax Increment Reinvestment Zone designation for the West (New) Horizons Development. This project includes the construction of 63 single-family homes with sales prices ranging in value between $60,000 to $75,000. The sizes of the homes are expected to be between approximately 1,000 to over 1,400 square feet. Construction is planned to be carried out in two phases in years 2001 and 2002, subject to demand and market conditions.

The Developer will exercise reasonable efforts to cause the site improvements to be constructed, operated, and maintained in accordance with the terms of this agreement, the Project and Financing Plan and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, energy conservation, building code and public health laws) today and in the future, except for variances approved by the City, necessary to construct the improvements contemplated in the Project and Financing Plan. The Developer agrees to the following terms regarding site improvements as set forth below.

(A) The Developer agrees that the scope and scale of the site improvements to be constructed shall not be significantly less than the scope and scale of the improvements as detailed and outlined in the Developer's Project and Financing Plans. The proposed improvements and related capital costs include streets, drainage, utilities, platting and related governmental land development fees wholly or proportionately attributable to eligible public improvements, architectural and engineering, sidewalks, landscaping, and rights-of-way, and park improvements.

(B) The Developer shall submit a project status report and a financial report on a annual basis to the City, Participating Governmental Entities and Administrator, or within thirty (30) days of any such request.

(C) Further, the Developer shall be required to diligently execute the construction and marketing of infrastructure and homes in the Project area and substantially complete each item of the public infrastructure improvements and housing in accordance with the Plan. Per Section 311.013 (d) the Developer shall be deemed to have abandoned the Project, and the City may terminate its participation in this Agreement, if the Developer fails, for a period of at least three (3) consecutive years, to (i) commence construction activities on any homes in the Project; or (ii) commence construction of physical improvements pursuant to the project plan as defined in Section 311.002 (A).

Exhibit
"D"

Below is a description of the development targets that the Developer has submitted and used as a basis for the formation of the Project and Financing Plan. These development targets are proposed to be met by the Developer during the term of the Agreement. The City acknowledges that the Developer's ability to construct the site improvements is subject to the then-current market conditions, including but not limited to the availability of tenants, owners, financing, or winter conditions.

Number of Houses to be Constructed

Phase	Year	Number of Homes	Type of Structure
Phase 1	2001	31	Single Family Homes
Phase 2	2002	32	Single Family Homes
Total Units		**63**	**Single Family Homes**

Initials: _____
Initials: _____

DEVELOPMENT AGREEMENT WITH THE CITY OF SAN ANTONIO, TEXAS and NUEVOS HORIZONTES, and REINVESTMENT ZONE NUMBER FIVE, CITY OF SAN ANTONIO, TEXAS
September 9, 2001

This Development Agreement ("Agreement"), pursuant to Ordinance No. 94469, effective as of September 9, 2001 is entered into by and between the **CITY OF SAN ANTONIO**, a Texas municipal corporation of Bexar County, Texas (hereinafter called "**CITY**"); **NUEVOS HORIZONTES**, an Entity incorporated in the State of Texas (hereinafter referred to as "**DEVELOPER**"); **and REINVESTMENT ZONE NUMBER FIVE, CITY OF SAN ANTONIO, TEXAS**, a tax increment financing zone (hereinafter called "**ZONE**"), by and through its duly authorized Board of Directors;

WITNESSETH:

WHEREAS, CITY recognizes the importance of its continued role in economic development; and

WHEREAS, By Ordinance Number 90311, dated August 19, 1999, pursuant to Chapter 311 of the Texas Tax Code (as amended), **CITY** created **ZONE** in accordance with the Tax Increment Financing Act, as amended (Chapter 311 of the Texas Tax Code, Vernon's Texas Codes Annotated, hereinafter called the "ACT"), established a Board of Directors for **ZONE**, to promote development and redevelopment in the **ZONE** through the use of tax increment financing, which development and redevelopment would not otherwise occur solely through private investment in the reasonably foreseeable future; and

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

WHEREAS, on August 20, 1999, by a Board Resolution, the Board of Directors for **ZONE** adopted and approved a Final Project and Financing Plan ("Project and Financing Plan") providing for development of ZONE; and

WHEREAS, **CITY** approved the Project and Financing Plan for **ZONE** by Ordinance Number 90382, on August 26, 1999; and

WHEREAS, Pursuant to the Texas Tax Code, Chapter 311 (as amended) and **CITY**

Exhibit "E"

Ordinance Number 90311, dated August 19, 1999, the Board of Directors for **ZONE** has authority to enter into agreements as the Board of Directors for **ZONE** considers necessary or convenient to implement the Project and Financing Plan and to achieve the purposes of developing **ZONE**; and

WHEREAS, Pursuant to said authority above, the Board of Directors for **ZONE** hereby enters into a binding agreement with **CITY** and **DEVELOPER** for **DEVELOPER** to develop **ZONE** as specified in the Project and Financing Plan and as specified in this Agreement; and

WHEREAS, **CITY**, by Ordinance Number 94469, dated August 30, 2001, authorized the City Manager or his designated representative to execute this Agreement on behalf of **CITY**, to bind **CITY** to the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the mutual promises, covenants, obligations, and benefits contained in this Agreement, **CITY**, the Board of Directors for **ZONE**, and **DEVELOPER** hereby agree as follows:

I. DEFINITIONS

1.1 "**CITY**", "Board of Directors for **ZONE**", and "**DEVELOPER**" shall have the meanings specified above.

1.2 "Act" shall mean the Tax Increment Financing Act, Chapter 311, Texas Tax Code, Vernon's Annotated Texas Statutes, as amended.

1.3 "Agreement" shall mean this document by and between **CITY**, the Board of Directors for **ZONE** and **DEVELOPER,** which may be amended from time to time, pursuant to the provisions contained herein.

1.4 "Available Tax Increment" shall mean the "Tax Increment" as defined in the Texas Tax Code, Section 311.012 (a), less the administrative costs of the participating Taxing Entities for organizing and/or managing the Zone;

1.5 "Certificate of Completion" shall mean a written acknowledgement from **CITY** to **DEVELOPER** that public improvements were constructed as specified in the Project and Financing Plans and in this Agreement, and that said improvements comply with all **CITY** codes and published standards for the particular type of improvement in question.

1.6 "City Manager" shall mean the City Manager of **CITY** or her designee.

1.7 "Completion" shall mean constructing a public improvement in **ZONE** substantially in accordance with the Project and Financing Plans and with this Agreement

so that the particular improvement can be used and maintained for its intended purpose, as certified by a **CITY** architect, engineer or other **CITY** official with official responsibility for inspecting and certifying such improvements.

1.8 "Contract Progress Payment Request" shall mean a request for payment from **DEVELOPER** for funds due to **DEVELOPER** for successfully completed work on a specific improvement in **ZONE**, accompanied by customary documentation including the name and address of the entity that performed the work, a description of the contract pursuant to which the payment is made, the amount of such payment, the original contract amount, total payments made to date on such contract, an estimate of remaining work to be completed on the specific improvement, the cost of such work, and any customary lien and/or subcontractor releases.

1.9 "Construction Schedule" shall mean the timetable for constructing the improvements specified in the Project and Financing plan and in this Agreement as (either or both) may be amended for **ZONE**.

1.10 "Development Agreement" shall mean this document as may be amended between **CITY**, Board of Directors for **ZONE**, and **DEVELOPER**.

1.11 "Project and Financing Plan" shall mean the Project and Financing Plan for **ZONE** as may be amended from time to time by the Board of Directors for **ZONE** and **CITY**, as approved by the Board of Directors for **ZONE** and by **CITY**.

1.12 "Project" shall mean the design, construction, assembly, installation and implementation of the improvements and/or activities as more specifically detailed in the Project and Financing Plan and in this Agreement as (either or both) may be amended from to time.

1.13 "Public Infrastructure" shall mean streets, street lighting, sidewalks, traffic signal devices, transit stops, boulevard landscaping, utilities, parks, storm sewers, and all other public areas listed in the Project and Financing Plan for construction by **DEVELOPER**.

1.14 "Reinvestment **ZONE**" shall mean Reinvestment Zone Number Five, City of San Antonio, Texas.

1.15 Singular and Plural: Words used herein in the singular, where the context so permits, also includes the plural and vice versa, unless otherwise specified.

II. REPRESENTATIONS

2.1 **NO INCREMENT REVENUE BONDS:** **CITY**, Board of Directors for **ZONE**, and **DEVELOPER** represent that they understand and agree that neither **CITY** nor Board of Directors for **ZONE** shall issue any tax increment revenue bonds to cover any costs directly or indirectly related to **DEVELOPER's** improvement of **ZONE** under

this Agreement.

2.2 **CITY** represents to **DEVELOPER** that as of the date hereof **CITY** is a home rule municipality located in Bexar County, Texas and has authority to carry out the obligations contemplated by this Agreement.

2.3 The Board of Directors for **ZONE** represents to **DEVELOPER** that as of the date hereof **ZONE** is a tax increment Reinvestment Zone established by **CITY** pursuant to Ordinance Number 90311, passed and approved on August 19, 1999, and has authority to carry on the functions and operations contemplated by this Agreement.

2.4 **DEVELOPER** represents to **CITY** and to the Board of Directors for **ZONE** that **DEVELOPER** is an entity organized in the State of Texas, and is in good standing under the laws of the State of Texas; that **DEVELOPER** has the authority to enter into this Agreement and to perform the requirements of this Agreement; that **DEVELOPER's** performance under this Agreement shall not violate any applicable judgment, order, law or regulation; that **DEVELOPER's** performance under this Agreement shall not result in the creation of any claim against **CITY** for money or performance, any lien, charge, encumbrance or security interest upon any asset of **CITY** or the Board of Directors for **ZONE**; that **DEVELOPER** shall have sufficient capital to perform all of its obligations under this Agreement when it needs to have said capital; and that **DEVELOPER** owns the real property described in Exhibit "A" (attached hereto and incorporated herein), the area scheduled for improvements in **ZONE**.

2.5 **CITY**, the Board of Directors for **ZONE**, and **DEVELOPER** represent to each other that the execution, delivery, and performance of this Agreement on their part does not require consent or approval of any person that has not been obtained.

2.6 **CITY**, the Board of Directors for **ZONE**, and **DEVELOPER** represent to each other that to the extent that such funds are available, **CITY** and the Board of Directors for **ZONE** shall use only Available Tax Increment funds to pay **DEVELOPER** up to a maximum total payment of six hundred nine thousand, three hundred seventy-nine dollars and twenty-six cents ($609,379.26) as full compensation for designing and constructing the Public Infrastructure improvements required under the Project and Financing Plan and this Agreement, pursuant to Article VI, Compensation to Developer.

2.7 **CITY**, the Board of Directors for **ZONE**, and **DEVELOPER** represent to each other that each party shall make every reasonable effort to expedite the subject matters hereof and acknowledge that the successful performance of this Agreement requires their continued cooperation.

2.8 **CITY**, Board of Directors for **ZONE**, and **DEVELOPER** represent that they understand and agree that even after the Reinvestment Zone terminates, **DEVELOPER** shall diligently work to successfully complete any and all required improvements that are not completed before the Reinvestment **ZONE** terminates. Such completion shall be at no additional cost to **CITY**, the Board of Directors for **ZONE**, or any other taxing Entity

participating in the **ZONE**.

2.9 **CITY**, Board of Directors for **ZONE**, and **DEVELOPER** represent that they understand and agree that this Agreement shall have no force or effect unless and until the applicable Interlocal Agreement for the Project is executed between **CITY** and the participating taxing Entities and the **ZONE**.

2.10 **DEVELOPER** represents that he understands that any contributions made by **DEVELOPER** in anticipation of reimbursement from tax increments shall not be, nor construed to be, financial obligations of **CITY**, other taxing entities, or **ZONE**. **DEVELOPER** shall bear all risks associated with reimbursement, including, but not limited to: incorrect estimates of tax increment, changes in tax rates or tax collections, changes in state law or interpretations thereof, changes in market or economic conditions impacting the project, changes in interest rates or capital markets, changes in development codes requirements, default by tenants, unanticipated effects covered under legal doctrine of *force majuere*, and/or other unanticipated factors.

III. THE PROJECT

3.1 **The Project**. The Project shall constitute and include the design, construction, assembly, installation and implementation of an urban mixed-use development with single-family homes, streets and approaches, drainage system, sewer system, water system and sidewalks to be constructed by **DEVELOPER** on an approximately 10 acre tract of land (the "New Horizons Subdivision Project") shown on the plat in Exhibit A.

3.2 **The Public Infrastructure Improvements**. The Public Infrastructure Improvements shall consist of the following items: street excavation and installation, curbing, sidewalks, utilities, landscaping and other public improvements. The Infrastructure is more particularly described in Exhibit B (attached hereto and incorporated herein).

3.3 **Construction of Public Improvements.** Eligible Project Costs financed through TIF proceeds shall be publicly bid in compliance with Chapter 252 of the Local Government Code, use prevailing wages, and be constructed by **DEVELOPER**, in compliance with all applicable law *unless:* (1) tax increments go toward financing 30 percent or less of the cost for a specific public improvement, in compliance with Chapter 212 of the Local Government Code; and (2) such public improvement is not a building of any sort. Under such a scenario, **DEVELOPER** could request to construct the public improvement, however, **DEVELOPER** must have **CITY** approval.

3.4 **Financing**. The cost of the Public Infrastructure Improvements and all other improvement expenses associated with the Project shall be through the use of **DEVELOPER's** own capital or through commercial construction loans/lines of credit

secured solely by **DEVELOPER**. **DEVELOPER** may include any or part of the project site except those portions intended to become public property as collateral for the construction loan or loans as required for the development of the Project. **CITY** and the Board of Directors for **ZONE** pledge to use Available Tax Increment funds, up to the maximum amount provided herein to reimburse **DEVELOPER** for constructing the Project. **THESE AVAILABLE TAX INCREMENT PAYMENTS TO DEVELOPER ARE NOT INTENDED TO REIMBURSE DEVELOPER FOR ALL OF ITS COSTS INCURRED IN CONNECTION WITH PERFORMING ITS OBLIGATIONS UNDER THIS AGREEMENT.**

3.5 The parties hereto agree that neither **CITY** nor **ZONE** can guarantee that those available Tax Increment funds shall completely reimburse **DEVELOPER**, but that those available Tax Increment funds shall constitute the total reimbursement to **DEVELOPER** for the construction of the Public Infrastructure Improvement portions of the Project.

IV. DUTIES AND OBLIGATIONS OF DEVELOPER

4.1 **DEVELOPER** shall comply with all applicable provisions of the Tax Increment Financing (TIF) and Reinvestment Zone Guidelines and Criteria, passed and approved by **CITY** Council, in effect at the time of the creation of this Zone, to the extent that said Guidelines do not conflict with this Agreement. In the event of a conflict between the Guidelines and this Agreement, the terms of this Agreement shall control.

4.2 Subject to the consideration from **CITY** and the Board of Directors for **ZONE**, **DEVELOPER** agrees to complete, or cause to be completed, the improvements described in the Project and Financing Plan and in this Agreement. **DEVELOPER** agrees to provide, or cause to be provided, all materials, labor, and services for completing the Project. **DEVELOPER** also agrees, when required in connection with improving the Project, to obtain, or cause to be obtained, all necessary permits and approvals from **CITY** and/or all other governmental agencies having jurisdiction over the construction of improvements in **ZONE**.

4.3 **DEVELOPER** shall prepare, or cause to be prepared, the Plans and Specifications for the Public Infrastructure Improvements and all other improvements in Agreement prior to starting any construction. Furthermore, **DEVELOPER** shall not commence any construction on the Project until said Plans and Specifications have been approved in writing by the appropriate department of **CITY** and the Board of Directors for **ZONE**.

4.4 **DEVELOPER** shall, prior to beginning construction on the Project, cause any contractors or subcontractors to obtain a payment and performance bond in an amount sufficient to cover completion of all public improvements under the Project and Financing Plan or under this Agreement. **DEVELOPER** shall obtain said bond in the event the contractor or subcontractor fails to do so.

4.5 **DEVELOPER** agrees to supervise all phases of construction on the Project and cause the construction to be performed substantially in accordance with the Project and Financing Plan, the approved Plans and Specifications, and this Agreement. **DEVELOPER** also agrees to provide periodic reports of such construction to **CITY** and to the Board of Directors for **ZONE** upon reasonable request.

4.6 **DEVELOPER** shall be responsible for paying, or causing to be paid, to **CITY** and all other governmental agencies the cost of all applicable permit fees and licenses required for construction of the Project.

4.7 **DEVELOPER** agrees to start and complete the Project in accordance with the Construction Schedule set fort in this Agreement at Exhibit C, attached hereto and incorporated herein.

4.8 If substantial completion of the Project is delayed by reason of war, civil commotion, acts of God, inclement weather, governmental restrictions, regulations, fire or other casualty, court injunction, necessary condemnation proceedings, interference by third parties, or any circumstances reasonably beyond **DEVELOPER's** control, then and in that event, at **CITY's** sole discretion, the period of each such delay shall be added to extend the Construction Schedule for **DEVELOPER's** performance under this Agreement.

4.9 **DEVELOPER** shall make a good faith effort to comply with **CITY's** policy regarding the participation of small and minority business enterprises in subcontracting any of the work required to be performed under the Project and Financing Plan or under this Agreement. Upon request, **CITY** shall provide **DEVELOPER** a list of those business enterprises certified by **CITY** as eligible small and minority business enterprises. **DEVELOPER** shall maintain records showing (i) its subcontracts, supply agreements, and services agreements with and to small and minority business enterprises, (ii) specify its efforts to identify and award subcontracts to small and minority business enterprises, and (iii) provide reports of its efforts under this Paragraph to **CITY**, in a form and manner **CITY** may reasonably prescribe, at least annually during construction of the Project and upon completion of the Project.

4.10 **DEVELOPER** shall take all reasonable care required to protect all trees or other existing items that **CITY** has designated in writing for protection from damage due to construction activities.

4.11 **DEVELOPER** shall cause the owner of any and all residential buildings and commercial buildings to render the same to the Bexar County Appraisal District before December 31 of each year of this Agreement if the buildings were completed prior to said December 31.

4.12 **DEVELOPER** shall, at its own cost and expense, maintain the Public Infrastructure Improvements and all the other public improvements through acceptance

by **CITY** of the Improvements, as evidenced by a letter of acceptance from **CITY**'s Director of Public Works. After such acceptance, maintenance of the Public Infrastructure Improvements shall be the responsibility of **CITY**. **DEVELOPER** shall ensure that all such public improvements are open for use by the general public. **DEVELOPER** shall convey to the appropriate participating taxing Entity (as determined by **CITY**), at no additional cost or expense to **CITY** or the participating taxing Entity, fee simple absolute ownership to all public improvements within sixty (60) days after completion of the Improvements.

4.13 **DEVELOPER** shall grant a permanent and dedicated right-of-way easement to **CITY** at no cost to **CITY**, if and when requested by **CITY**, for a public purpose during construction of the Project, in a location mutually agreed to by the parties hereto in writing.

4.14 **DEVELOPER** shall pay monthly rates and charges for all utilities (such as water, electricity, and sewer services) for all areas owned by **DEVELOPER** during construction of the Project, and for so long as **DEVELOPER** owns those areas.

4.15 **DEVELOPER** shall cooperate with **CITY** and the Board of Directors for **ZONE** in providing all necessary information to **CITY** and to Board of Directors for **ZONE** in order to assist **CITY** and the Board of Directors for **ZONE** in complying with this Agreement.

4.16 **DEVELOPER** shall accept only Available Tax Increment funds, up to a maximum total payment of $609,379.26, as full compensation to **DEVELOPER** for designing and constructing the improvements required under the Project and Financing Plan and this Agreement.

4.17 **DEVELOPER** shall submit written annual reports, starting twelve months from the commencement of construction, and thereafter through the duration of the Project, on its construction progress and expenses to **CITY** and to the Board of Directors for **ZONE**.

4.18 **DEVELOPER** shall diligently work to successfully complete any and all required improvements that are not completed before the Reinvestment **ZONE** terminates. Such completion shall be at no additional cost to **CITY**, the Board of Directors for **ZONE**, or any other taxing Entity participating in the **ZONE**.

4.19 **DEVELOPER** shall comply with the Standards for Development, attached hereto as Exhibit D and incorporated herein.

4.20 **DEVELOPER** shall comply with the Development Targets, attached hereto as Exhibit E and incorporated herein.

V. DUTIES AND OBLIGATIONS OF CITY AND BOARD OF DIRECTORS FOR ZONE.

5.1 Neither **CITY** nor the Board of Directors for **ZONE** shall sell or issue any bonds to pay or reimburse **DEVELOPER** or any third party for any improvements to **ZONE** performed under the Project and Financing Plan or under this Agreement.

5.2 To the extent that such funds are available, **CITY** and the Board of Directors for **ZONE** shall use only Available Tax Increment funds to pay **DEVELOPER** up to a maximum total payment of $609,379.26 as full reimbursement for designing and constructing the improvements required under the Project and Financing Plan and this Agreement.

5.3 **CITY** and the Board of Directors for **ZONE** hereby pledge all Available Tax Increment funds attributable to **DEVELOPER's** improving **ZONE** as full reimbursement to **DEVELOPER**, up to the maximum total amount specified in this Agreement. **DEVELOPER** shall make a good faith effort to comply with **CITY's** policy regarding the participation of small and minority business enterprises.

5.4 **CITY** and the Board of Directors for **ZONE** shall use their respective best efforts to cause the participating governing body of each Entity that levies real property taxes in **ZONE** to levy and collect their Ad Valorem taxes due on real property located within **ZONE** and to contribute the Available Increment Tax towards compensating **DEVELOPER** for the improvements as required under this Agreement.

5.5 **CITY** and the Board of Directors for **ZONE** shall use their respective best efforts to issue, or cause to be issued; a Certificate of Completion for items satisfactorily brought to Completion by **DEVELOPER** in constructing this Project.

5.6 **CITY** and the Board of Directors for **ZONE** shall not unreasonably withhold approval on requests from **DEVELOPER** on matters under this Agreement. **DEVELOPER** shall make a good faith effort to comply with **CITY's** policy regarding the participation of small and minority business enterprises that require approval from **CITY** and the Board of Directors for **ZONE** prior to **DEVELOPER's** action.

VI. COMPENSATION TO DEVELOPER

6.1 In exchange for **DEVELOPER's** satisfactory Completion of the Project, as evidenced by a Certificate of Completion issued by **CITY**, **DEVELOPER** shall receive up to a maximum total payment of $609,379.26 as full reimbursement for the Project.

6.2 The sole source of the funds to compensate **DEVELOPER** for satisfactorily completing the Project shall be Available Tax Increment funds levied and collected on real property located in **ZONE** and contributed by taxing entities participating in **ZONE**.

6.3 Available Tax Increment funds shall be paid to **DEVELOPER**, up to the maximum total amount of $609,379.26, as **CITY** determines that **DEVELOPER** has successfully completed portions of the Project.

6.4 If Available Tax Increment funds do not exist in an amount sufficient to make such payments in full when the payments are due to **DEVELOPER** under this Agreement, partial payments shall be made to **DEVELOPER** and the remainder shall be paid as Available Tax Increment funds become available. No interest, fees, costs, expenses, or penalties shall be paid to **DEVELOPER** on any late payment.

6.5 If any payment to **DEVELOPER** is held invalid, ineligible, illegal or unenforceable under present or future federal, state or local laws, including but not limited to the City Charter, City Code, or ordinances of the **CITY** of San Antonio, Texas, then and in that event it is the intention of the parties hereto that such invalid, ineligible, illegal or unenforceable payment shall be repaid in full by **DEVELOPER** and that the remainder of this Agreement shall be construed as if such invalid, illegal or unenforceable payment was never contained herein.

VII. INSURANCE

7.1 **DEVELOPER's** financial integrity is of interest to **CITY**, therefore, subject to **DEVELOPER's** right to maintain reasonable deductibles in such amounts as are approved by **CITY**, **DEVELOPER** shall obtain and maintain in full force and effect during all Public Infrastructure construction required by the Project Plan, and any extension hereof, at **DEVELOPER's** sole expense, insurance coverage written on an occurrence except professional liability basis, by companies authorized and admitted to do business in the State of Texas and rated A - or better by A.M. Best Company and/or otherwise acceptable to **CITY**, in the following types and amounts:

	Type	Amount
(1)	Worker's Compensation & Employer's Liability	Statutory $500,000/$500,000/$500,000
(2)	Professional Liability (claims made form)	$1,000,000 per occurrence
(3)	Comprehensive General Liability (Including Broad Form Coverage, Contractual Liability, Bodily and Personal Injury, and Completed Operations	Combined limits of $1,000,000 per occurrence and $2,000,000 in the aggregate or its equivalent in umbrella or excess liability coverage

(4) Business Automobile Liability (any auto, including employer's non-owned and hired auto coverage)	$1,000,000 combined single limit per occurrence

7.2 **CITY** shall be entitled, upon request and without expense, to receive copies of the policies and all endorsements thereto as they apply to the limits required by **CITY**, and may make a reasonable request for deletion, revision, or modification of particular policy terms, conditions, limitations or exclusions (except where policy provisions are established by law or regulation binding upon either of the parties hereto or the underwriter of any such policies). Upon such request by **CITY**, **DEVELOPER** shall exercise reasonable efforts to accomplish such changes in policy coverage, and shall pay the cost thereof.

7.3 **DEVELOPER** agrees that with respect to the above-required insurance, all insurance contracts and Certificate(s) of Insurance shall contain the following required provisions:

7.3.1 Name **CITY** and its officers, employees, and elected representatives as additional insured as respects operations and activities of, or on behalf of, the named insured performed under agreement with **CITY**, with the exception of the Workers' compensation and professional liability policies;

7.3.2 Provide for an endorsement that the "other insurance" clause shall not apply to **CITY** of San Antonio where **CITY** is an additional insured shown on the policy;

7.3.3 Workers' compensation and employers' liability policy shall provide a waiver of subrogation in favor of **CITY**.

7.4 **DEVELOPER** shall notify **CITY** in the event of any notice of cancellation, non-renewal or material change in coverage and shall give such notices not less than thirty (30) days prior to the change, or ten (10) days notice for cancellation due to non-payment of premiums, which notice must be accompanied by a replacement Certificate of Insurance. All notices shall be given to **CITY** at the following address:

City of San Antonio Neighborhood Action Department P.O. Box 839966 San Antonio, Texas 78283-3966	City of San Antonio City Clerk's Office P.O. Box 839966 San Antonio, Texas 78283-3966

7.5 If **DEVELOPER** fails to maintain the aforementioned insurance, or fails to secure and maintain the aforementioned endorsements, **CITY** may obtain such insurance, and deduct and retain the amount of the premiums for such insurance from any sums due under the Agreement; however, procuring of said insurance by **CITY** is an alternative to other remedies **CITY** may have, and is not the exclusive remedy for failure of

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

7.6 Nothing herein contained shall be construed as limiting in any way the extent to which **DEVELOPER** may be held responsible for payments of damages to persons or property resulting from **DEVELOPER's** or its subcontractors' performance of the work covered under this Agreement.

7.7 DEVELOPER shall also indemnify CITY, the Board of Directors for ZONE, AND ALL OTHER TAXING ENTITIES PARTICIPATING IN ZONE and their respective officials and employees from and against any and all claims, losses, damages, causes of actions, suits and liabilities arising out of DEVELOPER's and DEVELOPER's subcontractors' actions related to the performance of this Agreement.

7.8 **DEVELOPER** shall also require each of its subcontractors working on this Project to indemnify **CITY**, the Board of Directors for **ZONE**, and all other taxing entities participating in **ZONE** and their respective officials and employees from and against any and all claims, losses, damages, causes of actions, suits and liabilities arising out of their actions related to the performance of this Agreement, utilizing the same Indemnification language contained herein, in its entirety.

7.9 WORKERS COMPENSATION INSURANCE COVERAGE

7.9.1 Definitions:

7.9.1.1 "Certificate of coverage" ("certificate")- A copy of a certificate of insurance, a certificate of authority to self-insure issued by the commission, or a coverage agreement (TWCC-81, TWCC-82, TWCC-83, or TWCC-84), showing statutory workers' compensation insurance coverage for the person's or entity's employees providing services on a project, for the duration of the project.

7.9.1.2 "Duration of the project" - includes the time from the beginning of the work on the project until the contractor's/person's work on the project has been completed and accepted by the governmental entity.

7.9.1.3 "Persons providing services on the project" ("subcontractor" in §406.096 of the Texas Labor Code) - includes all persons or entities performing all or part of the services the contractor has undertaken to perform on the project, regardless of whether that person

contracted directly with the contractor and regardless of whether that person has employees. This includes, without limitation, independent contractors, subcontractors, leasing companies, motor carriers, owner-operators, employees of any such entity, or employees of any entity which furnishes persons to provide services on the project. "Services" include, without limitation, providing, hauling, or delivering equipment or materials, or providing labor, transportation, or other service related to a project. "Services" does not include activities unrelated to the project, such as food/beverage vendors, office supply deliveries, and delivery of portable toilets.

7.9.2 The contractor shall provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements, which meets the statutory requirements of Texas Labor Code, Section 401.011(44) for all employees of the contractor providing services on the project, for the duration of the project.

7.9.3 The Contractor must provide a certificate of coverage to the governmental entity prior to being awarded the contract.

7.9.4 If the coverage period shown on the contractor's current certificate of coverage ends during the duration of the project, the contractor must, prior to the end of the coverage period, file a new certificate of coverage with the governmental entity showing that coverage has been extended.

7.9.5 The contractor shall obtain from each person providing services on a project, and provide to the governmental entity:

7.9.5.1 a certificate of coverage, prior to that person beginning work on the project, so the governmental entity will have on file certificates of coverage showing coverage for all persons providing services on the project; and

7.9.5.2 no later than seven days after receipt by the contractor, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the project.

7.9.6 The contractor shall retain all required certificates of coverage for the duration of the project and for one year thereafter.

7.9.7 The contractor shall notify the governmental entity in writing by certified mail or personal delivery, within 10 days after the contractor knew or should have known, of any change that materially affects the provision of coverage of any person providing services on the project.

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

7.9.9 The contractor shall contractually require each person with whom it contracts to provide services on a project, to:

7.9.9.1 provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements, which meets the statutory requirements of Texas Labor Code, Section 401.011(44) for all of its employees providing services on the project, for the duration of the project;

7.9.9.2 provide to the contractor, prior to that person beginning work on the project, a certificate of coverage showing that coverage is being provided for all employees of the person providing services on the project, for the duration of the project;

7.9.9.3 provide the contractor, prior to the end of the coverage period, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the project;

7.9.9.4 obtain from each other person with whom it contracts, and provide to the contractor:

7.9.9.4.1 a certificate of coverage, prior to the other person beginning work on the project; and

7.9.9.4.2 a new certificate of coverage showing extension of coverage, prior to the end of the coverage period, if the coverage period shown on the current certificate of coverage ends during the duration of the project;

7.9.9.5 retain all required certificates of coverage on file for the duration of the project and for one year thereafter;

7.9.9.6 notify the governmental entity in writing by certified mail or personal delivery, within 10 days after the person knew or should have known, of any change that materially affects the provision of coverage of any person providing services on the project; and

7.9.9.7 contractually require each person with whom it contracts, to perform as required by paragraphs 7.9.9.1 – 7.9.9.7, with the certificates of coverage to be provided to the person for whom they are providing services.

7.9.10 By signing this contract or providing or causing to be provided a certificate of coverage, the contractor is representing to the governmental entity that all employees of the contractor who will provide services on the project will be covered by workers' compensation coverage for the duration of the project, that the coverage will be based on proper reporting of classification codes and payroll amounts, and that all coverage agreements will be filed with the appropriate insurance carrier or, in the case of a self-insured, with the commission's Division of Self-Insurance Regulation. Providing false or misleading information may subject the contractor to administrative penalties, criminal penalties, civil penalties, or other civil actions.

7.9.11 The contractor's failure to comply with any of these provisions is a breach of contract by the contractor which entitles the governmental entity to declare the contract void if the contractor does not remedy the breach within ten days after receipt of notice of breach from the governmental entity.

VIII. DEFAULT

8.1 In the event that **DEVELOPER** fails to commence construction of the Project, fails to complete construction of the Project, or fails to perform any other obligation pursuant to the terms of this Agreement, **CITY** and the Board of Directors for **ZONE** may terminate this Agreement if **DEVELOPER** does not take adequate steps to cure its failure within ninety (90) calendar days after receiving written notice from **CITY** and/or the Board of Directors for **ZONE**, requesting the failure be cured. In the event of such default and **DEVELOPER** has received any payments under this Agreement, **DEVELOPER** must refund these payments within sixty (60) calendar days after receiving written notice from **CITY** and/or the Board of Directors for **ZONE** that **DEVELOPER** has defaulted on this Agreement; EXCEPT that no refund is due if **DEVELOPER**, with **CITY's** and the Board of Directors for **ZONE's** written consent, assigns its remaining obligations under this Agreement to a qualified party who is willing and capable of completing **DEVELOPER's** obligations under this Agreement, pursuant to Article XIII herein.

IX. INDEMNIFICATION

9.1 DEVELOPER covenants and agrees to FULLY INDEMNIFY and HOLD HARMLESS, CITY (and the elected officials, employees, officers, directors, and representatives of CITY), the BOARD OF DIRECTORS FOR ZONE (and the officials, employees, officers, directors, and representatives of the BOARD OF DIRECTORS FOR ZONE), and all other taxing Entities participating in ZONE (and the elected officials, employees, officers, directors, and representatives of these Entities), individually or collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands,

causes of action, liability and suits of any kind and nature, including but not limited to, personal injury or death and property damage, made upon CITY, the BOARD OF DIRECTORS FOR ZONE, and/or upon any of the taxing Entities participating in ZONE directly or indirectly arising out of, resulting from or related to DEVELOPER'S negligence, willful misconduct or criminal conduct in its activities under this Agreement, including any such acts or omissions of DEVELOPER, any agent, officer, director, representative, employee, consultant or subconsultants of DEVELOPER, and their respective officers, agents, employees, directors and representatives while in the exercise or performance of the rights or duties under this Agreement, all without, however, waiving any governmental immunity available to CITY, the BOARD OF DIRECTORS FOR ZONE, and/or the other taxing Entities participating in ZONE under Texas Law and without waiving any defenses of the parties under Texas Law. 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. DEVELOPER shall promptly advise CITY, the BOARD OF DIRECTORS FOR ZONE, and the other taxing Entities participating in ZONE in writing of any claim or demand against CITY, the BOARD OF DIRECTORS FOR ZONE, any other taxing Entities participating in ZONE and/or DEVELOPER known to DEVELOPER related to or arising out of DEVELOPER'S activities under this Agreement and shall see to the investigation and defense of such claim or demand at DEVELOPER'S cost to the extent required under the Indemnity in this Section. CITY, the BOARD OF DIRECTORS FOR ZONE, and/or any other taxing Entities participating in ZONE shall have the right, at their option and at their own expense, to participate in such defense without relieving DEVELOPER of any of its obligations under this paragraph.

9.2 It is the EXPRESS INTENT of the parties to this Agreement, that the INDEMNITY provided for in this section, is an INDEMNITY extended by DEVELOPER to INDEMNIFY, PROTECT and HOLD HARMLESS CITY, the BOARD OF DIRECTORS FOR ZONE, and the other taxing Entities participating in ZONE from the consequences of the CITY's OWN NEGLIGENCE, the BOARD OF DIRECTORS FOR ZONE'S OWN NEGLIGENCE, and/or NEGLIGENCE of the other taxing Entities participating in ZONE provided however, that the INDEMNITY provided for in this section SHALL APPLY only when the NEGLIGENT ACT of CITY, the BOARD OF DIRECTORS FOR ZONE, or of any other taxing Entities participating in ZONE is a CONTRIBUTORY CAUSE of the resultant injury, death, or damage, and shall have no application when the negligent act of CITY, the BOARD OF DIRECTORS FOR ZONE, or of any other taxing Entities participating in ZONE is the sole cause of the resultant injury, death, or damage. DEVELOPER further AGREES TO DEFEND, AT ITS OWN EXPENSE and ON BEHALF OF CITY (AND IN THE NAME OF CITY), the BOARD OF DIRECTORS FOR ZONE (AND IN THE NAME OF THE BOARD OF DIRECTORS FOR ZONE), and any other taxing Entities participating in ZONE (and in the name of any other taxing Entities participating in ZONE) any claim or litigation brought against CITY (and its elected officials, employees, officers,

directors and representatives), the BOARD OF DIRECTORS FOR ZONE (and its officials, employees, officers, directors and representatives), and/or any other taxing Entities participating in ZONE (their officials, employees, officers, directors and representatives), in connection with any such injury, death, or damage for which this INDEMNITY shall apply, as set forth above.

X. SITE INSPECTION

10.1 **DEVELOPER** shall allow **CITY** and/or the Board of Directors for **ZONE** reasonable access to the Project Site for inspections during and upon completion of construction of the Project, and to documents and records necessary for **CITY** and/or the Board of Directors for **ZONE** to assess **DEVELOPER'S** compliance with this Agreement.

10.2 All personnel supplied or used by **DEVELOPER** in the performance of this Agreement shall be deemed employees or subcontractors of **DEVELOPER** and shall not be considered employees, agents or subcontractors of **CITY**, the Board of Directors for **ZONE**, or of any other taxing Entities participating in **ZONE** for any purpose whatsoever. **DEVELOPER** shall be solely responsible for the compensation of all such personnel.

10.3 To the extent permitted by State law, no director, officer employee or agent of **CITY**, the Board of Directors for **ZONE**, or of any other taxing Entities participating in **ZONE** shall be personally responsible for any liability arising under or growing out of the Agreement.

XI. EXAMINATION OF RECORDS

11.1 **CITY** reserves the right to conduct examinations, during regular business hours and following notice to the Board of Directors for **ZONE** and **DEVELOPER** by **CITY** of the books and records related to the Agreement with **CITY** (including such items as contracts, paper, correspondence, copy, books, accounts, billings and other information related to the performance of the Board of Directors for **ZONE** and/or **DEVELOPER's** services hereunder) no matter where books and records are located. **CITY** also reserves the right to perform any and all additional audit tests relating to the Board of Directors for **ZONE** and/or **DEVELOPER's** services, provided that such audit test are related to those services performed by the Board of Directors for **ZONE** and/or **DEVELOPER** for **CITY**. These examinations shall be conducted at the offices maintained by the Board of Directors for **ZONE** and/or **DEVELOPER**.

11.2 All applicable records and accounts of the Board of Directors for **ZONE** and/or **DEVELOPER**, together with all supporting documentation, shall be preserved in Bexar County, Texas by the Board of Directors for **ZONE** and/or **DEVELOPER** throughout

the term of this Agreement and for twelve (12) months after the termination of this Agreement, then transferred, at no cost to **CITY**, to **CITY** for retention. During this time, **CITY** may require that any or all of such records and accounts be submitted for audit to **CITY** or to a Certified Public Accountant selected by **CITY**. In the event the Board of Directors for **ZONE** and/or **DEVELOPER** fails to furnish **CITY** any documentation required hereunder within ten (10) days following the written request for same, then the Board of Directors for **ZONE** and/or **DEVELOPER** shall be in default of this Agreement.

11.3 Should **CITY** discover errors in internal controls or in record keeping associated with the scope of work covered by this Agreement, the Board of Directors for **ZONE** and/or **DEVELOPER** shall correct such discrepancies either upon discovery or within a reasonable period of time, not to exceed sixty (60) days after discovery and notification by **CITY** to the Board of Directors for **ZONE** and/or **DEVELOPER** of such discrepancies. The Board of Directors for **ZONE** and/or **DEVELOPER** shall inform **CITY** in writing of the action taken to correct such audit discrepancies.

11.4 If it shall be determined as a result of such audit that the Board of Directors for **ZONE** and/or **DEVELOPER** has overcharged **CITY** hereunder, then such overcharges shall be immediately refunded to **CITY** and become due and payable with interest at the maximum legal rate under applicable law from the date the **CITY** paid such overcharges. In addition, if the audit determined that there were overcharges of more than two percent (2%) of the greater of the budget or payments to **DEVELOPER** for the year the discrepancy occurred, and **CITY** is entitled to a refund as a result of such overcharges, then the Board of Directors for **ZONE** shall pay the cost of such audit.

XII. NON-WAIVER

12.1 Any provision of this Agreement may be amended or waived if done in writing and is signed by **CITY**, through an ordinance passed and approved by its City Council, the Board of Directors for **ZONE**, and **DEVELOPER**.

12.2 No course of dealing on the part of **CITY**, the Board of Directors for **ZONE**, or **DEVELOPER** nor any failure or delay by **CITY**, the Board of Directors for **ZONE**, or **DEVELOPER** in exercising any right, power, or privilege under this Agreement shall operate as a waiver of any right, power or privilege owing under this Agreement.

XIII. ASSIGNMENT AND SUBCONTRACTING

13.1 All covenants and agreements contained herein by **CITY** and/or the Board of Directors for **ZONE** shall bind their successors and assigns and shall inure to the benefit of **DEVELOPER** and their successors and assigns.

13.2 **CITY** and/or the Board of Directors for **ZONE** may assign their rights and obligations under this Agreement to any governmental Entity without prior consent of **DEVELOPER**.

13.3 **DEVELOPER** may sell or transfer it rights and obligations under this Agreement only with written consent of **CITY** as evidenced by the passage of an ordinance, and the Board of Directors for **ZONE** (with such consent not being unreasonably withheld, conditioned, or delayed) when a qualified purchaser or assignee specifically agrees to assume all of the obligations of **DEVELOPER** under this Agreement.

13.4 Any work or services subcontracted herein shall be subcontracted only by written contract or agreement and, unless **CITY** grants specific waiver in writing, shall be subject by its terms, insofar as any obligation of **CITY** is concerned, to each and every provision of this Agreement. Compliance by **DEVELOPER's** subcontractors with this Agreement shall be the responsibility of **DEVELOPER**.

13.5 **CITY** shall in no event be obligated to any third party, including any subcontractor or consultant of **DEVELOPER**, for performance of work or services under this Agreement, except as set forth in Section 13.9 of this Agreement.

13.6 **DEVELOPER** shall not transfer or assign this Agreement or **DEVELOPER's** interest in this Agreement or any part thereof without having first obtained the prior written consent of **CITY** which may be given only by or pursuant to an ordinance enacted by the City Council of San Antonio, Texas, provided, however, that the foregoing shall not apply to and shall not prevent the assignment of this Agreement to any corporation with which **DEVELOPER** may merge or consolidate or which may succeed to a controlling interest in the business of **DEVELOPER**; nor shall the foregoing apply to or prevent **DEVELOPER** from assigning the proceeds of this Agreement to a lending institution in order to obtain financing for the Project. In no event, however, shall **CITY** be obligated in any way to the aforementioned financial institution. This Article does not intend to require **DEVELOPER** to obtain consent of **CITY** for the sale of lots to builders for the construction of homes, apartments or commercial sites.

13.7 Each transfer or assignment to which there has been consent, pursuant to section 13.6 above, shall be by instrument in writing, in form reasonably satisfactory to **CITY**, and shall be executed by the transferee or assignee who shall agree in writing for the benefit of **CITY** to be bound by and to perform the terms, covenants and conditions of this Agreement. Four (4) executed copies of such written instrument shall be delivered to **CITY**. Failure to first obtain in writing **CITY's** consent, or failure to comply with the provisions herein contained shall operate to prevent any such transfer or assignment from becoming effective.

13.8 Should CITY approve the assignment of this Agreement, as evidenced by the passage of an ordinance by City Council, and to the extent that such assignee assumes **DEVELOPER's** duties and obligations hereunder, **DEVELOPER** shall by virtue of

such assignment be released from such duties and obligations.

13.9 The receipt by **CITY** of services from an assignee of **DEVELOPER** shall not be deemed a waiver of the covenant in this Agreement against assignment or an acceptance of the assignee as **DEVELOPER** or a release of **DEVELOPER** from further observance or performance by **DEVELOPER** of the covenants contained in this Agreement. No provision of this Agreement shall be deemed to have been waived by **CITY** unless such waiver is in writing, and approved by City Council in the form of a duly passed ordinance.

XIV. CONFLICT OF INTEREST

14.1 The Board of Directors for **ZONE** and **DEVELOPER** each acknowledges that it is informed that the City of San Antonio's City Charter and its Ethics Code prohibit a **CITY** officer or employee, as those terms are defined in the Ethics Code, from having a financial interest in any contract with the **CITY** or any **CITY** agency such as **CITY**-owned utilities. An officer or employee has a "prohibited financial interest" in a contract with **CITY** or in the sale to **CITY** of land, materials, supplies or service, if any of the following individual(s) or entities is a party to the contract or sale: a **CITY** officer or employee; his parent, child or spouse; a business entity in which the officer or employee, or his parent, child or spouse owns ten (10) percent or more of the fair market value of the business entity; a business entity in which any individual or entity above listed is a subcontractor on a **CITY** contract, a partner or a parent or subsidiary business entity.

14.2 The Board of Directors for **ZONE** and **DEVELOPER** each warrant and certify, and this Agreement is made in reliance thereon, that it, its officers, employees and agents are neither officers nor employees of **CITY**. The Board of Directors for **ZONE** and **DEVELOPER** each further warrant and certify that each has tendered to **CITY** a Discretionary Contracts Disclosure Statement in compliance with **CITY's** Ethics Code.

XV. ENTIRE AGREEMENT

15.1 This written Agreement, embodies the final and entire agreement between the parties hereto and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties.

15.2 The exhibits attached to this Agreement are incorporated herein and shall be considered a part of this Agreement for the purposes stated herein, except that if there is a conflict between an exhibit and a provision of this Agreement, the provision of this Agreement shall prevail over the exhibit.

XVI. CHANGES AND AMENDMENTS

16.1 Except when the terms of this Agreement expressly provide otherwise, any alterations, additions, or deletions to the terms hereof shall be by amendment in writing executed by **CITY**, the Board of Directors for **ZONE** and **DEVELOPER** and evidenced by passage of a subsequent **CITY** ordinance, as to **CITY's** approval.

16.2 It is understood and agreed by the parties hereto that changes in local, state and federal rules, regulations or laws applicable to the Board of Directors for **ZONE** and **DEVELOPER's** services hereunder may occur during the term of this Agreement and that any such changes shall be automatically incorporated into this Agreement without written amendment hereto, and shall become a part hereof as of the effective date of the rule, regulation or law.

XVII. SEVERABILITY

17.1 If any clause or provision of this Agreement is held invalid, illegal or unenforceable under present or future federal, state or local laws, including but not limited to the City Charter, City Code, or ordinances of the **CITY** of San Antonio, Texas, then and in that event it is the intention of the parties hereto that such invalidity, illegality or unenforceability shall not affect any other clause or provision hereof and that the remainder of this Agreement shall be construed as if such invalid, illegal or unenforceable clause or provision was never contained herein; it is also the intention of the parties hereto that in lieu of each clause or provision of this Agreement that is invalid, illegal, or unenforceable, there be added as a part of the Agreement a clause or provision as similar in terms to such invalid, illegal or unenforceable clause or provision as may be possible, legal, valid and enforceable.

XVIII. INDEPENDENT CONTRACTORS

18.1 It is expressly understood and agreed by all parties hereto that in performing their services hereunder, the Board of Directors for **ZONE** and **DEVELOPER** at all times shall be acting as an independent contractors contracted by **CITY** and all consultants or subcontractors engaged by the Board of Directors for **ZONE** and/or **DEVELOPER** respectively shall be independent contractors of the Board of Directors for **ZONE** and/or **DEVELOPER**. The parties hereto understand and agree that **CITY** shall not be liable for any claims which may be asserted by any third party occurring in connection with services performed by the Board of Directors for **ZONE** and/or **DEVELOPER** respectively, under this Agreement unless any such claims are due to the fault of **CITY**.

18.2 The parties hereto further understand and agree that no party has authority to bind the others or to hold out to third parties that it has the authority to bind the others.

XIX. LEGAL AUTHORITY

19.1 The signers of this Agreement, **CITY**, **ZONE** and **DEVELOPER**, represent, warrant, assure and guarantee that they have full legal authority to execute this Agreement on behalf of **CITY**, **ZONE** and/or **DEVELOPER**, respectively and to bind **CITY**, **ZONE** and/or **DEVELOPER** to all of the terms, conditions, provisions and obligations herein contained.

XX. VENUE AND GOVERNING LAW

20.1 THIS CONTRACT SHALL BE CONSTRUED UNDER AND IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

20.2 Any legal action or proceeding brought or maintained, directly or indirectly, as a result of this Contract shall be heard and determined in the City of San Antonio, Bexar County, Texas.

XXI. TAXES

21.1 **DEVELOPER** shall pay, on or before their respective due dates to the appropriate collecting authority all Federal, State, and local taxes and fees which are now or may hereafter be levied upon the Premises or can use the "Property" (which implies personalty and property), or upon **DEVELOPER** or upon the business conducted on the Premises, or upon any of **DEVELOPER's** property used in connection therewith, including employment taxes; and shall maintain in current status all federal State, and local licenses and permits required for the operation of the business conducted by **DEVELOPER**. Failure to comply with the foregoing provisions shall constitute, at **CITY's** discretion, grounds for termination in accordance with Article VIII. Default, of this Agreement by **CITY**.

XXII. PARTIES' REPRESENTATIONS

22.1 This Agreement has been jointly negotiated by the **CITY**, the Board of Directors for **ZONE** and **DEVELOPER** and shall not be construed against a Party because that Party may have primarily assumed responsibility for the drafting of this Agreement.

XXIII. NOTICE

23.1 Any notice sent under this Agreement (except as otherwise expressly required) must be written and mailed with sufficient postage, sent by certified mail, return receipt requested, or delivered personally to an officer of the receiving party at the following

addresses:

CITY

City of San Antonio
Office of the City Clerk
P.O. Box 839966
San Antonio, Texas 78283-3966
FAX: (210) 207- 7032

Board of Directors for **ZONE**

Carlos Balido, Chairman
8058 Vantage
San Antonio, TX 78230
FAX: (210) 308-6604

DEVELOPER
Robert G. Tello, Nuevos Horizontes
8058 Vantage
San Antonio, TX 78230
FAX: (210) 308-6604

23.2 Each party may change its address by written notice in accordance with this Article. Any communication delivered by facsimile transmission shall be deemed delivered when receipt of such transmission is acknowledged. Any communication so delivered in person shall be deemed received when receipted for by or actually received by an officer of the party to whom the communication is properly addressed.

XXIV. CAPTIONS

24.1 All captions used herein are only for the convenience of reference and shall not be construed to have any effect or meaning as to the agreement between the parties hereto.

XXV. COMPLIANCE WITH SBEDA AND EEO POLICIES

25.1 The Board of Directors for **ZONE** and **DEVELOPER** are each hereby advised that it is the policy of **CITY** that Small, Minority or Woman-owned Business Enterprises shall have the maximum practical opportunity to participate in the performance of public contracts. The Board of Directors for **ZONE** and **DEVELOPER** each agrees for itself that the Board of Directors for **ZONE** and **DEVELOPER** will not discriminate against any individual or group on account of race, color, sex, age, religion, national origin or disability and will not engage in employment practices which have the effect of discriminating against employees or prospective employees because of race, color, religion, national origin, sex, age or disability. The Board of Directors for **ZONE** and **DEVELOPER** each further agrees that the Board of Directors for **ZONE** and **DEVELOPER** will each abide by applicable terms and provisions of **CITY's** Non-Discrimination Policy, **CITY's** Small, Minority or Woman-owned Business Advocacy Policy and **CITY's** Equal Opportunity Affirmative Action policy, these policies being

available in **CITY's** Department of Economic Development, Division of Internal Review and the **CITY** Clerk's Office.

25.2 The Board of Directors for **ZONE** and **DEVELOPER** each agrees that if material deficiencies in any aspect of its Small Business Economic Development Advocacy utilization plan are found as a result of a review or investigation conducted by **CITY's** Department of Economic Development, the Board of Directors for **ZONE** and/or **DEVELOPER** will be required to submit a written report to **CITY's** Department of Economic Development. The Board of Directors for **ZONE** and/or **DEVELOPER** will also be required to submit a supplemental Good Faith Effort Plan (GFEP) indicating efforts to resolve any deficiencies. A denied GFEP, by **CITY's** Department of Economic Development, will constitute failure to satisfactorily resolve any deficiencies by the Board of Directors for **ZONE** and/or **DEVELOPER**. Failure to obtain an approved GFEP within ninety (90) days of initial denial shall constitute a default and result in a penalty on the Board of Directors for **ZONE** and/or **DEVELOPER** of $1,000 per day as liquidated damages for the default until all deficiencies are resolved. Failure to cure all deficiencies within another ninety (90) days of the date the penalty is initially assessed constitute a further (additional) condition of default by the Board of Directors for **ZONE** and/or **DEVELOPER** and which can, at the option of the Director, result of forfeiture of the entirety of this Agreement.

XXVI. WAGES

26.1 The Board of Directors for **ZONE** and **DEVELOPER** shall pay wages that are not less than the minimum wages required by Federal and State statutes and **CITY** ordinances to persons employed in their operations hereunder, as described in Exhibit F hereto.

26.2 **DEVELOPER** shall stipulate in all contracts with subcontractors engaged by **DEVELOPER** in furtherance of the execution of this agreement that said subcontractors pay not less than the prevailing wage rate for its workers, and shall attach as an exhibit to said contracts a copy of Exhibit F.

26.3 **DEVELOPER** or any subcontractor who pays less than the prevailing wage rate to its workers shall pay to **CITY** sixty dollars ($60.00) for each worker employed for each calendar day or part of the day that the worker is paid less than the wage rates stipulated in this contract. **DEVELOPER** shall stipulate in all contracts with subcontractors engaged by **DEVELOPER** in furtherance of the execution of this agreement that subcontractor is subject to this $60.00 penalty if subcontractor fails to pay said prevailing wage rates to its workers.

26.4 In accordance with Chapter 2258, Texas Gov't Code, **CITY** shall be entitled to withhold payment from **DEVELOPER** under the contract to satisfy this penalty, even if the party incurring the penalty is a subcontractor of **DEVELOPER**. If **CITY** withholds

payment from **DEVELOPER** as a result of a subcontractor's violation, **DEVELOPER** may withhold payment from the subcontractor in accordance with Chapter 2258. Further, release or disbursement of funds withheld as a penalty hereunder shall be governed by Chapter 2258.

XXVII. EFFECTIVE DATE

27.1 This Agreement shall become effective from the date of execution for a period terminating on the earlier of (i) the date **DEVELOPER** receives the final payment for completing the Project; or (ii) the date of a termination by default; Provided that all existing warranties on the Project shall survive termination of this Agreement; or (iii) expiration of the **ZONE** tax increment finance district.

XXVIII. LITIGATION EXPENSES

28.1 Under no circumstances will the Available Tax Increment funds received under this Agreement be used, either directly or indirectly, to pay costs or attorney fees incurred in any adversarial proceeding against **CITY** or any other public Entity.

28.2 During the term of this Agreement, if the Board of Directors for **ZONE** and/or **DEVELOPER** files and/or pursues an adversarial proceeding against **CITY**, then, at **CITY's** option, this contract and all access to the funding provided for hereunder may terminate.

28.3 The Board of Directors for **ZONE** and/or **DEVELOPER**, at **CITY's** option, could be ineligible for consideration to receive any future funding while any adversarial proceedings against **CITY** remains unresolved.

28.4 For purposes of this Article, "adversarial proceedings" include any cause of action filed by the Board of Directors for **ZONE** and/or **DEVELOPER** in any state or federal court, as well as any state or federal administrative hearing, but does not include Alternate Dispute Resolution proceedings.

IN WITNESS THEREOF, the parties hereto have caused this instrument to be duly executed this 30th day of August 2001.

CITY OF SAN ANTONIO

for Terry M. Brechtel
CITY MANAGER

Assistant to the City Manager

DEVELOPER

Name: Robert G. Tello
Title: Developer / General Contractor

Reinvestment ZONE FIVE

Name: Carlos Balido
Title: Chairman, Reinvestment Zone Five

Approved as to form by City Attorney:

EXHIBIT A

Project Site

EXHIBIT B

Public Infrastructure Improvements

EXHIBIT C

Construction Schedule

EXHIBIT D
Standards for Development

EXHIBIT E
Development Targets

EXHIBIT F
Prevailing Wage Rate Chart

NEW HORIZONS TIF PROJECT

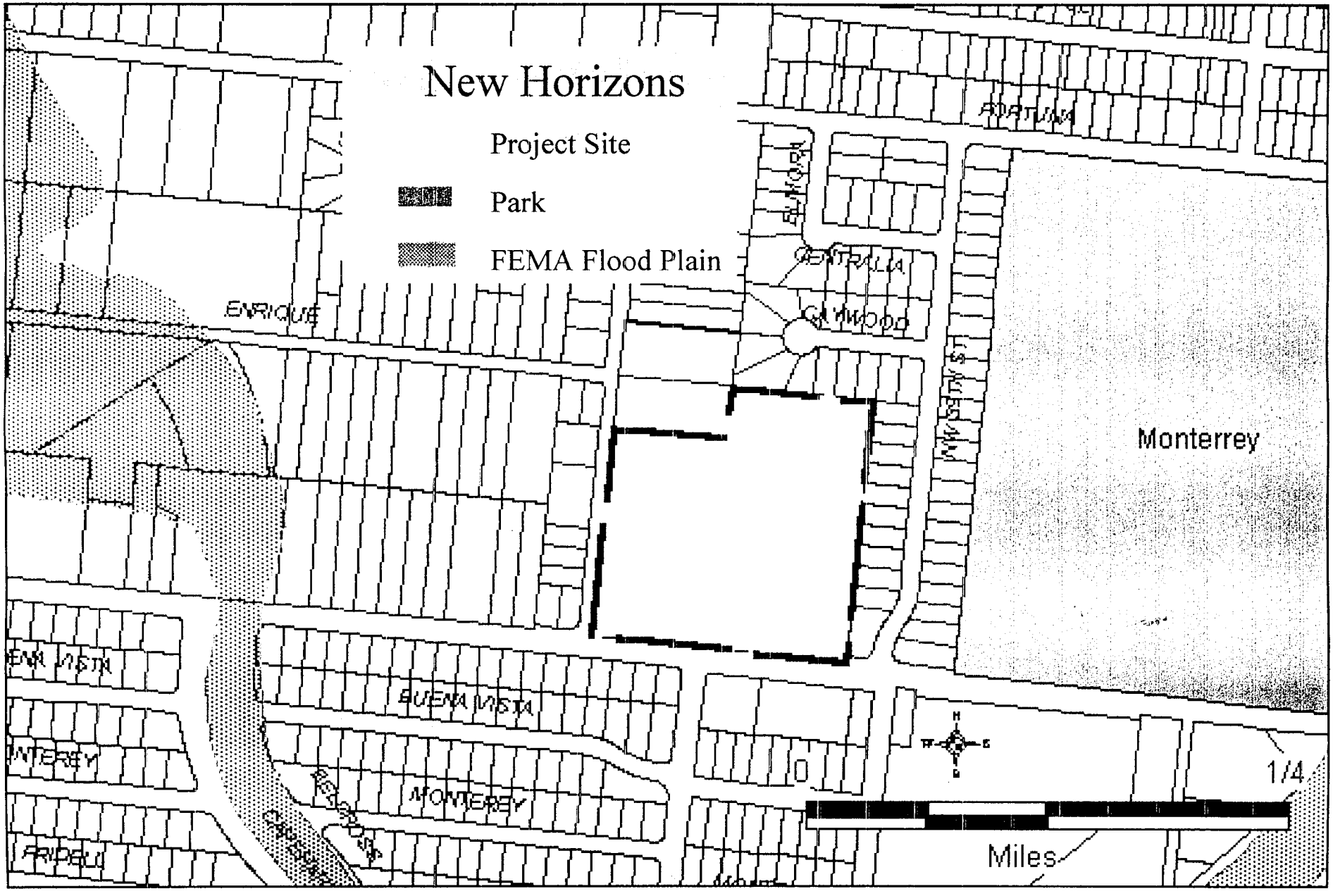


EXHIBIT B

New Horizons Public Infrastructure Improvements

The proposed public infrastructure improvements for this project include:

- street installation
- drainage
- utilities
- sidewalks
- right of way landscaping public improvement
- construction site security

Exhibit C

Construction Timetable

Phase	Year	Number of Homes/School	Type of Structure
I	1999	31 units	*Single Family Homes*
II	2000	32 units	*Single Family Homes*
Total Development		63	**Units**

Exhibit D
New Horizons Project
Standards For Development

Deed Restrictions and Home Owner's Association. All development phases identified in the Project Plan will be subject to deed restrictions and establishment and governance by one or more home owner's association agreements that contain provisions consistent with the requirements set forth in this Exhibit.

Construction Standard. All homes in the Zone shall be constructed on permanent foundations using materials and uniform building industry standards of the day. No manufactured homes, as defined in the City of San Antonio Unified Development Code as amended, previously constructed elsewhere may be moved on any lot in the Zone. This prohibition specifically includes the use of a manufactured home in which the axle and wheels have been removed and placed upon a concrete slab, which said manufactured home is hereby specifically prohibited as a residence, either temporarily or permanently; and further, specifically includes a manufactured home upon which the wheels have been left attached.

Design and Materials. The design and materials may vary to meet current consumer demand and evolving construction technology, provided, however, that all single family homes shall have a minimum of twenty-five percent (25%) exterior consisting of masonry, Hardie Plank™ siding material, any other siding material with qualities similar to masonry or Hardie Plank™ siding material.

Single Family Houses. Single family houses, as described in the Plan, shall be a minimum of 1000 square feet in gross living area. However, if required to meet customer requests/qualifications or market demands, then up to ten (10) of the total homes may be a minimum of 850 square feet.

Outbuilding Requirements. Every outbuilding, inclusive of such structures as a storage building, greenhouse or children's playhouse, shall be compatible with the dwelling to which it is appurtenant in terms of its design and material composition.

Temporary Structures. No structure of a temporary character (e.g., trailer, tent, shack, garage, barn or other outbuildings) shall be used on any lot at any time as a residence, either temporarily or permanently. No trailer, camper or similar vehicle shall at any time be connected to utilities situated within a lot. No manufactured home, as defined in the City of San Antonio Unified Development Code as amended, previously constructed elsewhere may be moved onto any lot in the Zone. This prohibition specifically includes the use of a manufactured home in which the axle and wheels have been removed and placed upon a concrete slab, which said manufactured home is hereby specifically prohibited as a residence, either temporarily or permanently; and further, specifically includes a manufactured home upon which the wheels have been left attached.

Notwithstanding the prior paragraph, during the construction and sales period of the initial dwelling units, the builder may erect and maintain such temporary structures as are customary in connection with such construction and sale of such property, including but not limited to, a business office, storage areas, construction yards, signs, model units, and sales office.

Maintenance. Grass, weeds, and vegetation on each lot sold shall be kept mowed at regular intervals. Trees, shrubs, vines, and plants which die shall be promptly removed from the property. Lawns must be properly maintained, fences must be repaired and maintained and no objectionable or unsightly usage of lots will be permitted which is visible to the public view. Building materials shall not be stored on any lot except when being employed in construction upon such lot, and any excess materials not needed for construction and any building refuse shall promptly be removed from such lot.

Vehicles. No stripped down, wrecked, junked, or wholly inoperable vehicle shall be kept, parked, stored, or maintained on the street fronting any lot in the subdivision, or on any portion of the front yard or driveway of the permanent structure, and such vehicles shall be kept, parked, stored, or maintained on other portions of a lot only within an enclosed structure or a screened area which prevents the view thereof from adjacent lots or streets. No dismantling or assembling of motor vehicles, boats, trailers or other machinery or equipment shall be permitted in any driveway or yard adjacent to a street.

Nuisances. No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. No Owner shall commit an act or conduct work that will impair the structural soundness or integrity of another residence or impair any casement or hereditament, nor do any act nor allow any condition to exist which will adversely affect the other residences or their owners.

Garbage and Refuse Disposal. No lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage and other waste shall be kept in sanitary containers, whether arranged for alley pickup or street pickup. No trash, ashes or other refuse may be thrown or dumped on any vacant lot, park or drainage area.

Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot, except for cats, dogs, or other generally recognized household pets of a reasonable number, provided that they are not kept, bred or maintained for any commercial purposes.

Exhibit E
Development Targets

The Developer, Nuevos Horizontes, Inc, has secured a Tax Increment Reinvestment Zone designation for the New Horizons Development. This project includes the construction of 63 affordable single-family homes with sales prices ranging in value between $60,000 to $75,000. The sizes of the single-family homes are expected to be between approximately 1,000 to over 1,400 square feet. Construction is planned to be carried out in two phases by addressing specific parcels of property subject to demand and market conditions. The Developer intends to begin housing development no later than 1999.

The Developer will exercise reasonable efforts to cause the site improvements to be constructed, operated, and maintained in accordance with the terms of this agreement, the Project and Financing Plan and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, energy conservation, building code and public health laws) today and in the future, except for variances approved by the City, necessary to construct the improvements contemplated in the Project and Financing Plan. The Developer agrees to the following terms regarding site improvements as set forth below.

(A). The Developer agrees that the scope and scale of the site improvements to be constructed shall not be significantly less than the scope and scale of the improvements as detailed and outlined in the Developer's Project and Financing Plans. The proposed improvements and related capital costs include streets, drainage, utilities, platting and related governmental land development fees wholly or prorportionaltly attributable to eligible public improvements, architectural and engineering, sidewalks, landscaping, and rights-of-way improvements.

(B). The Developer shall submit a project status report and a financial report on a annual basis to the City, Participating Governmental Entities and Administrator, or within thirty (30) days of any such request.

(C) Further, the Developer shall be required to diligently execute the construction and marketing of infrastructure and homes in the Project area and substantially complete each item of the public infrastructure improvements and housing in accordance with the Plan. Per Section 311.013 (d) the Developer shall be deemed to have abandoned the Project, and the City may terminate its participation in this Agreement, if the Developer fails, for a period of at least three (3) consecutive years, to (i) commence construction activities on any homes in the Project; or (ii) commence construction of physical improvements pursuant to the project plan as defined in Section 311.002 (A).

Below is a description of the development targets that the Developer has submitted and used as a basis for the formation of the Project and Financing Plan. These development targets are proposed to be met by the Developer during the term of the Agreement. The City acknowledges that the Developer's ability to construct the site improvements is subject to the then-current market conditions, including but not limited to the availability of tenants, owners, financing, or winter conditions.

Initials: _____
Initials: _____

Construction Timetable

Phase	Year	Number of Homes/School	Type of Structure
I	1999	31 units	*Single Family Homes*
II	2000	32 units	*Single Family Homes*
Total Development		**63**	**Units**

Initials: _____
Initials: _____

Initials: _____
Initials: _____

EXHIBIT F

AN ORDINANCE 71312

AMENDING ORDINANCE NO. 60110, DATED JANUARY 17, 1985, SO AS TO ADOPT A NEW "GENERAL CONDITIONS" SECTION IN 100% LOCAL FUNDED CITY PUBLIC WORKS CONSTRUCTION CONTRACTS AS SET OUT IN THE REVISED CITY WAGE AND LABOR STANDARD PROVISIONS.

****

WHEREAS, the City Council wishes to establish the general prevailing rate of per diem wages in the form of a sum certain for each of two destinct categories of wages described as "minimum hourly base pay" and "minimum hourly fringe benefit contribution" for all 100% Locally Funded city construction contracts; and

WHEREAS, there is a new United States Department of Labor Wage Determination Decision for Bexar County, Texas, published in the Federal Register, that applies to such 100% Locally Funded contracts; and

WHEREAS, any 100% Locally Funded City Public Works Construction Contractor/Subcontractor is strictly prohibited from paying the various classification of laborers, workmen, and mechanics any amount less than the "minimum hourly base pay" by the accounting process of adding the reduction in "minimum hourly base pay" to the "minimum hourly fringe benefit contribution" so as to net a combined total of the two categories of the wage; and

WHEREAS, it is the intent of the City Council to allow various classification of laborers, workmen, and mechanics the minimum hourly "cash equivalent" of the appropriate "minimum hourly fringe benefit contribution" listed in a wage determination decision in lieu of benefits contributed to a permissible fringe benefit plan; and

WHEREAS, the city staff has prepared new "General Conditions", governing wages and labor standards and practices, which are set forth in Attachment I and incorporated herein by reference for all purposes, and which are to be made part of all future 100% Locally Funded City Public Works Construction Contracts; NOW THEREFORE

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

SECTION 1. Ordinance No. 60110, pass on January 17, 1985, is hereby amended to replace the 100 % Locally Funded City Public Works Construction Contract "General Conditions" document attached thereto with the new updated "General Conditions" document attached hereto and labled "Attachment I".

PASSED AND APPROVED THIS 29th day of March 1990.

Lila Cockrell
M A Y O R

ATTEST:
City Clerk

APPROVED AS TO FORM: _____
City Attorney

AN ORDINANCE 60110

REPEALING ORDINANCE NO. 49318 OF APRIL 27, 1978 AND REPLACING SAME WITH THIS ORDINANCE, AND AUTHORIZING THE CITY MANAGER TO INSTRUCT THE DIRECTOR OF PUBLIC WORKS TO INSERT NEW GENERAL CONDITIONS GOVERNING WAGE AND LABOR STANDARDS AND PRACTICES IN ALL FUTURE 100% LOCALLY FUNDED CITY PUBLIC WORKS CONSTRUCTION CONTRACTS.

* * * * *

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

SECTION 1. Ordinance No. 49318 of April 27, 1978 is hereby formally repealed.

SECTION 2. In accordance with Article 5159a, Revised Civil Statutes of Texas, as amended, the City Council hereby adopts the most current United States Department of Labor Wage Determination Decisions for Bexar County, Texas (wage determination decision in effect ten (10) days prior to bid opening) as periodically published in the Federal Register as the local general prevailing rate of per diem wages to be paid to various classifications of laborers, workmen, and mechanics employed in either building construction trades or heavy/highway construction trades in constructing 100% Locally Funded City Public Works Construction projects.

Furthermore, it is hereby the expressed intent of the City Council of the City of San Antonio to clearly establish the general prevailing rate of per diem wages to be a sum certain, in dollars and cents, for each of two distinct categories of wage being, "minimum hourly base pay" and "minimum hourly fringe benefit contribution." The contractor/subcontractor is strictly prohibited from paying the various classifications of laborers, workmen, and mechanics any amount less than the "minimum hourly base pay" and then adding the reduction in "minimum hourly base pay" to the "minimum hourly fringe benefit contribution" so as to "net" a combined total of the two intended distinct categories of the wage on 100% Locally Funded City Public Works Construction contracts.

It is recognized by the City Council that certain job classifications are not entitled to receive any "minimum hourly fringe benefits" by virtue of adopting the United States Department of Labor Wage Determination Decisions for Bexar County, Texas and that result is the express intent of the City Council.

It is also the intent of the City Council to allow the contractor/subcontractor to pay various classifications of laborers, workmen, and mechanics the minimum hourly "cash equivalent" of the appropriate "minimum hourly fringe benefit contribution" listed in a wage determination decision in lieu of benefits contributed to a permissible fringe benefit plan.

SECTION 3. The City Manager is hereby directed to instruct the Director of Public Works to insert into all future 100% Locally Funded City Public Works construction contracts, new "General Conditions" (as set forth in Attachment I, which is incorporated herein by reference for all purposes) governing wage and labor standards and practices.

The City Manager, in consultation with the Director of Public Works, is hereby authorized by City Council to periodically amend such "General Conditions" administratively to reflect needed improvements in the document as required, except that only the City Council shall be authorized to amend legislative matters specifically addressing the prevailing rate of minimum per diem wages, holiday pay, etc.

PASSED AND APPROVED this 17th day of January, 1985.

Henry Cisneros
MAYOR

ATTEST: Norma J. Rodriguez
City Clerk

APPROVED AS TO FORM: Tom Finley
for City Attorney

85-04

GENERAL CONDITIONS

WAGE AND LABOR STANDARD PROVISIONS-100% LOCALLY FUNDED CONSTRUCTION

Contents

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4. BREACH OF WAGE & LABOR STANDARDS PROVISIONS

5. EMPLOYMENT OF LABORERS/MECHANICS NOT LISTED IN WAGE DETERMINATION DECISION

6. MINIMUM WAGE

7. OVERTIME COMPENSATION ON NON-FEDERALLY FUNDED PROJECTS

8. PAYMENT OF CASH EQUIVALENT FRINGE BENEFITS

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10. UNDERPAYMENT OF WAGES OR SALARIES

11. POSTING WAGE DETERMINATION DECISION/STATEMENT AND "NOTICE TO EMPLOYEES"

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16. "ANTI-KICKBACK" PROVISION

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18. EMPLOYMENT OF APPRENTICES/TRAINEES

19. JOBSITE CONDITIONS

20. EMPLOYMENT OF CERTAIN PERSONS PROHIBITED

21. PROVISIONS TO BE INCLUDED IN SUBCONTRACTS

1. GENERAL STATEMENT

This is a 100% locally funded Public Works Contract and Article 5159a, Revised Civil Statutes of Texas, as amended, requires that not less than the general prevailing wage rates (minimum hourly base pay and minimum hourly fringe benefit contribution) for work of similar character be paid to contractor and subcontractor employees. These wage rates are derived from the most current applicable federal prevailing wage rates as published by the United States Department of Labor, Dallas, Texas and authority of Ordinance No. 60110 as amended and passed by the City Council of the City of San Antonio. Copies of both the current Ordinance as amended and the wage rates are contained in the Special Conditions, and are included instruments of this contract and full compliance with same shall be required.

Any deviation from Wage and Labor Standard Provisions compliance may be cause for City's withholding either periodic interim or final payment to the contractor until such deviations are properly corrected.

2. WAGE & HOUR OFFICE, PUBLIC WORKS, RESPONSIBILITIES

The Wage & Hour Office, Public Works Department, City of San Antonio, is primarily responsible for all Wage and Labor Standard Provisions investigation and enforcement and will monitor contractor/subcontractor practices to assure the Director of Public Works that:

a. Appropriate weekly compliance statements and payroll records are submitted to the City by the contractor/subcontractors and that such are reviewed for compliance with the Wage and Labor Standard Provisions.

b. Apprentices/trainees working on the project are properly identified by the contractor/subcontractor on payroll records and documented as being included in programs currently sanctioned by appropriate federal or state regulatory agencies.

c. Applicable Wage Determination Decisions, including any applicable modifications, and related statements are posted at the work-site by the contractor and that proper job classifications and commensurate minimum hourly base and fringe wage rates are paid.

d. Employees are periodically interviewed (at random) on each project as required.

e. That no person employed by contractor/subcontractor is induced against his will, by any means, to give up any part of the compensation to which he is otherwise entitled.

f. That any and all periodic administrative directives to the Wage & Hour Office from the Director of Public Works are being implemented.

3. CLAIMS & DISPUTES PERTAINING TO WAGE RATES

Claims and disputes not promptly and routinely settled by the contractor/subcontractor and employee pertaining to wage rates, or to job classifications of labor employed upon the work covered by this contract, shall be reported by the employee in writing, within sixty (60) calendar days of employee's receipt of any allegedly incorrect classification, wage or benefit report, to the Wage & Hour Office, City of San Antonio for further investigation. Claims and disputes not reported by the employee to the City's Wage & Hour Office in writing within the sixty (60) calendar day period shall be deemed waived by the employee for the purposes of the City administering and enforcing the City's contract rights against the contractor on behalf of the employee. Waiver by the employee of this City intervention shall not constitute waiver by the City to independently pursue contractual rights it has against the contractor/subcontractor for breach of contract and other sanctions available to enforce the Wage and Labor Standard Provisions.

4. BREACH OF WAGE AND LABOR STANDARD PROVISIONS

The City of San Antonio reserves the right to terminate this contract for cause if the contractor/subcontractors shall knowingly and continuously breach, without timely restitution or cure, any of these governing Wage and Labor Standard Provisions. A knowing and unremedied proven violation of these Wage and Labor Standard Provisions may also be grounds for debarment of the contractor/subcontractor from future City of San Antonio contracts for lack of responsibility, as determined by the City of San Antonio. Recurrent violations, whether remedied or not, will be considered by the Director of Public Works when assessing the responsibility history of a potential contractor/subcontractor prior to competitive award of future Public Works projects. The general remedies stated in this paragraph 4. above, are not exhaustive and not cumulative for the City reserves legal and contractual rights to other specific remedies outlined herein below and in other parts of this contract and as are allowed by applicable City of San Antonio ordinances, state and federal statutes.

5. EMPLOYMENT OF LABORERS/MECHANICS NOT LISTED IN WAGE DETERMINATION DECISION

In the event that a contractor/subcontractor discovers that construction of a particular work element requires a certain employee classification and skill that is not listed in the wage determination decision contained in the original contract documents, contractor/subcontractors will make prompt inquiry (before bidding, if possible) to the Wage and Hour Office identifying that class of laborers/mechanics not listed in the wage determination decision who are intended to be employed, or who are being employed, under the contract. Using his best judgment and information resources available to him at the time, and any similar prior decisions, the Director of Public Works, City of San Antonio shall classify said laborers/mechanics by issuing a special local wage determination decision to the contractor/subcontractor which shall be enforced by the Wage and Hour Office.

6. MINIMUM WAGE

All laborers/mechanics employed to construct the work governed by this contract shall be paid not less than weekly the full amount of wages due (minimum hourly base pay and minimum hourly fringe benefit contribution for all hours worked, including overtime) for the immediately preceding pay period computed at wage and fringe rates not less than those contained in the wage determination decision included in this contract. Only payroll deductions as are mandated by state or federal law and those legal deductions previously approved in writing by the employee, or as are otherwise permitted by state or federal law, may be withheld by the contractor/subcontractor.

Should the contractor/subcontractor subscribe to fringe benefit programs for employees, such programs shall be fully approved by the City in adopting a previous U.S. Department of Labor decision on such fringe benefit programs or by applying DOL criteria in rendering a local decision on the adequacy of the fringe benefit programs. The approved programs shall be in place at the time of City contract execution and provisions thereof disclosed to the Wage and Hour Office, City of San Antonio, for legal review prior to project commencement.

Regular contractor/subcontractor contributions made to, or costs incurred for, approved fringe benefit plans, funds or other benefit programs that cover periods of time greater than the one week payroll period (e.g. monthly or quarterly, etc.) shall be prorated by the contractor/sub-contractor on weekly payroll records to reflect the equivalent value of the hourly and weekly summary of fringe benefits per employee.

7. OVERTIME COMPENSATION ON NON-FEDERALLY FUNDED PROJECTS

No contractor/subcontractor contracting for any part of the non-federally funded contract work (except for worksite related security guard services) which may require or involve the employment of laborers/mechanics shall require or permit any laborer/mechanic in any seven (7) calendar day work period in which he,she is employed on such work to work in excess of 40 hours in such work period unless said laborer/mechanic receives compensation at a rate not less than one and one-half times the basic hourly rate of pay for all hours worked in excess of 40 hours in a seven (7) calendar day work period. Fringe benefits must be paid for straight time and overtime; however, fringe benefits are not included when computing the overtime rate.

8. PAYMENT OF CASH EQUIVALENT FRINGE BENEFITS

The contractor/subcontractor is allowed to pay a minimum hourly cash equivalent of minimum hourly fringe benefits listed in the wage determination decision in lieu of the contribution of benefits to a permissible fringe benefit plan for all hours worked including overtime as described in paragraph 6. above. An employee is not allowed to receive less than the minimum hourly basic rate of pay specified in the wage determination decision.

9. WORK CONDUCTED ON HOLIDAYS-NON-FEDERALLY FUNDED PROJECTS

If a laborer/mechanic is employed in the normal course and scope of his or her work on the jobsite on New Year's Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, Christmas Day, and Martin Luther King Day or the calendar days observed as such in any given year, work performed shall be paid for at no less than one and one half (1 $^{1}/_{2}$) times the regular minimum hourly base pay regardless of the total number of hours the laborer/mechanic has accumulated during the pay period.

10. UNDERPAYMENT OF WAGES OR SALARIES

a. When a "full investigation" (as called for in and as construed under Article 5159a, Sec. 2 and as further generally described in an administrative directive to the City's Wage & Hour Office from the City's Director of Public Works entitled "Conducting Wage and Labor Standards Investigations on 100% Locally Funded City Construction Projects," as may be amended) evidences underpayment of wages by contractor/sub-contractor to laborers/mechanics employed upon the work covered by this contract, the City of San Antonio, in addition to such other rights as may be afforded it under state and/or federal law and/or this contract, shall withhold from the contractor, out of any payments (interim progress and/or final) due the contractor, so much thereof as the City of San Antonio may consider necessary to secure ultimate payment by the appropriate party to such laborers/mechanics, of full wages required by this contract plus possible penalty (See b. below). The amount so withheld, excluding any possible penalty to be retained by City, may be disbursed at an appropriate time after "full investigation" by the City of San Antonio, for and on behalf of the contractor/subcontractor (as may be appropriate), to the respective laborers/mechanics to whom the same is due or on their behalf to fringe benefit plans, funds, or programs for any type of minimum fringe benefits prescribed in the applicable wage determination decision.

b. Article 5159a, Revised Civil Statutes of Texas, as amended, states that the contractor shall forfeit as a penalty to the City of San Antonio the sum of sixty dollars ($60.00) for each calendar day, or portion thereof, for each laborer, workman, or mechanic, who is paid less than the said stipulated rate for any work done under this contract, whether by the contractor himself or by any subcontractor working under him. Pursuant to and supplemental to this statutory authority, the City of San Antonio and the contractor/subcontractor contractually acknowledge and agree that said sixty dollar ($60.00) statutory penalty shall be construed by and between the City of San Antonio and the contractor/subcontractor as liquidated damages and will apply to any violations of paragraphs 6, 7, or 9 herein, resulting from contractor/subcontractor underpayment violations.

c. If unpaid or underpaid workers cannot be located by the Contractor or the City after diligent efforts to accomplish same, unpaid or underpaid wages shall be reserved by the City in a special "unfound worker's account" established by the City of San Antonio, for such

employees. If after one (1) year from the final acceptance of the project by the City, workers still cannot be located, in order that the City can make effective interim re-use of the money, such wages and any associated liquidated damages may be used to defray actual costs incurred by the City in attempting to locate said workers and any remaining monies may then revert back to the City's original funding source for the project. However, unpaid or underpaid workers for which money was originally reserved are eligible to claim recovery from the City for a period of not-to-exceed three (3) years from the final acceptance of the project by the City. Recovery after expiration of the three year period is prohibited.

11. DISPLAYING WAGE DETERMINATION DECISIONS/AND NOTICE TO LABORERS/MECHANICS STATEMENT

The applicable wage determination decision as described in the "General Statement" (and as specifically included in each project contract), outlining the various worker classifications and mandatory minimum wages and minimum hourly fringe benefit deductions, if any, of laborers/mechanics employed and to be employed upon the work covered by this contract, shall be displayed by the contractor/subcontractor at the site of work in a conspicuous and prominent public place readily and routinely accessible to workmen for the duration of the project. In addition, the contractor/subcontractor agrees with the contents of the following statement, and shall display same, in English and Spanish, near the display of the wage determination decision:

NOTICE TO LABORERS/MECHANICS

Both the City of San Antonio and the contractor/subcontractor agree that you must be compensated with not less than the minimum hourly base pay and minimum hourly fringe benefit contribution in accordance with the wage rates publicly posted at this jobsite and as are applicable to the classification of work you perform.

Additionally, you must be paid not less than one and one-half times your basic hourly rate of pay for any hours worked over 40 in any seven (7) calendar day work period, and for any work conducted on New Year's Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, Christmas Day and Martin Luther King Day or the calendar days observed as such in any given year.

Apprentice and trainee hourly wage rates and ratios apply only to apprentices and trainees recognized under approved Federal, or State, apprenticeship training programs registered with the Bureau of Apprenticeship and Training, U.S. Dept. of Labor.

If you believe that your employer is not paying the posted minimum wage for the type of work you do, you must make direct inquiry to the employer and inquire in writing, within sixty (60) calendar days of your receipt of any allegedly incorrect wage or benefit check or report, to the City of San Antonio Wage & Hour Office, Public Works Division, P.O. Box 839966, San Antonio, Texas 78283-3966. It is mandatory that you

promptly file written inquiry of any allegedly incorrect wage or benefit checks or reports with the City of San Antonio, Wage & Hour Office within the sixty (60) calendar day period so that you do not waive your potential right of recovery under the provisions of the City of San Antonio Public Works contract that governs this project.

Both the City of San Antonio and the contractor/subcontractor agree that no laborer/mechanic who files a complaint or inquiry concerning alleged underpayment of wages or benefits shall be discharged by the employer or in any other manner be discriminated against by the employer for filing such complaint or inquiry.

12. PAYROLLS & BASIC PAYROLL RECORDS

a. The contractor and each subcontractor shall prepare payroll reports in accordance with the "General Guideline" instructions furnished by the Wage & Hour Office of the City of San Antonio. Such payroll submittals shall contain the name and address of each such employee, his correct labor classification, rate of pay, daily and weekly number of hours worked, any deductions made, and actual basic hourly and fringe benefits paid. The contractor shall submit payroll records each week, and no later than seven (7) working days following completion of the workweek being processed, to the Wage & Hour Office, City of San Antonio. These payroll records shall include certified copies of all payrolls of the contractor and of his subcontractors, it being understood that the contractor shall be responsible for the submission and general mathematical accuracy of payrolls from all his subcontractors. Each such payroll submittal shall be on forms deemed satisfactory to the City's Wage & Hour Office and shall contain a "Weekly Statement of Compliance", as called for by the contract documents. Such payrolls will be forwarded to Public Works, Wage & Hour Office, City of San Antonio, P. O. Box 839966, San Antonio, Texas 78283-3966.

b. Copies of payroll submittals and basic supporting payroll records of the contractor/subcontractors accounting for all laborers/mechanics employed under the work covered by this contract shall be maintained during the course of the work and preserved for a period of three (3) years after completion of the project. The contractors/subcontractors shall maintain records which demonstrate: any contractor commitment to provide fringe benefits to employees as may be mandated by the applicable wage determination decision, that the plan or program is adjudged financially responsible by the appropriate approving authority, (i.e. U. S. Department of Labor, U. S. Department of Treasury, etc.), and that the provisions, policies, certificates, and description of benefits of the plan or program as may be periodically amended, have been clearly communicated in a timely manner and in writing, to the laborers/mechanics affected prior to their performing work on the project.

c. The contractor/subcontractor shall make the above records available for inspection, copying, or transcribing by authorized representatives of the City of San Antonio at reasonable times and locations for purposes of monitoring compliance with this contract.

13. LABOR DISPUTES

The contractor/subcontractor shall immediately notify the Director of Public Works or his designated representative of any actual or impending contractor/subcontractor labor dispute which may affect, or is affecting, the schedule of the contractor's, or any other contractor's/subcontractor's work. In addition, the contractor/subcontractor shall consider all appropriate measures to eliminate or minimize the effect of such labor disputes on the schedule, including but not limited to such measures as: promptly seeking injunctive relief if appropriate; seeking appropriate legal or equitable actions or remedies; taking such measures as establishing a reserved gate, as appropriate; if reasonably feasible, seeking other sources of supply or service; and any other measures that may be appropriately utilized to mitigate or eliminate the jobsite and scheduling effects of the labor dispute.

14. COMPLAINTS, PROCEEDINGS, OR TESTIMONY BY EMPLOYEES

No laborers/mechanics to whom the wage, salary, or other labor standard provisions of this contract are applicable shall be discharged or in any other manner discriminated against by the contractor/subcontractors because such employee has filed any formal inquiry or complaint or instituted, or caused to be instituted, any legal or equitable proceeding or has testified, or is about to testify, in any such proceeding under or relating to the wage and labor standards applicable under this contract.

15. EMPLOYEE INTERVIEWS TO ASSURE WAGE AND LABOR STANDARD COMPLIANCE

Contractor/subcontractors shall allow expeditious jobsite entry of City of San Antonio Wage & Hour representatives displaying and presenting proper identification credentials to the jobsite superintendent or his representative. While on the jobsite, the Wage & Hour representatives shall observe all jobsite rules and regulations concerning safety, internal security and fire prevention. Contractor/subcontractors shall allow project employees to be separately and confidentially interviewed at random for a reasonable duration by the Wage & Hour representatives to facilitate compliance determinations regarding adherence by the contractor/subcontractor to these Wage and Labor Standard Provisions.

16. "ANTI-KICKBACK" PROVISION

No person employed in the construction or repair of any City of San Antonio public work shall be induced, by any means, to give up to any contractor/subcontractor or public official or employee any part of the hourly and/or fringe benefit compensation to which he is otherwise entitled.

19. JOBSITE CONDITIONS

Contractors/subcontractors will not allow any person employed for the project to work in surroundings or under construction conditions which are unsanitary, unhealthy, hazardous, or dangerous as governed by industry standards and appropriate local, state and federal statutes, ordinances, and regulatory guidelines.

20. EMPLOYMENT OF CERTAIN PERSONS PROHIBITED

a. The contractor/subcontractor shall knowingly only employ persons of appropriate ages commensurate with the degree of required skill, strength, maturity and judgment associated with the activity to be engaged in, but not less than the age of fourteen (14) years, as governed by Vernon's Annotated Texas Statutes, especially Article 5181.1 "Child Labor" (as may be amended), and Texas Department of Labor and Standards rulings and interpretations associated with that statute. It is hereby noted that in some circumstances generally governed by this section, a federal statute (see: Fair Labor Standards Act, 29 USCS Section 212; Volume 6A of the Bureau of National Affairs Wage Hour Manual at Paragraph 96:1; "Child Labor Requirements in Nonagricultural Occupations" WH Publication 1330, July 1978 as may be amended), could pre-empt the Texas Statute and therefore be the controlling law on this subject. The contractor/subcontractor should seek clarification from state and federal agencies and legal counsel when hiring adolescent employees for particular job classifications.

b. Prohibited persons not to be employed are also those persons who, at the time of employment for this contract, are serving sentence in a penal or correctional institution except that prior approval by the Director of Public Works is required to employ any person participating in a supervised work release or furlough program that is sanctioned by appropriate state or federal correctional agencies.

c. The Contractor/subcontractors shall be responsible for compliance with the provisions of the "Immigration Reform and Control Act of 1986" Public Law 99-603, and any related State enabling or implementing statutes, especially as they in combination apply to the unlawful employment of aliens and unfair immigration-related employment practices affecting this contract.

21. PROVISIONS TO BE INCLUDED IN SUBCONTRACTS

The contractor shall cause these Wage and Labor Standard Provisions, or reasonably similar contextual adaptations hereof, and any other appropriate state and federal labor provisions, to be inserted in all subcontracts relative to the work to bind subcontractors to the same Wage and Labor Standards as contained in these terms of the General Conditions and other contract documents insofar as applicable to the work of subcontractors or sub-subcontractors and to give the contractor similar, if not greater, general contractual authority over the subcontractor or subcontractors as the City of San Antonio may exercise over the contractor.

General Decision Number TX00004

Superseded General Decision No. TX990043

State: TEXAS

Construction Type:
HEAVY
HIGHWAY

County(ies):

BELL	CORYELL	TRAVIS
BEXAR	GUADALUPE	WILLIAMSON
BRAZOS	HAYS	
COMAL	MCLENNAN	

Heavy (excluding tunnels and dams) and Highway Construction Projects (does not include building structures in rest area projects). *NOT TO BE USED FOR WORK ON SEWAGE OR WATER TREATMENT PLANTS OR LIFT/PUMP STATIONS IN BELL, CORYELL, McLENNAN AND WILLIAMSON COUNTIES.

Modification Number	Publication Date
0	02/11/2000

Effective Date:
23 March 2000

COUNTY(ies):

BELL	CORYELL	TRAVIS
BEXAR	GUADALUPE	WILLIAMSON
BRAZOS	HAYS	
COMAL	MCLENNAN	

SUTX2042A 03/26/1998

	Rates	Fringes
AIR TOOL OPERATOR	8.08	
ASPHALT HEATER OPERATOR	11.00	
ASPHALT RAKER	8.00	
ASPHALT SHOVELER	7.97	
BATCHING PLANT WEIGHER	11.00	
CARPENTER	10.80	
CONCRETE FINISHER-PAVING	9.57	
CONCRETE FINISHER-STRUCTURES	8.83	
CONCRETE RUBBER	8.52	
ELECTRICIAN	16.25	
FLAGGER	6.86	
FORM BUILDER-STRUCTURES	8.77	
FORM LINER-PAVING & CURB	8.00	
FORM SETTER-PAVING & CURB	8.68	
FORM SETTER-STRUCTURES	8.73	
LABORER-COMMON	7.12	
LABORER-UTILITY	7.99	
MECHANIC	12.15	
OILER	11.40	
SERVICER	8.44	
PAINTER-STRUCTURES	10.00	
PIPE LAYER	8.27	
ASPHALT DISTRIBUTOR OPERATOR	9.70	
ASPHALT PAVING MACHINE	9.26	
BROOM OR SWEEPER OPERATOR	7.12	
BULLDOZER	9.28	
CONCRETE CURING MACHINE	7.79	
CONCRETE FINISHING MACHINE	11.00	
CONCRETE PAVING SAW	9.79	
SLIPFORM MACHINE OPERATOR	11.15	
CRANE, CLAMSHELL, BACKHOE, DERRICK, DRAGLINE, SHOVEL	10.12	
FOUNDATION DRILL OPERATOR TRUCK MOUNTED	15.00	
FRONT END LOADER	8.86	
HOIST - DOUBLE DRUM & LESS	10.81	

MIXER	7.12
MIXER - CONCRETE PAVING	11.00
MOTOR GRADER FINE GRADE	12.37
MOTOR GRADER	11.14
PAVEMENT MARKING MACHINE	8.31
PLANER OPERATOR	15.75
ROLLER, STEEL WHEEL PLANT-MIX PAVEMENTS	7.73
ROLLER, STEEL WHEEL OTHER FLATWHEEL OR TAMPING	7.33
ROLLER, PNEUMATIC, SELF PROPELLED	7.17
SCRAPERS	8.38
TRACTOR-CRAWLER TYPE	9.40
TRAVELING MIXER	7.92
TRENCHING MACHINE, HEAVY	9.92
WAGON-DRILL/BORING MACHINE	8.00
REINFORCING STEEL SETTER PAVING	14.50
REINFORCING STEEL SETTER STRUCTURES	10.61
STEEL WORKER-STRUCTURAL	11.73
SPREADER BOX OPERATOR	8.55
WORK ZONE BARRICADE	8.29
SIGN INSTALLER	7.97
TRUCK DRIVER-SINGLE AXLE LIGHT	8.32
TRUCK DRIVER-SINGLE AXLE HEAVY	7.954
TRUCK DRIVER-TANDEM AXLE SEMI-TRAILER	8.02
TRUCK DRIVER-LOWBOY/FLOAT	10.12
WELDER	11.02

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

WAGE DETERMINATION APPEALS PROCESS

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

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

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

and 3.) should be fo wed.

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

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

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

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

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

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

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

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

END OF GENERAL DECISION

THE STATE OF TEXAS	§	
	§	**NEW HORIZONS TIF – BEXAR COUNTY**
COUNTY OF BEXAR	§	

INTERLOCAL AGREEMENT

I. PARTIES

A. Address

1. THIS INTERLOCAL AGREEMENT (the "Agreement") is made by and between the **CITY OF SAN ANTONIO, TEXAS** (hereafter referred to as "CITY"), a Texas Municipal Corporation, acting through its City Manager pursuant to Ordinance No. 90382, passed and approved by City Council on August 26, 1999; **BEXAR COUNTY,** a political subdivision of the State of Texas, acting through its County Judge pursuant to authority granted by the Bexar County Commissioners Court on February 12, 2002 (hereafter referred to as "COUNTY"); and the **BOARD OF DIRECTORS FOR REINVESTMENT ZONE NUMBER FIVE (5), CITY OF SAN ANTONIO, TEXAS**, a reinvestment zone created by CITY pursuant to Chapter 311, Texas Tax Code (hereafter referred to as "ZONE BOARD", as hereafter defined). Collectively, CITY, COUNTY, and ZONE BOARD may be referred to singularly as "Party" or collectively as "Parties". This Agreement is made pursuant to Chapter 311, Texas Tax Code for the participation of CITY and COUNTY in the New Horizons Reinvestment Project (the "Project").

2. The initial addresses of the Parties are listed below. Each Party may designate a different address by giving CITY at least ten (10) days prior written notice.

CITY

Terry M. Brechtel
City Manager
City of San Antonio
100 Military Plaza
San Antonio, Texas 78205

COUNTY

Honorable Nelson Wolff
County Judge
Bexar County Courthouse
100 Dolorosa Street
San Antonio, Texas 78205
Re: New Horizons TIRZ

With copies to :
Planning and Resource Management
Bexar County Courthouse
100 Dolorosa Street
78205
Re: New Horizons TIRZ

Bexar County Criminal District
Attorney's Office-Civil Section
Criminal Justice Center
300 Dolorosa Street San Antonio, Texas
San Antonio, Texas 78205
Re: New Horizons TIRZ

And

ZONE BOARD

Carlos Balido
Chairman
Reinvestment Zone Number Five (5),
City of San Antonio, Texas
8058 Vantage
San Antonio, TX 78230

B. Index

In consideration of the covenants set forth herein, and subject to the terms and conditions herein, the CITY, COUNTY, and ZONE BOARD hereby agree to the terms and conditions of this Agreement. This Agreement consists of the following sections:

Section	Description	Page
I.	Parties	1
II.	Definitions	3
III.	Background	5
IV.	Rights and Obligations of COUNTY	6
V.	Rights and Obligations of CITY and ZONE	10
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VII.	Miscellaneous	14
Exhibit "A"	Project Plan	
Exhibit "B"	City of San Antonio Ordinance No. 90311	
Exhibit "C"	Standards For Development	

Exhibit "D" Development Targets

Exhibit "E" Development Agreement

C. Parts Incorporated

All of the above described exhibits are hereby incorporated into this Agreement by this reference for all purposes.

II. DEFINITIONS

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

1. "Administrative Costs" means reasonable costs directly incurred by a Participating Taxing Entity (as hereinafter defined) related to its agreement to participate in the development of ZONE, as described in this Agreement. These costs include, but are not limited to, costs and expenses for legal review and financial analysis related to ZONE incurred prior to entering into this Agreement, as well as any such costs and expenses incurred after this Agreement becomes effective. The Administrative Costs for all Participating Taxing Entities are estimated to be forty-five thousand dollars ($45,000) in the aggregate for the life of ZONE.

2. "Captured Appraised Value" means the captured appraised value of ZONE, as defined by Section 311.012(b), Texas Tax Code (and as said Code may be amended from time to time).

3. "Participating Taxing Entity" or "Participating Taxing Entities" means, singularly, a taxing unit participating in ZONE, and collectively, all taxing units participating in ZONE, and shall include CITY; COUNTY; the Bexar County Hospital District, operating as University Health System ("UHS"); the Alamo Community College District ("ACCD"), a Texas institution of Higher Education; and the Edgewood Independent School District.

4. "Project Costs" means the items set forth and described in Section 311.002(1), Texas Tax Code (as said Code may be amended from time to time), which are included in the Project Plan for the Project. The Project Costs include public infrastructure improvements and related capital costs including streets, drainage, utilities, platting fees, architect and engineering fees,

sidewalks, and other public improvements. The Project Costs for public improvements is estimated at five hundred fourteen thousand, two hundred forty-four dollars ($514,244) in the aggregate for the life of ZONE.

5. "Project Plan" means the Final Project and Reinvestment Zone Financing Plan for ZONE as adopted by the Board of Directors of the ZONE on August 20, 1999 and approved by the City Council of CITY on August 26, 1999, attached hereto as Exhibit "A".

6. "Tax Increment" means the total amount of ad valorem taxes levied and collected each year by a Participating Taxing Entity each year on the Captured Appraised Value of taxable real property in ZONE. Further, with respect to COUNTY, this term means the total amount of ad valorem taxes levied and collected only on behalf of COUNTY each year and shall not include the Flood Control District or the Hospital District.

7. "Tax Increment Base" means the total appraised value of all real property taxable by a Participating Taxing Entity and located in ZONE as of January 1, 1999, the year in which ZONE was designated.

8. "Tax Increment Fund" means the tax increment fund created by CITY for the deposit of Tax Increments for ZONE, entitled "Reinvestment Zone Number Five (5), City of San Antonio, Texas Tax Increment Fund".

9. "Tax Increment Payment" means the amount of the Tax Increments that a Participating Taxing Entity agrees to deposit annually into the Tax Increment Fund in accordance with this Agreement and the Project Plan.

10. "ZONE" means Reinvestment Zone Number Five (5), City of San Antonio, Texas, created by the CITY over ZONE Area on August 19, 1999 by Ordinance No. 90311, a description of which is contained in Exhibit "A", attached hereto.

11. "ZONE BOARD" means the Board of Directors of ZONE established to administer, manage, and/or operate ZONE pursuant to Sections 311.009 and 311.010, Texas Tax

Code, as well as implementation of the Project, as described in Ordinance No. 90311 and the Bylaws of ZONE BOARD adopted on May 30, 2001.

III. BACKGROUND

A. Resolution No. 99-22-25, passed and approved by City Council of CITY on May 27, 1999, expressed CITY's intent to create a tax increment financing reinvestment zone to support revitalization activities in ZONE pursuant to Chapter 311, Texas Tax Code. On August 19, 1999, City Council of CITY passed and approved Ordinance No. 90311, which created ZONE. The Project is located approximately 5.8 miles west of downtown San Antonio and approximately 1.8 miles north of US Highway 90. ZONE is bounded by West Commerce Street to the south, NW 39th Street to the east, Caywood Street to the north, and Hortencia Avenue to the west. The Project is in the Edgewood Independent School District (hereafter "School District") and encompasses approximately 10.03 acres. The Tax Increment Base for ZONE as determined by the Bexar Appraisal District is fifty-three thousand, five hundred dollars ($53,500) and the projected Captured Appraised Value of all the taxable real property in ZONE at the end of the Agreement Term is estimated to be four million, ninety-five thousand dollars ($4,095,000). The Project does not include the issuance of any certificates of obligations. The Project includes the construction of 63 single-family homes with an average base sale price of sixty-five thousand dollars ($65,000) (unless a buyer requests additions and qualifies for a higher sale price). The total public improvement infrastructure capital cost is estimated at five hundred fourteen thousand, two hundred forty-four dollars ($514,244) and shall not exceed five hundred fourteen thousand, two hundred forty-four dollars ($514,244). The developers are Reeves Engineering, Incorporated and Nuevos Horizontes, duly authorized Texas corporations, (hereafter referred to collectively as the "Developer"). ZONE is projected to terminate on September 30, 2009 unless earlier termination occurs under the terms of the Agreement (the "term of ZONE").

B. ZONE BOARD adopted the Project Plan on August 20, 1999 and CITY adopted the Project Plan on August 26, 1999. CITY and COUNTY agree to participate in ZONE, and to deposit their respective Tax Increment Payments to the Tax Increment Fund, in accordance with the terms, and in consideration for the agreements set forth herein. The Tax Increment Fund was authorized by Ordinance No. 90311, attached hereto as Exhibit "B". COUNTY hereby acknowledges receipt of notice of the initial creation of ZONE.

C. The Parties hereto agree that, except as provided herein, no tax-supported public debt instrument will be issued by a Participating Taxing Entity or ZONE to finance any costs or improvements on the Project.

IV. RIGHTS AND OBLIGATIONS OF COUNTY

A. Tax Increment Participation by COUNTY

1. Subject to the limitations set out in this Agreement, COUNTY agrees to participate in ZONE by contributing to the Tax Increment Fund one hundred percent (100%) of its respective Tax Increments each year during the term of this Agreement, beginning with the 2000 tax year. Further, beginning with the 2000 tax year, COUNTY may withhold its Administrative Costs, as herein defined, under conditions and circumstances as set out in paragraph V (D) of this Agreement.

2. The Parties hereto agree that COUNTY's contribution to the Tax Increment Fund shall be used to fund public infrastructure improvements to support the development and revitalization efforts in ZONE, including related Project Costs. COUNTY's contributions to the Tax Increment Fund shall end when it has contributed the maximum total contribution provided for herein, or when it has made contributions, as specified in the Project Plan, through the end of COUNTY's fiscal year 2008-2009 (ending on September 30, 2009), whichever occurs first. Notwithstanding anything to the contrary, the total COUNTY Tax Increment payments over the term of ZONE shall not exceed eighty one thousand, four hundred forty six dollars ($81,446).

B. Tax Increment Payment

1. COUNTY's obligation to contribute its Tax Increment Payments to the Tax Increment Fund, as provided in paragraph IV (A) (1) of this Agreement, shall accrue as COUNTY collects its Tax Increments. The Parties hereto agree that all real property taxes collected each year by COUNTY that are attributable to real property in ZONE shall first constitute taxes on the Tax Increment Base, and after the total amount of taxes on the Tax Increment Base have been collected, shall then constitute the Tax Increment. COUNTY agrees to deposit its Tax Increment Payments to the Tax Increment Fund on or before March 10 and August 10 (or the first business day thereafter) of each year. The amount of each Tax Increment Payment shall be based on the Tax Increments that were received by COUNTY, and not previously deposited, prior to the first day of the month preceding each deposit date. (For example, the first deposit on March 10, 2002 shall be for Tax Increments received, and not previously deposited, through January 31, 2002. The next deposit on August 10, 2002 shall be for Tax Increments received, and not previously deposited, through June 30, 2002.) The Parties agree that COUNTY's obligation to deposit Tax Increment Payments after September 30, 2009 shall only be for taxes collected and received after such date that are attributable to the time period during which COUNTY agreed to participate. Under no circumstances shall COUNTY be required to participate in ZONE after September 30, 2009.

2. Any delinquent deposit of a Tax Increment Payment under this Agreement by COUNTY shall be administered as provided in Section 311.013(c), Texas Tax Code (or its successor provision). The Parties expressly agree that COUNTY shall not owe any penalty or interest on Tax Increments that have been levied, but not received by COUNTY. In addition, COUNTY shall not be obligated to contribute its Tax Increment Payment from any non-Tax Increment revenue sources. Furthermore, COUNTY shall not be obligated to contribute its Tax Increment Payments to the Tax Increment Fund in the event a Participating Taxing Entity, other

than COUNTY, discontinues its contribution (except as otherwise agreed to in this Agreement) or fails to fully contribute its entire contribution to the Tax Increment Fund during the term of this Agreement unless the discontinuance is in compliance with and authorized by a written amendment to this Agreement.

3. CITY and ZONE BOARD agree to comply with the Project Plan and the Development Agreement. CITY or ZONE BOARD agrees to provide prior written notice to all Participating Taxing Entities of a proposed material change (by which is meant any change that would constitute a substantial change to the scope of the work or substantial increase in the costs incurred) to the Project Plan or the Development Agreement. CITY shall have the right to amend and modify the Project Plan and the Development Agreement without providing prior written notice to the Participating Taxing Entities so long as such amendment or modification does not constitute a material change. The Participating Taxing Entities shall have a period of thirty (30) business days from the date of receipt of such notice of a material change to provide comment(s) and objection(s) to the proposed change. The absence of written objections or comments by the Participating Taxing Entity to CITY will constitute approval of the proposed material change by the Participating Taxing Entity. If a Participating Taxing Entity provides written notice to CITY that it objects to the proposed material change to the Project Plan or the Development Agreement, and the objection, as set out in the notice, is not resolved within forty-five (45) business days from the date of such notice and CITY approves such material change, then the Participating Taxing Entity providing the objection may thereafter discontinue its Tax Increment Payments and terminate its participation in ZONE.

4. If any Party to this Agreement materially breaches this Agreement, then a Participating Taxing Entity may provide written notice to the CITY and ZONE BOARD (with a copy to any other Participating Taxing Entity still contributing Tax Increment Payments) stating its intent to terminate its participation in ZONE and detailing its objections or concerns. If the

objections or concerns as set out in the notice is not resolved within ninety (90) business days from the date of such notice, then the Participating Taxing Entity providing the notice may discontinue its Tax Increment Payments and terminate its participation in ZONE.

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

C. School District Provisions

1. COUNTY understands and agrees that the School District's Tax Increment Payment may decrease or cease in the event and to the extent that Texas law applicable to the School District or tax increment reinvestment zones is enacted which results in a decrease in the aggregate amount of the state and local funds available to or received in any school year by the School District during the term of this Agreement that would otherwise be available to or received by the School District in such school year if the School District were not participating in ZONE during that year. Should this occur, the School District's Tax Increment Payment shall, at the option of the School District, be reduced in an amount equal to the amount of the decrease in the aggregate state and/or local funding available to or received in that school year by the School District during the term of this Agreement as a result of the School District's participation in ZONE. A reduction in the participation level of the School District will not create any further obligation on the part of the other Participating Taxing Entities. If such a reduction in the participation level of the School District creates a shortfall in the Tax Increment Fund revenues and consequently creates the inability to pay Project Costs, the Developer, and not the Participating Taxing Entities, shall be responsible for the payment of those costs.

D. Management of ZONE

1. CITY is the only Participating Taxing Entity with any responsibility for managing or administering the Project. The Participating Taxing Entities, during the term of this Agreement, may inspect the Project site and review Project Plans and drawings at times and intervals which will not interfere with ongoing operations.

2. ZONE BOARD shall be composed of nine (9) members, as provided under Section 311.009(b), Texas Tax Code. Accordingly, COUNTY shall have the right to appoint one (1) member on ZONE BOARD.

E. Expansion of ZONE

The obligation of COUNTY to participate in ZONE is limited to the description of ZONE in Exhibit "A" attached hereto. COUNTY's participation shall not extend to the Tax Increment on any additional property added to ZONE by CITY unless COUNTY approves in writing such participation.

V. RIGHTS AND OBLIGATIONS OF CITY AND ZONE

A. Tax Increment Participation by CITY

Subject to the terms of this Agreement, CITY agrees to participate in ZONE by contributing to the Tax Increment Fund one hundred percent (100%) of its Tax Increment each year during the term of this Agreement, beginning with the 2000 tax year. CITY's contributions to the Tax Increment Fund shall end when CITY has contributed the maximum total contribution provided for herein or on ZONE termination date of September 30, 2009, whichever occurs first. Notwithstanding anything herein to the contrary, the total CITY Tax Increment Payments over the term of ZONE shall not exceed one hundred thirty-eight thousand, one hundred twelve dollars ($138,112) in the aggregate.

B. Tax Increment Payment

1. CITY's obligation to contribute its Tax Increment Payments to the Tax Increment Fund, as provided above in Section V of this Agreement, shall accrue as CITY collects its Tax Increments. CITY agrees to deposit its Tax Increment Payments to the Tax Increment Fund on or before March 10 and August 10 (or the first business day thereafter) of each year. The amount of each Tax Increment Payment shall be based on the Tax Increments that were received by CITY, and not previously deposited, prior to the first day of the month preceding each deposit date. (For example, the first deposit on March 10, 2002 shall be for Tax Increments received, and not previously deposited, through January 31, 2002. The next deposit on August 10, 2002 shall be for Tax Increments received, and not previously deposited, through June 30, 2002.) Any delinquent deposit of a Tax Increment Payment by CITY under this Agreement shall be administered as provided in Section 311.013 (c), Texas Tax Code (or its successor provision).

2. COUNTY and ZONE BOARD expressly agree that CITY shall not owe any penalty or interest for taxes that have been levied, but not received by CITY. In addition, CITY shall not be obligated to contribute its Tax Increment Payments from any non-Tax Increment revenue sources. Furthermore, CITY shall not be obligated to contribute its Tax Increment Payments to the Tax Increment Fund in the event a Participating Taxing Entity, other than CITY, discontinues its contribution to the Tax Increment Fund (except as permitted under this Agreement) during the term of this Agreement, unless the discontinuance is in compliance with and authorized by a written amendment to this Agreement.

3. The Parties agree that payment for the performance of governmental functions or services under this Agreement shall only be made from current revenues available to the paying Party. In other words, a Party is not obligated to perform said services or functions if said Party lacks current revenues to pay for said services or functions.

C. Financing of Project Costs

Each Participating Taxing Entity shall participate in the payment of Project Costs only to the extent described herein. CITY and ZONE BOARD shall be entitled to enter into any other agreements to pay Project Costs and other reasonable expenses from the Tax Increments paid into the Tax Increment Fund by CITY without the consent of any other Participating Taxing Entity, but will provide notice of such agreement(s) to each Participating Taxing Entity. However, except as provided herein, neither ZONE BOARD nor CITY shall ever use any Tax Increment Payments contributed by a Participating Taxing Entity, other than contributed by CITY, to make payments on bonds, certificates of obligation, or other debt instruments without the prior written consent of the Participating Taxing Entity.

D. Disbursement of Funds in the Tax Increment Fund

1. Each Participating Taxing Entity agrees CITY shall administer the Tax Increment Fund on behalf of ZONE BOARD pursuant to Ordinance No. 94468, passed and approved by City Council of CITY on August 30, 2001. No funds shall be disbursed from the Tax Increment Fund without the prior written approval of ZONE BOARD and CITY.

2. COUNTY recognizes that the Participating Taxing Entities and ZONE BOARD may, to the extent funds are available in the Tax Increment Fund and to the extent allowed by law, use such funds to reimburse each Participating Taxing Entity for its Administrative Costs if a Participating Taxing Entity includes proof of its Administrative Costs with its request to ZONE BOARD for reimbursement. If it is determined during the term of this Agreement that reimbursement of Administrative Costs is not allowed under law, the Parties agree that ZONE BOARD shall set the amount each Participating Taxing Entity may withhold as Administrative Costs from their respective Tax Increment Payment based on the best evidence available to ZONE BOARD to make such projections, including but not limited to invoices reflecting Administrative Costs incurred by the Participating Taxing Entity and historical data of actual

Administrative Costs of the Project incurred by the Participating Taxing Entity in prior years. The Parties agree and understand that under no circumstances shall Administrative Costs, in the aggregate, exceed the amount set out and described in the Project Plan.

3. COUNTY further recognizes that, in addition to Project Costs and any other allowable costs, CITY and ZONE BOARD have represented that they may use funds in the Tax Increment Fund to pay expenditures in the following order or priority of payment: (i) to reimburse eligible Administrative Costs incurred by each Participating Taxing Entity, except that if there are insufficient funds for the full reimbursement of Administrative Costs to each Participating Taxing Entity, then the Administrative Costs of each Participating Taxing Entity shall be reimbursed on a pro rata basis; (ii) to reimburse CITY for its financial and legal advisor fees until the full amount has been paid in full; (iii) to pay administrative costs to CITY (or its administrator) for administering the Tax Increment Fund and/or the ZONE; (iv) to reimburse the Developer for public improvements, including interest, as provided in the Development Agreement and in the Project Plan to the extent that funds are available for this purpose. The Development Agreement is attached hereto as Exhibit "E". The foregoing notwithstanding, no funds will be paid from the Tax Increment Fund to a Participating Taxing Entity for its financial or legal services in any dispute arising under this Agreement with another Participating Taxing Entity or Participating Taxing Entities.

VI. TERM AND TERMINATION

A. Agreement Term and Termination

This Agreement shall become effective as of the last date of execution by the Parties hereto, and shall remain in effect until September 30, 2009, unless earlier terminated as provided herein (the "Agreement Term"). Subject to the terms of this Agreement, COUNTY agrees to participate under this Agreement, beginning with the 2000 tax year and ending in accordance with the terms provided herein. The Parties agree and understand that COUNTY's Tax

Increment Payments will not be made after September 30, 2009, as set out in paragraph IV (A) (2) of this Agreement.

B. Early Termination

Neither CITY nor ZONE BOARD shall take any action to terminate ZONE earlier than the duration of ZONE as specified herein, except CITY may terminate ZONE if the Developer ceases to undertake said improvements as set out in the Development Agreement or the Developer fails, for three (3) consecutive years or more to (i) commence construction activities on any homes in the Project; or (ii) make any public infrastructure improvements that qualify as Project Costs, as defined in Section 311, Texas Tax Code. In addition to provisions for terminating ZONE, a Participating Taxing Entity may terminate its participation in ZONE under this Agreement if: (i) construction of the public improvements described in the Project Plan and the Development Agreement is commenced, but subsequently abandoned prior to completion; (ii) if the Developer fails to commence said public improvements for three (3) or more consecutive years after creation of ZONE; or (iii) if the Developer fails to make reasonable progress toward completion on public infrastructure improvements that qualify as Project Costs, as defined in this Agreement.

C. Disposition of Tax Increments

Upon expiration or termination of ZONE, any money remaining in the Tax Increment Fund shall be paid to the Participating Taxing Entities on a pro rata basis in accordance with Section 311. 014(d), Texas Tax Code.

VII. MISCELLANEOUS

A. Understanding

Any and all costs incurred by the Developer are not, and shall never become general obligations or debt of any Participating Taxing Entity. The eligible public improvement infrastructure costs incurred by the Developer shall be payable solely from the Tax Increment

Fund in the manner and priority provided in this Agreement to the extent that such tax increment funds become available. The Parties agree and understand that under no circumstance shall the eligible costs exceed the maximum specified in the Project Plan. No Participating Taxing Entity shall be obligated above and beyond what is actually collected as Tax Increment funds. CITY and ZONE BOARD each represent that the Developer understands and agrees that there shall be no recourse against any Participating Taxing Entity, public official, ZONE, or ZONE BOARD if all or part of the Developer contributions or costs are not reimbursed. Further, CITY and ZONE BOARD each represent that the Developer understands and agrees that the Project Plan does not forecast sufficient tax revenues in the Tax Increment Fund to reimburse the Developer for all its estimated contributions or costs.

B. Severability

1. In the event any term, covenant, or condition herein contained shall be held to be invalid by any court of competent jurisdiction, such invalidity shall not affect any other term, covenant, or condition herein contained, provided that such invalidity does not materially prejudice any Party hereto in its respective rights and obligations contained in the valid terms, covenants, or conditions hereof.

In the event any term, covenant, or condition shall be held invalid and said invalidity substantially impairs a material right of a Participating Taxing Entity or ZONE BOARD, then this Agreement shall be void as to that Participating Taxing Entity and that Participating Taxing Entity shall have no further obligation to contribute any future Tax Increment Payments to the Tax Increment Fund. In such a situation, the Parties hereto agree that the Tax Increment Fund shall not refund any prior Tax Increment Payments under this provision of this Agreement.

C. Entire Agreement

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

D. Written Amendment

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

E. Notices

All notices required or permitted hereunder shall be in writing and shall be deemed delivered the earlier of: (i) when actually received or; (ii) on the third day following deposit in a United States Postal Service post office or receptacle with proper postage affixed (certified mail, return receipt requested) addressed to the respective other Party at the address prescribed in Section I of this Agreement, or at such other address as the receiving Party may have theretofore prescribed by notice to the sending Party.

F. Non-Waiver

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

G. Assignment

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

H. Successors

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

I. Project Plan

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

J. No Waiver of Immunity

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

K. Access to Financial Information

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

L. Development Agreement

1. CITY has entered into or intends to enter into a written Development Agreement with the Developer related to the Project and the development of ZONE, a copy of which is attached hereto and incorporated herein as Exhibit "E". CITY hereby represents that it will enforce the provisions of this Agreement, as required, including, to the extent contained in the Development Agreement, the Developer's compliance: (i) with all applicable building codes and ordinances, including but not limited to flood, subdivision, building, electrical, plumbing, fire, and life safety codes and ordinances, as amended; all applicable federal, state, and local laws, rules, regulations, statutes, ordinances, orders, and codes, as amended; and rules and codes that govern development over the Edwards Aquifer Recharge Zone (if applicable); (ii) the Standards of Development (attached hereto as Exhibit "C") and Development Targets (attached hereto as Exhibit "D"), requiring the Developer to produce a high quality, timely development in ZONE; and, (iii) with the same competitive bidding processes and minority/small business procedures that would be required of CITY if it were awarding contracts for constructing the public infrastructure improvements. CITY and ZONE BOARD agree to promptly provide COUNTY with a copy of any notice of default that is delivered or sent to any party under the Development Agreement.

2. For those CITY-controlled construction contracts for new development or public improvements in ZONE advertised for bid after the effective date of this Agreement, CITY agrees that, to the extent allowed by law, it will include in the bid specifications for said construction contracts a statement encouraging that both general contractor's and subcontractor's permanent full time employees and their dependants have access to some form of affordable basic health insurance.

M. ZONE Designation

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

IN WITNESS HEREOF, the CITY OF SAN ANTONIO; BEXAR COUNTY; AND REINVESTMENT ZONE NUMBER FIVE, CITY OF SAN ANTONIO, TEXAS have made and executed this Agreement in triplicate originals on this 13th day of March 2002.

CITY OF SAN ANTONIO

Terry M. Brechtel
City Manager

ATTEST/SEAL:

Norma S. Rodriguez
City Clerk

BEXAR COUNTY

Nelson Wolff
County Judge 2/12/02

ATTEST/SEAL:

Gerry Rickhoff
County Clerk

APPROVED AS TO FINANCIAL CONTENT:

Frankie McKnight
County Auditor

Marcus Jahns
Budget Officer and Executive Director
of Planning and Resource Management

APPROVED AS TO FORM:

for Steven W. Arronge
Acting City Attorney

APPROVED AS TO FORM:

SUSAN D. REED, Criminal District Attorney

By: Jeffrey L. Schrader
Assistant Criminal District
Attorney-Civil Section

REINVESTMENT ZONE NUMBER FIVE
CITY OF SAN ANTONIO, TEXAS
(New Horizons Redevelopment Project)

Carlos Balido
Chairman, Board of Directors

ATTEST/SEAL:

Secretary, Board of Directors

THE STATE OF TEXAS	§	
	§	**NEW HORIZONS TIF – ACCD**
COUNTY OF BEXAR	§	

INTERLOCAL AGREEMENT

I. PARTIES

A. Address

1. THIS INTERLOCAL AGREEMENT (the "Agreement") is made by and between the **CITY OF SAN ANTONIO, TEXAS** (hereafter referred to as "CITY"), a Texas Municipal Corporation, acting through its City Manager pursuant to Ordinance No. 90382, passed and approved by the City Council on August 26, 1999; **ALAMO COMMUNITY COLLEGE DISTRICT,** a community college district established under Chapter 130 of the Texas Education Code, acting through Dr. Gene Sprague, its Trustee, pursuant to authority granted by the Board of Trustees on February 20, 2001 (hereafter referred to as "ACCD"); and the **BOARD OF DIRECTORS FOR REINVESTMENT ZONE NUMBER FIVE (5), CITY OF SAN ANTONIO, TEXAS,** a reinvestment zone created by the CITY pursuant to Chapter 311 of the Texas Tax Code, (hereafter referred to as the "ZONE," as hereafter defined). Collectively, the CITY, ACCD, and ZONE may be referred to as the "Parties." This Agreement is made pursuant to Chapter 791, Texas Government Code and Chapter 311 of the Texas Tax Code for the participation of CITY and ACCD in the New Horizons Reinvestment Project (the "Project").

2. The initial addresses of the Parties are listed below. Each party may designate a different address by giving the CITY at least ten (10) days prior written notice.

CITY
Terry M. Brechtel
City Manager
City of San Antonio
100 Military Plaza
San Antonio, Texas 78205

ACCD
Dr. Gene Sprague
Alamo Community College District
201 West Sheridan
San Antonio, Texas 78204

ZONE BOARD
Carlos Balido
Chairman
Reinvestment Zone Number Five (5),
City of San Antonio, Texas
8058 Vantage

San Antonio, TX 78230

B. Index

In consideration of the covenants set forth herein, and subject to the terms and conditions herein, the CITY, ACCD, and ZONE BOARD hereby agree to the terms and conditions of this Agreement. This Agreement consists of the following sections:

Section	Description	Page
I.	Parties	1
II.	Definitions	3
III.	Background	4
IV.	Rights and Obligations of ACCD	6
V.	Rights and Obligations of CITY and ZONE	10
VI.	Term and Termination	13
VII.	Miscellaneous	14
Exhibit "A"	Project Plan	
Exhibit "B"	City of San Antonio Ordinance No. 90382	
Exhibit "C"	Standards For Development	
Exhibit "D"	Development Targets	
Exhibit "E"	Development Agreement	
Exhibit "F"	Agreement, if any, between Developer and ACCD	

C. Parts Incorporated

All of the above described exhibits are hereby incorporated into this Agreement by this reference for all purposes.

II. DEFINITIONS

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

1. "Administrative Costs" means reasonable costs directly incurred by a Participating Taxing Entity (as hereinafter defined) related to its agreement to participate in the development of the ZONE, as described in this Agreement. These costs include, but are not limited to, costs

and expenses for legal review and financial analysis related to the ZONE incurred prior to entering into this Agreement, as well as any such costs and expenses incurred after this Agreement becomes effective. The Administrative Costs for all Participating Taxing Entities are estimated to be forty-five thousand dollars ($45,000) in the aggregate for the life of the ZONE.

2. "Agreement" means this interlocal Agreement.

3. "Captured Appraised Value" means the captured appraised value of the ZONE, as defined by Section 311.012(b), Texas Tax Code (and as said Code may be amended from time to time).

4. "CITY" is defined in Article I of this Agreement and includes its successors and assigns.

5. "Participating Taxing Entity" or "Participating Taxing Entities" means, singularly, a taxing unit participating in the ZONE, and collectively, all taxing units participating in the ZONE, and shall include CITY; Bexar County; the Bexar County Hospital District, operating as University Health System ("UHS"); ACCD; and the Edgewood Independent School District.

6. "Project Costs" means the items set forth and described in Section 311.002(1), Texas Tax Code (as said Code may be amended from time to time), which are included in the Project Plan for the Project. The Project Costs include public infrastructure improvements and related capital costs including streets, drainage, utilities, platting fees, architect and engineering fees, sidewalks, and other public improvements. The Project Costs for public improvements is estimated at five hundred fourteen thousand two hundred forty-four dollars ($514,244) in the aggregate for the life of the ZONE.

7. "Project Plan" means the Final Project and Reinvestment Zone Financing Plan for the ZONE as adopted by the Board of Directors of the Zone on August 20, 1999 and approved by the City Council of the CITY on August 26, 1999, attached hereto as Exhibit "A".

8. "Tax Increment" means the total amount of ad valorem taxes levied and collected each year by a Participating Taxing Entity each year on the Captured Appraised Value of taxable real property in the ZONE. Further, with respect to the County, this term means the total amount of ad valorem taxes levied and collected only on behalf of the County each year and shall not include the Flood Control District.

9. "Tax Increment Base" means the total appraised value of all real property taxable by a Participating Taxing Entity and located in the ZONE as of January 1, 1999, the year in which the ZONE was designated.

10. "Tax Increment Fund" means the tax increment fund created by the CITY for the deposit of Tax Increments for the ZONE, entitled "Reinvestment Zone Number Five (5), City of San Antonio, Texas Tax Increment Fund".

11. "Tax Increment Payment" means the amount of the Tax Increment that a Participating Taxing Entity agrees to deposit annually into the Tax Increment Fund in accordance with this Agreement and the Project Plan.

12. "ZONE" means Reinvestment Zone Number Five (5), City of San Antonio, Texas, created by the CITY over the Zone Area on August 19, 1999 by Ordinance No. 90311, a description of which is contained in Exhibit "A", attached hereto.

13. "ZONE BOARD" means the Board of Directors of the ZONE.

III. BACKGROUND

A. Resolution No. 99-22-25, passed and approved by City Council on May 27, 1999, expressed the CITY's intent to create a tax increment financing reinvestment zone to support revitalization activities in the ZONE pursuant to Chapter 311, Texas Tax Code. On August 19, 1999, the City Council of CITY passed and approved Ordinance No. 90311 which created the ZONE. The Project is located approximately 5.8 miles west of downtown San Antonio and approximately 1.8 miles north of US Highway 90. The ZONE is bounded by West Commerce Street to the south, NW 39th Street to the east, Caywood Street to the north, and Hortencia Avenue to the West. The Project is in the Edgewood Independent School District (hereafter "School District") and encompasses approximately 10.03 acres. The ZONE will provide funding for public improvements within the ZONE. The Tax Increment Base for the ZONE is fifty-three thousand five hundred dollars ($53,500) and the projected Captured Appraised Value of all the taxable real property in the ZONE at the end of the Agreement Term (as hereafter defined) is four million ninety-five thousand dollars ($4,095,000). The Project does not include the issuance of any certificates of obligations. The project includes the construction of 63 single-family homes with an average base sale price of sixty-five thousand dollars ($65,000) (unless a

buyer requests additions and qualifies for a higher sale price). The total public improvement infrastructure capital cost is estimated at five hundred fourteen thousand two hundred forty-four dollars ($514,244) and shall not exceed five hundred fourteen thousand two hundred forty-four dollars ($514,244), plus interest. The developers are Reeves Engineering, Incorporated and Nuevos Horizontes, duly authorized Texas corporations, (the "Developer"). The ZONE is projected to terminate on September 30, 2009 unless earlier termination occurs under the terms of the Agreement (the "term of the ZONE").

B. The ZONE BOARD adopted the Project Plan on August 20, 1999 and the CITY adopted the Project Plan on August 26, 1999. The CITY and ACCD agree to participate in the ZONE, and to deposit their respective Tax Increment Payments to the Tax Increment Fund, in accordance with the terms, and in consideration for the agreements set forth herein. The Tax Increment Fund was authorized by Ordinance No. 90382, attached hereto as Exhibit "B". The ACCD hereby acknowledges receipt of notice of the initial creation of the ZONE.

C. The Parties hereto agree that, except as provided herein, no tax-supported public debt instrument will be issued by a Participating Taxing Entity or the ZONE to finance any costs or improvements on the Project.

IV. RIGHTS AND OBLIGATIONS OF ACCD

A. Tax Increment Participation by ACCD

1. Subject to the limitations set out in this Agreement, ACCD agrees to participate in the ZONE by contributing to the Tax Increment Fund one hundred percent (100%) of its respective Tax Increments each year during the term of this Agreement, beginning with the 2000 tax year.

2. The Parties hereto agree that the ACCD's contribution to the Tax Increment Fund shall be used to fund public infrastructure improvements to support the development and revitalization efforts in the ZONE, including related Project Costs. ACCD's contributions to the Tax Increment Fund shall end when it has contributed the maximum total contribution provided for herein, or when it has made contributions, as specified in the Project Plan, through the end of ACCD's fiscal year 2008-2009 (ending on September 30, 2009), whichever occurs first.

B. Tax Increment Payment

1. ACCD's obligation to contribute its Tax Increment Payment to the Tax Increment Fund, as provided in paragraph IV (A) (1) of this Agreement, shall accrue as ACCD collects its Tax Increment. The Parties hereto agree that all real property taxes collected each year by the ACCD that are attributable to real property in the ZONE, shall first constitute taxes on the Tax Increment Base and after the total amount of taxes on the Tax Increment Base have been collected, shall then constitute the Tax Increment. ACCD agrees to deposit its first Tax Increment Payment to the Tax Increment Fund for tax year 2000 on or before March 1, 2001. The amount of the first Tax Increment Payment shall be based on the Tax Increments that were received from January 1, 2000 through such date. For subsequent tax years, ACCD agrees to contribute its Tax Increment Payments to the Tax Increment Fund semi-annually on March 1 and August 1 (or the first business day thereafter) of each tax year. The amount of each Tax Increment Payment shall be based on the Tax Increments that are received, but which have not been previously deposited, during the semi-annual period preceding each deposit date. The Parties agree that ACCD's obligation to deposit Tax Increment Payments after September 30, 2009 shall only be for taxes collected and received after such date that are attributable to the time period during which ACCD agreed to participate.

2. Any delinquent deposit of a Tax Increment Payment under this Agreement by ACCD shall be administered as provided in Section 311.013(c) of the Texas Tax Code, which states follows:

> A taxing unit shall make a payment required by Subsection (b) [Tax Increment Payment], not later than the 90th day after the delinquency date for the unit's Property taxes. A delinquent payment incurs a penalty of five percent of the amount delinquent and accrues interest at an annual rate of ten percent.

The Parties expressly agree that ACCD shall not owe any penalty or interest on Tax Increments that have been levied, but not received by ACCD. In addition, ACCD shall not be obligated to contribute its Tax Increment Payment from any non-Tax Increment revenue sources. Furthermore, ACCD shall not be obligated to contribute its Tax Increment Payment to the Tax Increment Fund in the event a Participating Taxing Entity, other than ACCD, discontinues its

contribution (except as otherwise agreed to in this Agreement) or fails to fully contribute its entire contribution to the Tax Increment Fund during the term of this Agreement unless the discontinuance is in compliance with and authorized by a written amendment to this Agreement.

3. The CITY or ZONE BOARD agrees to comply with the Project Plan and the Development Agreement. The CITY agrees to provide prior written notice to all Participating Taxing Entities of a proposed material change (by which is meant any change that would constitute a substantial change to the scope of the work or substantial increase in the costs incurred) to the Project Plan or the Development Agreement. CITY shall have the right to amend and modify the Project Plan and the Development Agreement without providing prior written notice to the Participating Taxing Entities so long as such amendment or modification does not constitute a material change. The Participating Taxing Entities shall have a period of 15 business days from the date of receipt of such notice of a material change to provide comment(s) and objection(s) to the proposed change. The absence of written objections or comments by the Participating Taxing Entity to the CITY will constitute approval of the proposed material change by the Participating Taxing Entity. If a Participating Taxing Entity provides written notice to the CITY that it objects to the proposed material change, and the objection, as set out in the notice, is not resolved within 45 business days from the date of such notice and the CITY approves such material change, then the Participating Taxing Entity providing the objection may thereafter discontinue its Tax Increment Payments and terminate its participation in the ZONE.

4. If the CITY materially breaches this Agreement, then a Participating Taxing Entity may provide written notice to the CITY, Developer, and ZONE Board (with a copy to any other Participating Taxing Entity still contributing Tax Increment Payments) stating its intent to terminate its participation in the ZONE and detailing its objection(s) or concern(s). If the objection and/or concerns as set out in the notice is not resolved within 90 business days from the date of such notice, then the Participating Taxing Entity providing the notice may discontinue its Tax Increment Payments and terminate its participation in the ZONE.

5. Except for contributing its respective Tax Increment Payments to the Tax Increment Fund as set out in this Agreement, ACCD shall not have any obligation or responsibility for any costs or expenses associated with the development of the ZONE or the

implementation of the Project Plan, including, without limitation, any obligation to pay or repay any debt issued by another Participating Taxing Entity, the ZONE, or the ZONE BOARD relating to the ZONE or any costs associated with the operation of ZONE, the Project, or any other projects relating thereto.

6. Notwithstanding anything herein to the contrary, the CITY's total Tax Increment Payment to the Tax Increment Fund over the term of the ZONE shall not exceed one hundred thirty-eight thousand one hundred twelve dollars ($138,112) in the aggregate, plus any applicable penalty and/or interest. Notwithstanding anything herein to the contrary, ACCD's total Tax Increment Payment to the Tax Increment Fund over the term of the ZONE shall not exceed eighty-one thousand four hundred forty-six dollars ($81,446) in the aggregate, plus any applicable penalty and/or interest.

C. SCHOOL DISTRICT PROVISIONS

1. ACCD understands and agrees that the Edgewood Independent School District's (the "School District") Tax Increment Payment may decrease or cease in the event and to the extent that Texas law applicable to the School District or tax increment reinvestment zones is enacted which results in a decrease in the aggregate amount of the state and local funds available to or received in any school year by the School District during the term of this Agreement that would otherwise be available to or received by the School District in such school year if the School District were not participating in the ZONE during that year. Should this occur, the School District's Tax Increment Payment shall, at the option of the School District, be reduced in an amount equal to the amount of the decrease in the aggregate state and/or local funding available to or received in that school year by the School District during the term of this Agreement as a result of the School District's participation in the ZONE. A reduction in the participation level of the School District will not create any further obligation on the part of the other Participating Taxing Entities. If such a reduction in the participation level of the School District creates a shortfall in the Tax Increment Fund revenues and consequently creates the inability to pay Project Costs, the Developer, and not the Participating Taxing Entities, shall be responsible for the payment of those costs.

2. In the event that there is an outstanding reimbursement obligation from the Tax

Increment Fund to the School District at the time that a Tax Increment Payment is due from the School District to the Tax Increment Fund under this Agreement, the School District may offset any reimbursement amount against its Tax Increment Payment obligation. The obligation to reimburse the School District for any amount in accordance with this Subsection is limited to, and payable only from, amounts available in the Tax Increment Fund. If at the time any such payment becomes due there are insufficient funds in the Tax Increment Fund to make such payment in full and the School District's Tax Increment Payments owed to the Tax Increment Fund has not been reduced to zero, the School District agrees: (1) only the amount of the Tax Increment Fund representing the School District's percentage of participation in said Fund shall be used to reimburse the School District, and (2) to recover any remaining reimbursement from the School District's future Tax Increment Payment obligation until such reimbursement, together with interest as provided herein is fully recovered. If at any time such payment becomes due there are insufficient funds in the Tax Increment Fund to make such payment in full and the School District's participation in said Fund has been reduced to zero, reimbursement shall not be limited to the amount of said Fund representing the School District's percentage of participation in said Fund, and the School District shall be reimbursed as soon as funds become available and shall have first priority among claims against the Tax Increment Fund. Interest earned on late reimbursement payments to the School District from the Tax Increment Fund shall be limited to the actual interest the School District paid on borrowed funds to make up for money owed to the School District by the Tax Increment Fund or the actual interest lost on the School District's reserve funds if the School District elected to use reserved funds to make up for money owed to the School District by the Tax Increment Fund.

D. Management of the ZONE

1. The CITY is the only Participating Taxing Entity with any responsibility for managing or administering the Project. The Participating Taxing Entities, during the term of this Agreement, may inspect the Project site and review Project plans and drawings at times and intervals which will not interfere with ongoing operations.

2. The ZONE BOARD shall be composed of nine (9) members, as provided under Section 311.009(b) of the Texas Tax Code. The Edgewood Independent School District may

appoint one member of the ZONE BOARD if the Edgewood Independent School District participates in the ZONE. The member of the Texas Senate and the member of the Texas House of Representatives in whose district the ZONE is located may also appoint a member of the ZONE BOARD. CITY may appoint the remaining ZONE BOARD members; however, ACCD shall have the right to have one individual appointed to the ZONE BOARD as provided in the bylaws of the ZONE.

E. Expansion of the ZONE

The obligation of ACCD to participate in the ZONE is limited to the description of the ZONE in Exhibit "A" attached hereto. ACCD's participation shall not extend to the Tax Increment on any additional property added to the ZONE by the CITY unless ACCD approves in writing such participation.

V. RIGHTS AND OBLIGATIONS OF CITY AND ZONE

A. Tax Increment Participation by the CITY

Subject to the terms of this Agreement, CITY agrees to participate in the ZONE by contributing to the Tax Increment Fund one hundred percent (100%) of its Tax Increment each year during the term of this Agreement, beginning with the 2000 tax year. CITY's contributions to the Tax Increment Fund shall end when the CITY has contributed the maximum total contribution provided for herein or when the CITY has made contributions for the total number of years specified in the Project Plan, whichever occurs first. Notwithstanding anything herein to the contrary, the total CITY Tax Increment Payments over the term of the ZONE shall not exceed one hundred thirty-eight thousand one hundred twelve dollars ($138,112), plus any applicable penalty and/or interest.

B. Tax Increment Payment

1. CITY's obligation to contribute its Tax Increment Payment to the Tax Increment Fund, as provided above in Section V of this Agreement, shall accrue as CITY collects its Tax Increment. CITY agrees to deposit its Tax Increment Payment to the Tax Increment Fund for tax year 2000 on or before March 1, 2001. For subsequent

tax years, CITY agrees to contribute its Tax Increment Payments to the Tax Increment Fund semi-annually on March 1 and August 1 (or the first business day thereafter) of each tax year. The amount of each Tax Increment Payment shall be based on the Tax Increments that are received, but which have not been previously deposited, during the semi-annual period preceding each deposit date. The Parties agree that CITY's obligation to deposit Tax Increment Payments after September 30, 2009 shall only be for taxes collected and received after such date that are attributable to the time period during which CITY agreed to participate. Under no circumstances shall CITY be required to participate in the ZONE after September 30, 2009. Any delinquent deposit of a Tax Increment Payment by CITY under this Agreement shall be administered as provided in Section 311.013(c) of the Texas Tax Code, which states as follows:

> A taxing unit shall make a payment required by Subsection (b) [Tax Increment Payment], not later than the 90th day after the delinquency date for the unit's Property taxes. A delinquent payment incurs a penalty of five percent of the amount delinquent and accrues interest at an annual rate of ten percent.

2. ACCD and the ZONE BOARD expressly agree that CITY shall not owe any interest or on Tax Increments that have been levied, but not received by the CITY by the delinquency dates specified herein. In addition, CITY shall not be obligated to contribute its Tax Increment Payment from any non-Tax Increment revenue sources. Furthermore, CITY shall not be obligated to contribute its Tax Increment Payment to the Tax Increment Fund in the event a Participating Taxing Entity, other than CITY, discontinues its contribution to the Tax Increment Fund (except as permitted under this Agreement) during the term of this Agreement, unless the discontinuance is in compliance with and authorized by a written amendment to this Agreement.

3. As required under the provisions of Chapter 791 of the Texas Government Code, the Parties agree that payment for the performance of governmental functions or services under this Agreement shall only be made from current revenues available to the paying Party. In other words, a Party is not obligated to perform said services or functions if said Party lacks current revenues to pay for said services or functions.

C. Financing of Project Costs

Each Participating Taxing Entity shall participate in the payment of Project Costs only to the extent described herein. The CITY and the ZONE BOARD shall be entitled to enter into any other agreements to pay Project Costs and other reasonable expenses from the Tax Increments paid into the Tax Increment Fund by the CITY without the consent of any other Participating Taxing Entity, but will provide notice of such agreement(s) to each Participating Taxing Entity. However, except as provided herein, neither the ZONE BOARD nor the CITY shall ever use any Tax Increment Payments contributed by a Participating Taxing Entity, other than contributed by CITY, to make payments on bonds, certificates of obligation, or other debt instruments without the prior written consent of the Participating Taxing Entity.

D. Disbursement of Funds in the Tax Increment Fund

1. Each Participating Taxing Entity agrees that ZONE BOARD shall enter into a separate agreement with CITY for CITY to administer the Tax Increment Fund on behalf of the ZONE BOARD. No funds shall be disbursed from the Tax Increment Fund without the prior written approval of the ZONE BOARD and the CITY.

2. ACCD recognizes that the Participating Taxing Entities and the ZONE BOARD may, to the extent funds are available in the Tax Increment Fund and to the extent allowed by law, use such funds to reimburse each Participating Taxing Entity for its Administrative Costs if a Participating Taxing Entity includes proof of its Administrative Costs with its request to the ZONE BOARD for reimbursement. If it is determined during the term of this Agreement that reimbursement of Administrative Costs is not allowed under law, the parties agree that the ZONE BOARD shall set the amount each Participating Taxing Entity may withhold as Administrative Costs from their respective Tax Increment Payment based on the best evidence available to the ZONE BOARD to make such projections, including but not limited to invoices reflecting Administrative Costs incurred by the Participating Taxing Entity and historical data of actual Administrative Costs of the Project incurred by the Participating Taxing Entity in prior years. The parties agree and understand that under no circumstances shall Administrative Costs, in the aggregate, exceed the amount set out and described in the Project Plan.

3. ACCD further recognizes that, in addition to Project Costs and any other allowable

costs, the CITY and ZONE BOARD have represented that they may use funds in the Tax Increment Fund to pay expenditures in the following order or priority of payment: (i) to reimburse eligible Administrative Costs incurred by each Participating Taxing Entity, except that if there are insufficient funds for the full reimbursement of Administrative Costs to each Participating Taxing Entity, then the Administrative Costs of each Participating Taxing Entity shall be reimbursed on a pro rata basis; (ii) to reimburse CITY for its financial and legal advisor fees until the full amount has been paid in full; (iii) to pay administrative costs to CITY (or its administrator) for administering the Tax Increment Fund and/or the ZONE; (iv) to reimburse the Developer for public improvements, including interest, as provided in the Development Agreement and in the Project Plan to the extent that fund are available for this purpose. The Development Agreement is attached hereto as Exhibit "E". The foregoing notwithstanding, no funds will be paid from the Tax Increment Fund to a Participating Taxing Entity for its financial or legal services in any dispute arising under this Agreement with another Participating Taxing Entity or Participating Taxing Entities.

VI. TERM AND TERMINATION

A. Agreement Term and Termination

This Agreement shall become effective as of the last date of execution by the Parties hereto, and shall remain in effect until September 30, 2009, unless earlier terminated as provided herein (the "Agreement Term"). Subject to the terms of this Agreement, ACCD agrees to participate under this Agreement, beginning with the 2000 tax year and ending in accordance with the terms provided herein. The Parties agree and understand that ACCD's Tax Increment Payments will not be made after September 30, 2009, as set out in paragraph IV A 2 of this Agreement.

B. Early Termination

Neither CITY nor the ZONE BOARD shall take any action to terminate the ZONE earlier than the duration of the ZONE as specified herein, except the CITY may terminate the ZONE if the Developer ceases to undertake said improvements as set out in the Developer Agreement or the Developer fails, for three (3) consecutive years or more to (i) commence

construction activities on any homes in the Project; or (ii) make any public infrastructure improvements that qualify as Project Costs, as defined in Section 311 of the Texas Tax Code. In addition to provisions for terminating the ZONE, a Participating Taxing Entity may terminate its participation in the ZONE under this Agreement if (i) construction of the public improvements described in the Project Plan and the Development Agreement is commenced, but subsequently abandoned prior to completion; (ii) if the Developer fails to commence said public improvements for three or more consecutive years after creation of the ZONE; or (iii) if the Developer fails to make reasonable progress toward completion on public infrastructure improvements that qualify as Project Costs, as defined in this Agreement.

C. Disposition of Tax Increments

Upon expiration or termination of the ZONE, any money remaining in the Tax Increment Fund shall be paid to the Participating Taxing Entities on a pro- rata basis in accordance with Section 311. 014(d) of the Texas Tax Code.

VII. MISCELLANEOUS

A. Understanding

Any and all costs incurred by the Developer are not, and shall never become general obligations or debt of any Participating Taxing Entity. The eligible public improvement infrastructure costs incurred by the Developer shall be payable solely from the Tax Increment Fund in the manner and priority provided in this Agreement. There shall also be no recourse against any Participating Taxing Entity, public official, ZONE, or ZONE BOARD if all or part of the Developer contributions or costs are not reimbursed. It is recognized by the ZONE BOARD that the Project Plan does not forecast sufficient tax revenues to reimburse the Developer for all its estimated contributions or costs.

B. Severability

1. In the event any term, covenant, or condition herein contained shall be held to be invalid by any court of competent jurisdiction, such invalidity shall not affect any other term, covenant, or condition herein contained, provided that such invalidity does not materially prejudice any Party hereto in its respective rights and obligations contained in the valid terms,

covenants, or conditions hereof.

2. In the event any term, covenant, or condition shall be held invalid and said invalidity substantially impairs a material right of a Participating Taxing Entity or the ZONE BOARD, then this Agreement shall be void as to that Participating Taxing Entity and that Participating Taxing Entity shall have no further obligation to contribute any future Tax Increment Payments to the Tax Increment Fund. In such a situation, the Parties hereto agree that the Tax Increment Fund shall not refund any prior Tax Increment Payments under this provision of this Agreement.

C. Entire Agreement

This Agreement merges the prior negotiations and understandings of the Parties hereto and embodies the entire agreement of the Parties. There are no other agreements, assurances, conditions, covenants (express or implied), or other terms with respect to the covenants, whether written or verbal, antecedent or contemporaneous, with the execution hereof, except for an agreement (if any) between ACCD and Developer attached hereto for convenience as Exhibit "F".

D. Written Amendment

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

E. Notices

All notices required or permitted hereunder shall be in writing and shall be deemed delivered the earlier of (i) when actually received or, (ii) on the third day following deposit in a United States Postal Service post office or receptacle with proper postage affixed (certified mail, return receipt requested) addressed to the respective other Party at the address prescribed in Section I of this Agreement, or at such other address as the receiving Party may have theretofore prescribed by notice to the sending Party.

F. Non-Waiver

Failure of any Party hereto to insist on the strict performance of any of the

agreements herein or to exercise any rights or remedies accruing hereunder upon default or failure of

performance shall not be considered a waiver of the right to insist on, and to enforce by any appropriate remedy, strict compliance with any other obligation hereunder or to exercise any right or remedy occurring as a result of any future default or failure of performance.

G. Assignment

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

H. Successors

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

I. Project Plan

ACCD acknowledges that it was permitted to review and comment upon the Project Plan before it was submitted to the City Council for CITY approval. The Parties agree that an amendment to the Project Plan shall not apply to ACCD unless ACCD approves the amendment as provider herein if such amendment to the Project Plan (i) has the effect of directly or indirectly increasing the percentage or amount of Tax Increment to be contributed by the ACCD to the Tax Increment Fund; or (ii) materially alters the obligations of ACCD in any other way.

J. No Waiver of Immunity

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

K. Access to Financial Information

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

L. Development Agreement

1. The CITY has entered into or intends to enter into a written Development Agreement with the Developer related to the Project and the development of the ZONE, a copy of which is attached hereto and incorporated herein as Exhibit "E". The CITY hereby represents that it will enforce the provisions of this Agreement, as required, including, to the extent contained in the

Development Agreement, the Developer's compliance (i) with all applicable building codes and

ordinances, including but not limited to flood, subdivision, building, electrical, plumbing, fire, and life safety codes and ordinances, as amended; all applicable federal, state, and local laws, rules, regulations, statutes, ordinances, orders, and codes, as amended; and rules and codes that govern development over the Edwards Aquifer Recharge Zone (if applicable); (ii) the Standards of

Development (attached hereto as Exhibit "C") and Development Targets (attached hereto as Exhibit "D"), requiring the Developer to produce a high quality, timely development in the ZONE; and, (iii) with the same competitive bidding processes and minority/small business

procedures that would be required of the CITY if it were awarding contracts for constructing the public infrastructure improvements. The CITY and ZONE BOARD agree to provide ACCD with a copy of any notice of default that is delivered or sent to any party under the Development Agreement within five (5) business days after receipt of the notice by the CITY or ZONE BOARD.

2. For those CITY controlled construction contracts for new development or public improvements in the ZONE advertised for bid after the effective date of this Agreement, CITY agrees that, to the extent allowed by law, it will include in the bid specifications for said construction contracts a statement encouraging that both general contractor's and subcontractor's permanent full time employees and their dependants have access to some form of affordable basic health insurance.

3. CITY agrees to notify any future developers or other contractors desiring to implement a Tax Increment Reinvestment Zone subsequent to the adoption of the resolution by COUNTY on August 22, 2000, related to HEALTH SYSTEM's participation in such Zones, that, to the best of CITY's knowledge, the COUNTY'S and the HEALTH SYSTEM's current policy is for the HEALTH SYSTEM not to participate in such zones.

M. ZONE Designation

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

IN WITNESS HEREOF, the CITY OF SAN ANTONIO; ALAMO COMMUNITY COLLEGE DISTRICT; AND REINVESTMENT ZONE NUMBER FIVE, CITY OF SAN ANTONIO, TEXAS have made and executed this Agreement in triplicate originals on this 1 day of May.

CITY OF SAN ANTONIO

for Frances A. Gonzalez

Terry M. Brechtel

ACCD

Dr. Gene Sprague

Dr. Gene Sprague

City Manager

ATTEST/SEAL:

Norma S. Rodriguez
City Clerk

APPROVED AS TO FORM:

Andrew Martin
for City Attorney

Trustee

ATTEST/SEAL:

ACCD Board Secretary

APPROVED AS TO FORM:

By: _____
Legal Counsel

REINVESTMENT ZONE NUMBER FIVE
CITY OF SAN ANTONIO, TEXAS
(New Horizons Redevelopment Project)

Carlos Balido
Chairman, Board of Directors

ATTEST/SEAL:

Secretary, Board of Directors

Secretary, Board of Directors

Exhibit A
New (West) Horizons Project
Project Plan

FINAL PROJECT PLAN
AND REINVESTMENT ZONE FINANCING PLAN
FOR

REINVESTMENT ZONE NUMBER 5
CITY OF SAN ANTONIO, TEXAS

"NEW (WEST) HORIZONS"

Prepared by:
City of San Antonio

August 26, 1999

Exhibit
"A"

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I. EXECUTIVE SUMMARY

NEW (WEST) HORIZONS

I. EXECUTIVE SUMMARY

The City of San Antonio's proposed Tax Increment Reinvestment Zone No. 5 ("TIRZ" or "Zone"), can help facilitate the development of an approximately 10 acre tract of land, of which will contain 63 affordable single family homes. The residential subdivision will be known as New (West) Horizons. Of the planned residential development, houses will range in price from $60,000 - $75,000, and houses will range in size from 1,000 to over 1,400 square feet with lot sizes of approximately 5,000 square feet.

The proposed New (West) Horizons development is located at the corner of Hortencia at West Commerce in the West Side of the city. The developer of the property is Nuevos Horizontes and is requesting the City of San Antonio, along with other taxing entities, to participate in the TIF.

The proposed cost of the public improvements for New (West) Horizons is estimated at $609,379, which includes an interest cost of 9.25%. The proposed cost for administrative expenses is $45,000, totaling $654,379. The proposed public improvements for this project include: street installation, sidewalks, utilities, drainage, and other public improvements. The financing for this project has been arranged through International Bank of Commerce by Nuevos Horizontes for all infrastructure and site improvements.

Participation from the City of San Antonio, Bexar County, Edgewood Independent School District, University Health System, and Alamo Community College District is being requested.

The Board of Directors for New (West) Horizons Tax Increment Reinvestment Zone No. 5 met on Friday, August 20, 1999, and approved the attached final project and financing plans. The TIRZ has been calculated to be paid out in ten years, at which time the zone will be dissolved, in September 2009.

In summary, the proposed New (West) Horizons TIRZ will enable the developer to provide 63 affordable single-family homes. Additionally, the TIRZ will enhance the quality of life for the residents of the neighborhood, and the City will gain a self-sustaining, single family neighborhood in the spirit of the initiatives set by the Community Revitalization Action Group (CRAG).

II. PROJECT PLAN

A. Overview
B. Boundaries
C. Land Use & Existing Conditions
D. Project Plan Objective
E. Relocation
F. Municipal Ordinances
G. Non-project Costs

II. Project Plan

A. Overview

The New (West) Horizons TIRZ will provide the financing needed for infrastructure to develop 63 affordable homes on the West Side of San Antonio. This development will bring homeownership and revitalization opportunities to an inner-city area. Through the Community Revitalization Action Group (CRAG) process, the City has committed to identifying, developing and encouraging efforts to revitalize the communities located inside Loop 410. The CRAG Final Report recommends the creation of TIRZ districts as a tool for community revitalization.

The Project Plan and the Financing Plan provide for the funding of streets, sidewalks, utilities, drainage, and public improvements associated with the proposed residential development. The entire 10 acre tract will be developed for single family uses. The houses in the zone will range in sales price from $60,000 to $75,000. House sizes will range from 1,000 to 1,400 square feet. Lot sizes will average about 5,000 square feet. The projected completion date for the area infrastructure is 2001. The project will target homeowners who earn 80 percent of city's median income.

In addition to the residential development, the plan calls for improvements to the pedestrian environment along West Commerce Street and Hortencia Avenue by adding landscaping, lighting, and sidewalks. These enhancements are supported by the City's Master Plan which encourages the development of accessible, safe and stimulating streetscapes (Urban Design: Policy 1e).

As part of project development, meetings were held with area stakeholders including neighborhood groups, community organizations, and the Edgewood Independent School District. The need for community involvement in the development of infill projects is stressed in the City's Master Plan.

The use of the TIRZ will enable the developer to create affordable single family housing that will help to increase area population, support the existing retail base, supplement the existing job market, attract additional private development, and revitalize the neighborhood. Without the creation of the TIRZ, the development of the proposed 63 affordable homes would not be financially feasible. The TIRZ funds will provide for the difference between the costs of development and the price the market will allow.

B. Boundaries

The TIRZ is located about 5.8 miles west of downtown San Antonio and about 1.8 miles north of US Highway 90. The TIRZ is roughly bound by West Commerce Street to the south, NW 39th Street to the east, Caywood Street to the north, and Hortencia Avenue to the west. The location of the zone is shown in Exhibit A: Vicinity/School Districts Map. The boundaries of the zone are shown in Exhibit B: Boundary/Floodplain Map. A legal description of the property is found in the Appendices of the plan.

C. *Land Use and Existing Conditions*

Area Land Use

The land uses south of the zone include single family residential development and vacant properties. Single family houses and Monterrey Park is located east of the zone. Monterrey Park, a developed large urban park, currently is receiving capital improvements funded through City of San Antonio general obligation bonds. Single family development also borders the zone to the north. A mix of uses including single family residential, commercial, public/institutional and vacant properties are found west of the zone. (see Exhibit C: Existing Land Use).

According to the 1990 Census, the median housing value for the census tract where the zone is located is $36,100. The 1990 citywide median housing value is $49,700. About 68 percent of the housing in the tract is owner-occupied compared to 54 percent for the city as a whole.

Current Site Conditions

The zone includes about 10.3 acres of undeveloped land. Access to the property is provided from West Commerce Street and Hortenica Avenue. West Commerce Street is identified as a Secondary Arterial Type A in the Major Thoroughfare Plan.

The development of the property will require street excavation and installation, grading, and the construction of drainage structures/channels, sidewalks, approaches, sewer lines, water lines, street lighting and electrical services. The property is not located within the 100 year FEMA floodplain (see Exhibit B: Boundary/Floodplain Map and Exhibit D: Site Plan).

Current Economic Conditions

The TIRZ is located in the southeast corner of Census Tract 1714. The population for this census tract grew at nearly the same rate as the city as a whole between the 1980 Census and the 1990 Census. The tract grew by 18.5 percent between 1980 and 1990 (from 5,193 to 6,155) and the city as a whole grew by 19 percent (from 786,023 to 935,933). According to population estimates developed by Claritas Corporation, the tract is projected to have a 1998 population of 6,717 persons. This figure represents a 9 percent growth over the 1990 Census figure. In comparison, Claritas projected a 25 percent increase in population for the entire city of San Antonio.

According to Claritas data, the 1998 median household income in the Census tract is $20,300 compared to a 1998 citywide median household income of $30,585.

A breakdown of the 1998 population, based on projections provided by Claritas, follows:

Ethnicity	*Census Tract 1714* *% of 1998 Population*	*Citywide* *% of 1998 Population*
Anglo	2%	30%
Black	1%	6%
Hispanic	96%	62%
Other	1%	2%

The southern boundary of the zone is West Commerce Street which serves as a major transportation artery. The area is served by VIA bus service to downtown, the medical center and Kelly AFB. The transportation network contributes to the suitability of infill residential development in the area.

D. Project Plan Objective

The objective of the plan is to develop 10.3 acres of land into 63 affordable home sites and enhance the pedestrian environment along West Commerce Street and Hortencia Avenue. The project will create opportunities for first time homeownership, provide counseling for homebuyers, develop safe and affordable single family housing, and enhance the pedestrian environment. The development would not occur without the TIRZ. The TIRZ funds will provide for the difference between development costs and the market price.

E. Relocation

The Plan does not call for the relocation or displacement of residents.

F. Municipal Ordinances

In addition to compliance with ordinances directly associated with the development of a TIRZ, the proposed development will comply with local codes and ordinances.

The property currently is zoned R-7 (Small Lot Home District). No zoning change is needed for the proposed project.

In keeping with the Master Plan, the City has worked with developers in past projects to create design guidelines for appropriate infill. These design guidelines are developed to "complement the architectural design and character of the neighborhood" when designing new housing (Neighborhoods: Policy 4a). The same standards of review apply to the proposed TIF project.

The Master Plan also calls for efforts to facilitate the provision of choice in housing for special needs populations (Neighborhoods: Policy 4d). Efforts to meet this policy could include ensuring homes are visitable or easily adaptable to disabled persons. Policy 4i requires the community to explore the full range of options to allow people to remain in their homes throughout their lives. The Fair Housing Act Amendments of 1988 and Section 504 of the Rehabilitation Act of 1973 complement the Master Plan Policies by

requiring accessibility in all new multi-family housing. An even stronger incentive for assuring housing is universally designed to allow all people to live in the neighborhood of their choice is Senate Bill 623 established in the last legislative session. This legislation requires that all single family affordable housing funded in whole or in part by state or federal funds must be designed to be universally usable to all people regardless of age or disability. The necessary design guidance to achieve this part of the legislation will become effective September 1999.

The project developer also will continue to provide for community involvement in the development of the proposed infill project (Urban Design: Policy 1d).

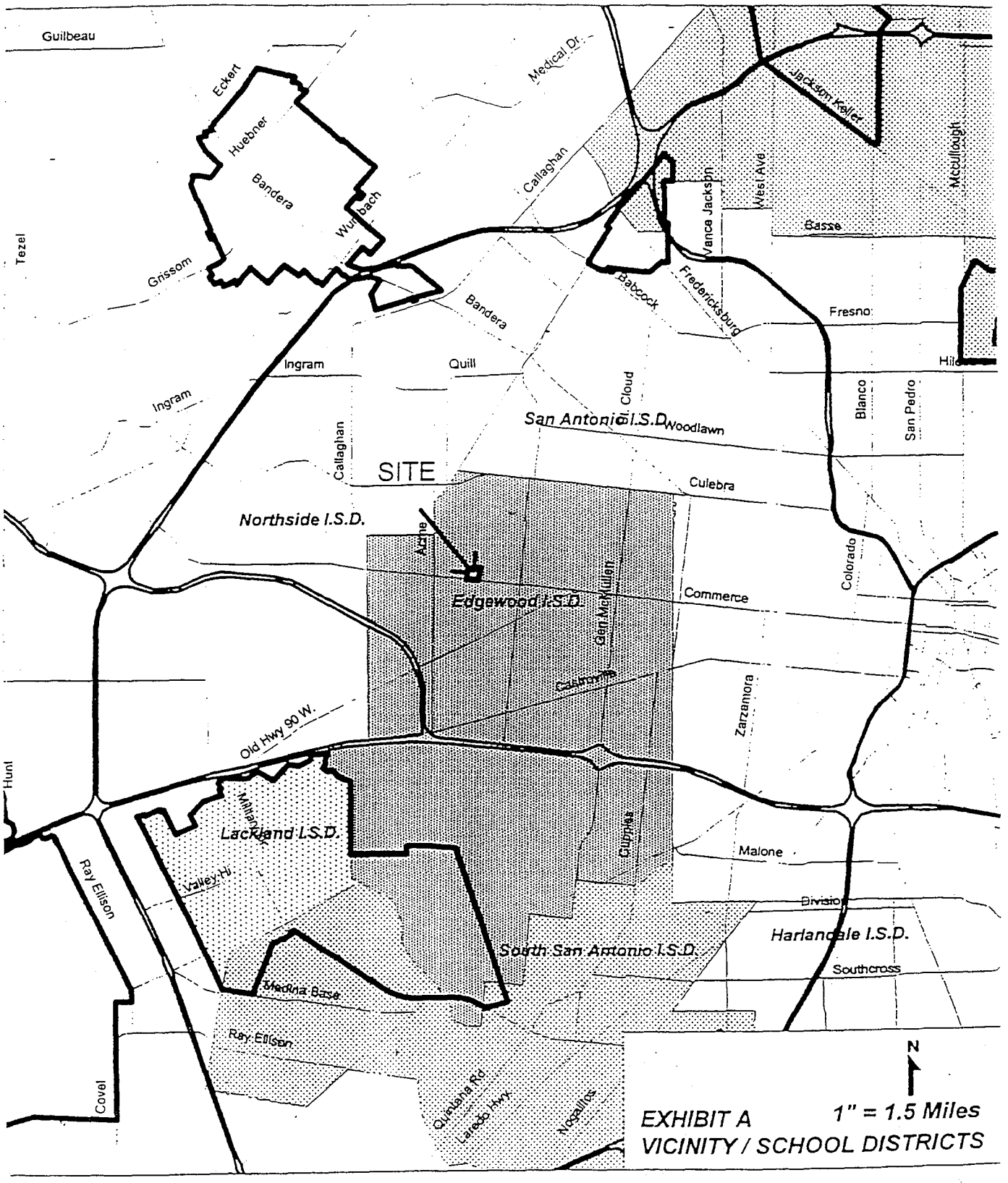
The plan for enhancements to West Commerce Street and Hortenica Avenue will be reviewed by the City to ensure compatibility with the Master Plan and other city ordinances.

The proposed project does not conflict with the Major Thoroughfare Plan.

G. Non-Project Costs

None known at this time.

NEW HORIZON
TIF REINVESTMENT ZON



NEW HORIZO
TIF REINVESTMENT ZO

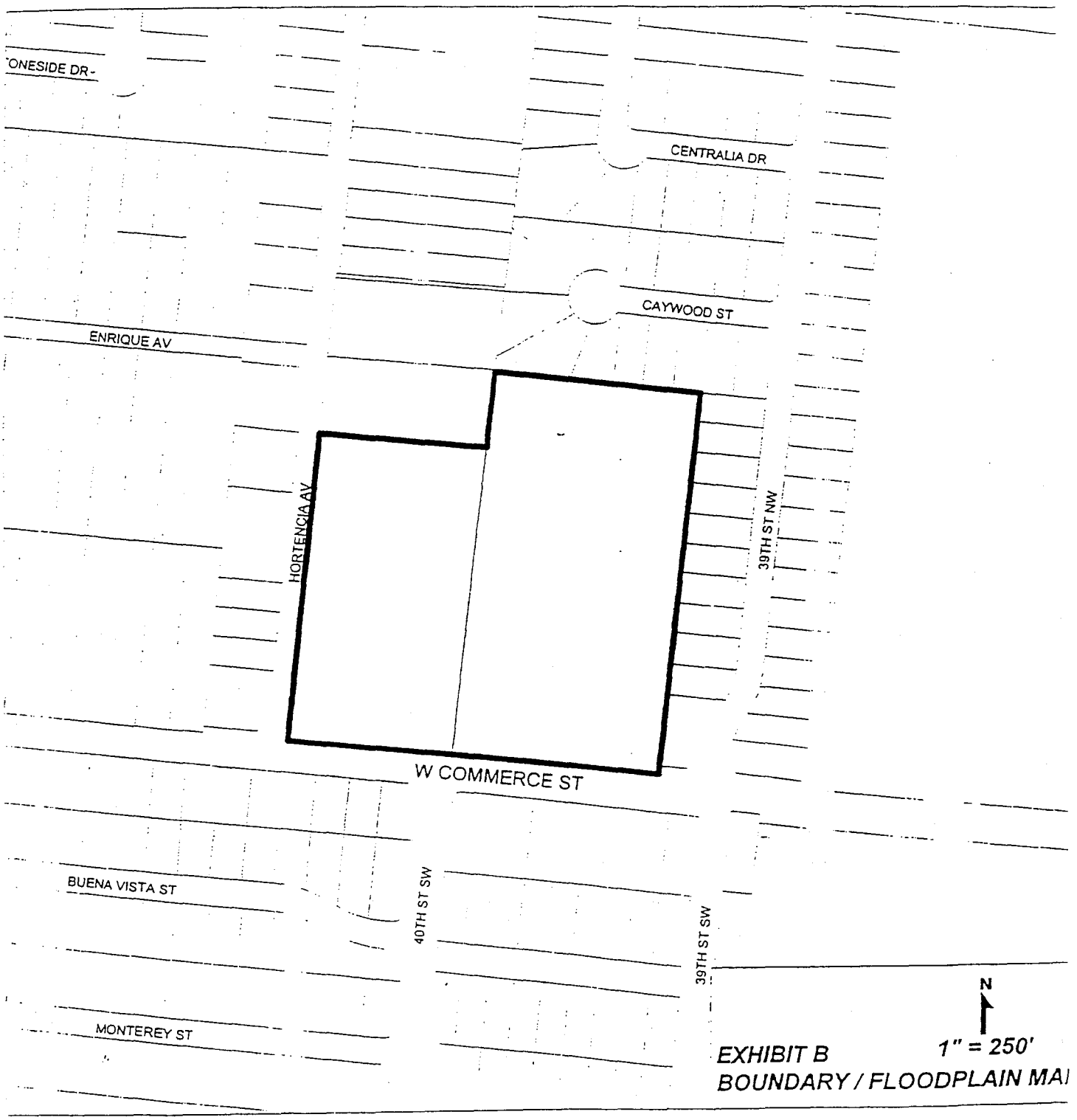
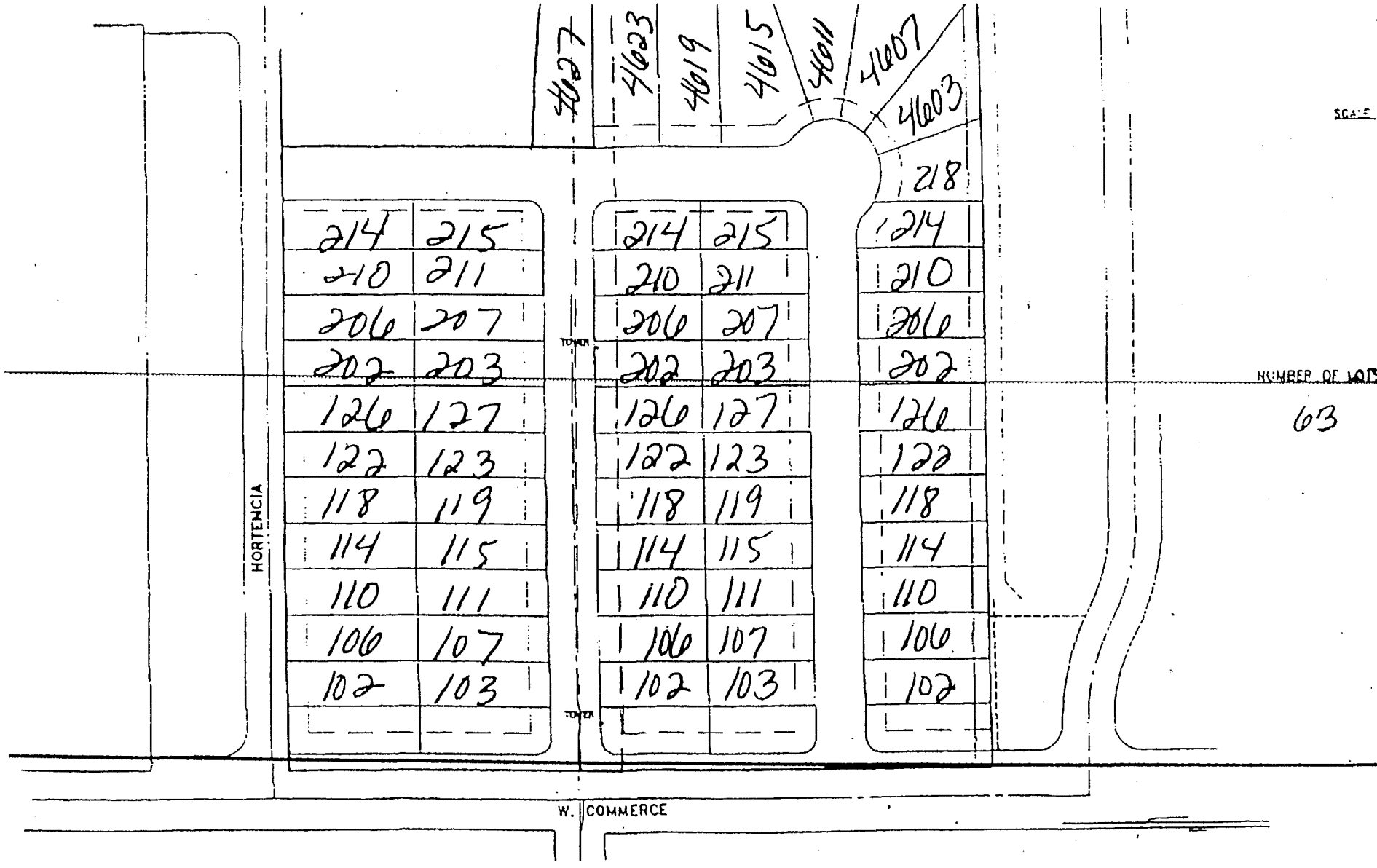


EXHIBIT B
BOUNDARY / FLOODPLAIN MA

NEW HORIZONS
TIF REINVESTMENT ZONE

EXHIBIT C
EXISTING LAND USE
Source: Bexar Appraisal District 1998
Data is not field verified



NUMBER OF LOTS

63

Reaves Engineering, LLC
P.O. Box 791793
San Antonio, Tx. 78279-1793
(210) 490-4506, Fax 490-4812

NEW HORIZONS
COMMERCE AND HORTE

By: HP LaserJet 3100; 349 2313; Aug-12-99 9:16AM; Page 2/2

III. REINVESTMENT ZONE FINANCING PLAN

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Nuevos Horizontes Development
Tax Increment Reinvestment Zone – Plan of Finance

Introduction

The proposed Nuevos Horizontes Development is located in the west section of the City of San Antonio ("City"), on the corner of Hortencia and West Commerce. The development is in the Edgewood Independent School District and encompasses 10.03 acres. The 1999 base value is $53,500 and the projected captured tax incremental value is $4,095,000. The project includes the construction of 63 single family homes with an average sales prices of $65,000. Construction will be carried out in two phases with the values to be included in tax years 2001 and 2002. The total public improvement infrastructure capital cost is estimated at $514,244.10. The developers and builders are Reeves Engineering and Nuevas Horizontes, who have limited experience in the development and construction of such projects. Performance bonds in the amounts of $204,937.10 and $131,436.00 have been provided by Universal Surety of America and Fidelity & Guaranty Insurance Underwriters respectively. The life of the Tax Increment Reinvestment Zone ("TIRZ") is projected to be 10.09 years with the TIRZ being in existence through fiscal year 2009.

Public Infrastructure

The public infrastructure improvements and related capital costs include streets, drainage, utilities, platting fees, architect and engineering, sidewalks, landscaping and rights-of-way and park improvements. The capital cost is estimated at $514,244.10. Included in the $514,244.10 is $30,000 for landscaping, $10,000 for site security, and $53,500 for land for a total of $93,500. It has not been finally determined that the $93,500 is eligible for TIRZ financing reimbursement, however, this cost is included in this analysis.

Plan of Finance

The base value of the TIRZ is $53,500. Projected captured values that would be taxed to produce revenues to pay for the capital costs of the public infrastructure improvements commences in tax year 2001 with collections commencing in tax year 2002 (fiscal year 2003). Captured values grow from $2,015,000 in tax year 2001 to $4,095,000 in tax year 2003.

The taxing jurisdictions and tax rate per $100 valuation utilized in the analysis include: City of San Antonio at $0.57979; Bexar County at $0.34191; University health System at $0.243869; Edgewood Independent School District at $1.47; and the Alamo Community College District at $0.1115. This produces annual revenues of $53,970 in fiscal year 2003 to $109,680 in fiscal years 2004 through 2009. No growth in tax rate or values is assumed.

The cost of the public infrastructure improvements is incurred by the developer and paid over time from revenues produced by the TIRZ. In addition to the capital costs, other costs to be paid from TIRZ revenues include the City's financial advisor and certain City of San Antonio and/or Administrator fees. Revenues derived from the TIRZ will be used to pay costs in the following order of priority of payment: (i.) first, to the payment of eligible costs incurred by the governmental entities participating in the TIRZ; (ii.) second, to the City's financial advisor until the total amount due has been paid, (iii) third,

administrative fees pertaining to the City or its administrator; and (iv) to the developer, on an annual basis, as TIRZ revenues are available for such payments.

The developer's capital cost incurred for public infrastructure improvements is $514,244.10 plus two years interest of $95,135.16 calculated at an interest rate of 9.25%, for a total reimbursable cost of $609,379.26. Revenues from the TIRZ are used to pay this amount. It is projected that the developer would not receive any payment until fiscal year 2003. The payout schedule is structured through the fiscal year 2009. The TIRZ collections for this project shall not extend beyond September 30, 2009, and may be terminated once each taxing entity has deposited its respective amount described in the table below.

TABLE–TIRZ Contributions

Taxing Entities	Maximum Dollar Contribution	Length of Contribution
City of San Antonio	$138,112	10 years
Bexar County	$81,446	10 years
University Health System	$58,092	10 years
Edgewood ISD	$350,168	10 years
Alamo Comm. College District	$26,560	10 years
TOTAL PROJECT COST	**$654,379**	**10 years**

Limited Obligation of the City or Participating Governmental Entities

The City and Participating Governmental Entities shall have a limited obligation to impose, collect taxes, and deposit such tax receipts into a TIRZ fund so long as the project is viable and capital costs incurred by the developer have not been fully paid. The TIRZ collections for this project shall not extend beyond September 30, 2009, and may be terminated prior to September 30, 2009, upon payment of public improvement capital and interest costs incurred by the developer totaling $609,379.26, or for the failure of the developer to perform, or for any other reason deemed appropriate by the City and the Participating Governmental Entities.

Any costs incurred by the developer are not and shall never in any event become general obligations or debt of the City or any of the Participating Governmental Entities. The public improvement infrastructure costs incurred by the developer shall be payable solely from the TIRZ revenues and shall never constitute a debt, indebtedness, or a pledge of the faith and credit or taxing power of the State, the City, the Participating Governmental Entities, any political corporation, subdivision, or agency of the State.

Developer's Risk

All financing, developmental costs, construction costs, improvements, damages, or other costs incurred with respect to this project are at the sole risk of the developer. Neither the City nor any Participating Governmental Entity shall incur any risk whatsoever associated with the development, construction, completion or failure of the project. In the event the project fails, is abandoned by the developer or for any reason is not completed, the City shall have the right to terminate the TIRZ and any funds remaining in the TIRZ account shall be distributed to the City and Participating Governmental Entities on pro a rata basis in accordance with each entities participation level.

Compliance

The developer shall comply with all federal, state and local laws, rules and regulations.

Reporting

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

Inspection

The City, Participating Governmental Entities or Administrator shall have the right to inspect the project site or sites and the premises of the developer without notice.

Recommendation

It is recommended that the City and Participating Governmental Entities proceed with the project, submit the plan of finance, create the mechanisms required to tax and collect TIRZ revenues and deposit such revenues into a TIRZ account. Such recommendation is conditioned on the acceptance of the plan of finance by the Participating Governmental Entities, at the approximate participation levels described in this Plan of Finance.

City of San Antonio
Project Review
Nuevos Horizontes

Summary Fact Sheet

August 16, 1999

Agenda

1. Create TIRZ
2. Finance Plan
3. Appoint TIRZ Board

Plan of Finance

Site Area	10.03	Acres
Base Value (1998)	$53,500	
Average Home Price	$65,000	
Homes Built:		
Phase I	31	
Phase II	32	
Total Homes Built	63	
Experience of Housing Developer	Limited	
Performance Bonds:		
Universal Surety of America	$204,937.10	
Fidelity & Guaranty Insurance Underwriters	131,436.00	
	$336,373.10	

Assumptions

Captured Value	$4,095,000.00	
Growth Factor	0.00%	
Collection Rate	97.50%	
Estimated Total TIF Revenues	$ 712,050.59	
Estimated TIF Life	10.09	Years

Nuevos Horizontes - TIF Reinvestment Zone

Sources & Uses

Sources of Funds	
TIF Revenues	$ 712,050.59
Total TIF Proceed Funds	$ 712,050.59
Total Sources of Funds	$ 712,050.59
Uses of TIF Revenue	
Engineering Costs	
Sewer	$ 106,112.00
Water	98,825.10
Paving and Grading	131,436.00
Engineering & Surveying	43,000.00
Platting Application	4,775.00
Tree Affidavit Fees	100.00
Public Works Drainage Fee	4,400.00
SAWS Impact Fee	32,096.00
Subtotal	$ 420,744.10
Additional Uses of TIF Revenue (Eligibility to be determined)	
Site Security	$ 10,000.00
Landscaping	30,000.00
Land	53,500.00
Subtotal	93,500.00
Total Infrastructure	514,244.10
Interest Cost for 2 years @ 9.25%	95,135.16
Total Payments to Nuevos Horizontes	609,379.26
Total Administrative Expenses	45,000.00
Grand Total	$ 654,379.26
Project Financing Surplus/Shortage	$ 57,671.33

Nuevos Horizontes - TIF Reinvestment Zone

Projected Tax Increment Revenue

Tax Year	Tax Increment Zone: Beginning Assessed Value	Tax Increment Zone: Annual Value of New Development	Tax Increment Zone: Projected Year-End Assessed Value	Tax Increment Zone: Projected Captured Value	City of San Antonio: Captured Taxable Value	City of San Antonio: Tax Rate Contribution	City of San Antonio: Tax Increments	Bexar County: Captured Taxable Value	Bexar County: Tax Rate Contribution	Bexar County: Tax Increments	University Health System: Captured Taxable Value	University Health System: Tax Rate Contribution	University Health System: Tax Increments	Edgewood ISD: Captured Taxable Value	Edgewood ISD: Tax Rate Contribution	Edgewood ISD: Tax Increments	Alamo Community College District: Captured Taxable Value	Alamo Community College District: Tax Rate Contribution	Alamo Community College District: Tax Increments	Combined TIF Collections
1998	53,500		53,500			0.57979			0.34191			0.243869			1.47000			0.1115		
1999	53,500	-	53,500	-	-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-
2000	53,500	-	53,500	-	-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-
2001	53,500	2,015,000	2,068,500	-	-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-
2002	2,068,500	2,080,000	4,148,500	2,015,000	2,015,000	0.57979	11,391	2,015,000	0.34191	6,717	2,015,000	0.243869	4,791	2,015,000	1.47000	28,880	2,015,000	0.1115	2,191	53,970
2003	4,148,500	-	4,148,500	4,095,000	4,095,000	0.57979	23,149	4,095,000	0.34191	13,651	4,095,000	0.243869	9,737	4,095,000	1.47000	58,692	4,095,000	0.1115	4,452	109,680
2004	4,148,500	-	4,148,500	4,095,000	4,095,000	0.57979	23,149	4,095,000	0.34191	13,651	4,095,000	0.243869	9,737	4,095,000	1.47000	58,692	4,095,000	0.1115	4,452	109,680
2005	4,148,500	-	4,148,500	4,095,000	4,095,000	0.57979	23,149	4,095,000	0.34191	13,651	4,095,000	0.243869	9,737	4,095,000	1.47000	58,692	4,095,000	0.1115	4,452	109,680
2006	4,148,500		4,148,500	4,095,000	4,095,000	0.57979	23,149	4,095,000	0.34191	13,651	4,095,000	0.243869	9,737	4,095,000	1.47000	58,692	4,095,000	0.1115	4,452	109,680
2007	4,148,500		4,148,500	4,095,000	4,095,000	0.57979	23,149	4,095,000	0.34191	13,651	4,095,000	0.243869	9,737	4,095,000	1.47000	58,692	4,095,000	0.1115	4,452	109,680
2008	4,148,500		4,148,500	4,095,000	4,095,000	0.57979	23,149	4,095,000	0.34191	13,651	4,095,000	0.243869	9,737	4,095,000	1.47000	58,692	4,095,000	0.1115	4,452	109,680
2009					-	0.57979	-	-	0.34191	-	-	0.243869	-	-	1.47000	-	-	0.1115	-	-
2010					-	0.57979	-	-	0.34191	-	-	0.243869	-	-	1.47000	-	-	0.1115	-	-
2011					-	0.57979	-	-	0.34191	-	-	0.243869	-	-	1.47000	-	-	0.1115	-	-
2012					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-
2013					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-
2014					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-
2015					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-
2016					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-
2017					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-
2018					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-
2019					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-
2020					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-
2021					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-
2022					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-
2023					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-
2024					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-
2025					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-
2026					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-
2027					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-
2028					-	0.57979	-	-	0.34191	-	0	0.243869	-	-	1.47000	-	-	0.1115	-	-
		$ 4,095,000					$ 150,284			$ 88,624			$ 63,212			$ 381,030			$ 28,901	$ 712,051

Tax Increment Zone

Existing Annual Value Growth Factors

Years 1999-2003	0.00%
Thereafter	0.00%
Combined Compound Growth Rate	

City of San Antonio

Participation Level	100%
Tax Rate Growth Factor	0.00%
Tax Rate Collection Factor	97.50%

Bexar County

Participation Level	100%
Tax Rate Growth Factor	0.00%
Tax Rate Collection Factor	97.50%

University Health System

Participation Level	100%
Tax Rate Growth Factor	0.00%
Tax Rate Collection Factor	97.50%

Edgewood ISD

Participation Level	90%
Tax Rate Growth Factor	0.00%
Tax Rate Collection Factor	97.50%

Alamo Community College District

Participation Level	100%
Tax Rate Growth Factor	0.00%
Tax Rate Collection Factor	97.50%

Nuevos Horizontes - TIF Reinvestment Zone

Reimbursement for Public Improvements

Fiscal Year Ending	TIF Revenue	Public Improvement Infrastructure	San Antonio Housing Trust Admin. Exp.	Annual Variance	TIF Fund Balance
1999					
2000	-	609,379	18,000	(627,379)	(627,379)
2001	-		3,000	(3,000)	(630,379)
2002	-		3,000	(3,000)	(633,379)
2003	53,970		3,000	50,970	(582,410)
2004	109,680		3,000	106,680	(475,729)
2005	109,680		3,000	106,680	(369,049)
2006	109,680		3,000	106,680	(262,369)
2007	109,680		3,000	106,680	(155,689)
2008	109,680		3,000	106,680	(49,009)
2009	109,680		3,000	106,680	57,671
2010	-				
2011	-				
2012	-				
2013	-				
2014	-				
2015	-				
2016	-				
2017	-				
2018	-				
2019	-				
2020	-				
2021	-				
2022	-				
2023	-				
2024	-				
2025	-				
2026	-				
2027	-				
2028	-				
2029	-				
	$ 712,051	$ 609,379	$ 45,000	$ 57,671	

Nuevos Horizontes - TIF Reinvestment Zone

Projected New Value of Tax Increment

Tax Year	Phase I	Phase II	Annual Total
1997			0
1998			0
1999			0
2000			0
2001	$ 2,015,000		$ 2,015,000
2002		$ 2,080,000	2,080,000
2003			0
2004			0
2005			0
2006			0
2007			0
2008			0
2009			0
2010			0
2011			0
2012			0
	$2,015,000	$2,080,000	$4,095,000

Nuevos Horizontes - TIF Reinvestment Zone

Participation

Entity	Tax Rate	Level of Participation	Tax Rate Based on Participation	% of Project	TIF Revenues	TIF Expenses
San Antonio	0.5797900	100%	0.5797900	21.11%	$150,283.74	$138,111.77
Bexar County	0.3419100	100%	0.3419100	12.45%	88,624.35	81,446.38
University Health System	0.2438690	100%	0.2438690	8.88%	63,211.76	58,092.03
Edgewood ISD	1.6300000	90%	1.4700000	53.51%	381,029.51	350,168.67
Alamo CCD	0.1115000	100%	0.1115000	4.06%	28,901.22	26,560.41
Bexar Road & Flood	0.0181000	0%	0.0000000	0.00%	0.00	0.00
TOTAL	2.9251690		2.7470690	100.00%	$712,050.59	$654,379.26

TIF REINVESTMENT ZONE

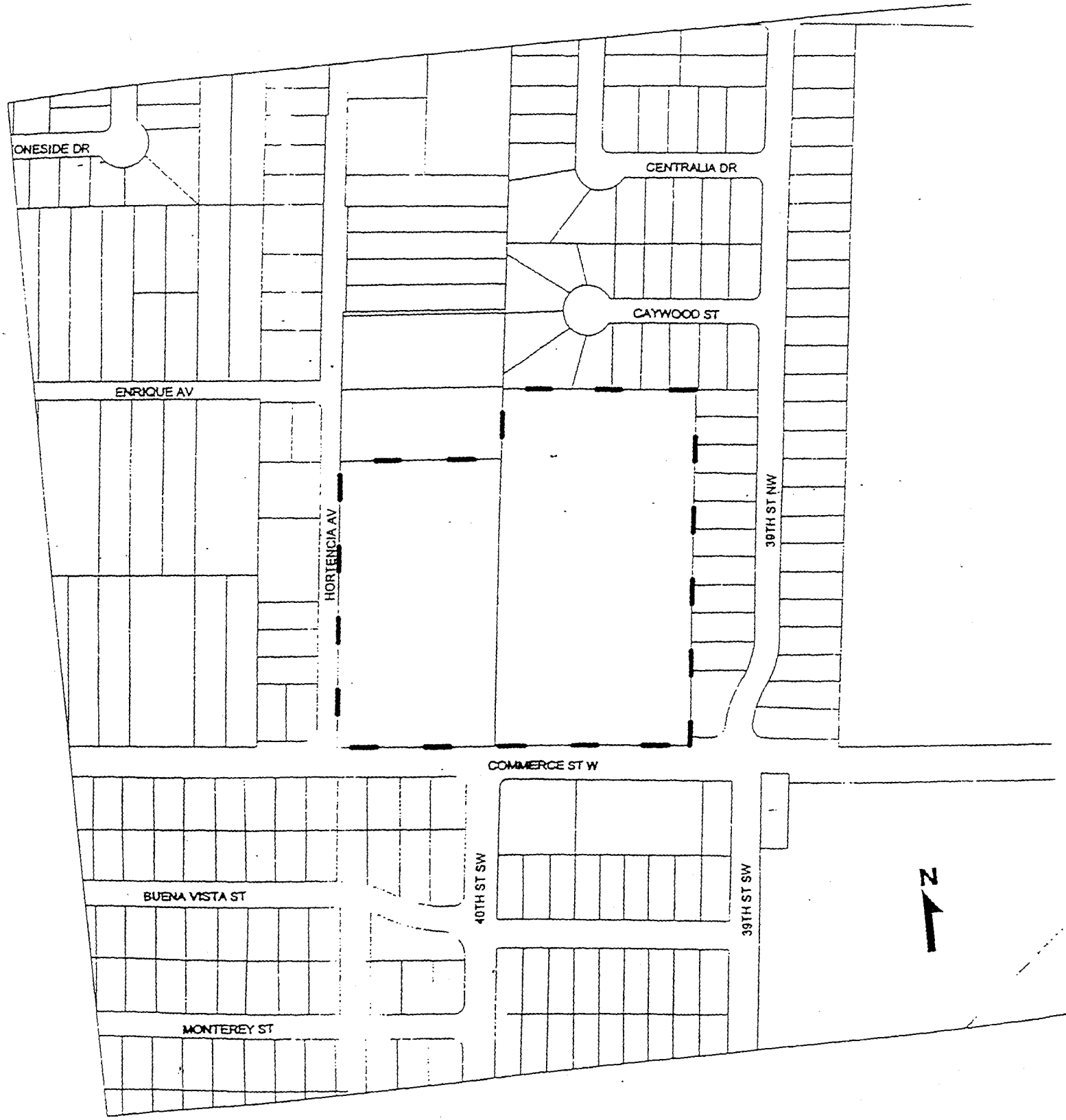
Account Number	1999 Assessed Value	Acreage
07448-006-0061	17,500	3.9300
08242-001-0160	36,000	6.1000
Totals	53,500	10.0300

NEW HORIZO
TIF REINVESTMENT ZO

EXHIBIT B
BOUNDARY / FLOODPLAIN MA

NEW HORIZON
TIF REINVESTMENT ZON

NEW HORIZONS
TIF REINVESTMENT ZONE



? Can these be rebated in TIF

Develop Expectations
11-15yr. TIF
5, 8, 10 yr. Security

New Horizons - TIF Reinvestment Zone

Projected Uses of Tax Increment
Construction Completed Cost

Year	Land & Predevelopment	Phase I Infrastructure	Phase II Infrastructure	Phase I Security	Phase II Security	Dev. Interest Exp.	Phase I Dev. Admin.	Phase II Dev. Admin.	Dev. Exp.	Total
1998										0
1999										0
2000	$53,500	$225,000		$50,000		$64,500	$30,000		$40,500	$463,500
2001			$225,000		$50,000	$64,500		$30,000	15,500	385,000
2002									15,500	15,500
2003									15,500	15,500
2004									15,500	15,500
2005									15,500	15,500
2006									15,500	15,500
2007									15,500	15,500
2008									15,500	15,500
2009									15,500	15,500
2010									15,500	15,500
2011									15,500	15,500
2012									15,500	15,500
	$53,500	$225,000	$225,000	$50,000	$50,000	$129,000	$30,000	$30,000	$195,500	$988,000

"Project Amounts" — "Year Completed"

2000 = $423,000.00 (PHASE I) — 12/15/99 infrastructure

"note" 2001 = $369,500.00 (PHASE II) — 12/15/00

(Infrastructure timeline)

PUBLIC IMPROVEMENTS ONLY $450,000. — Avg. for 60's - 73

New Hectrons - TIF Reinvestment Zone

Projected New Value of Tax Increment

Year	Phase I	Phase II	Annual Total
1997			0
1998			0
1999			0
2000 M.T.	$ 2,015,000		$ 2,015,000
2001 M.T.		$ 2,080,000	2,080,000
2002			0
2003			0
2004			0
2005			0
2006			0
2007			0
2008			0
2009			0
2010			0
2011			0
2012			0
	$2,015,000	$2,080,000	$4,095,000

From: Tom Wendorf
Sent: Thursday, August 05, 1999 8:05 PM
To: Trey Jacobson; Celena Gutierrez; Kara Norman
Cc: Robert Opitz; Andy Ballard; John German; Tom Wendorf
Subject: TIFF Review - Public Works Report 1

Thanks to a great Public Works Development Review and City Engineer Staff the TIF cost estimates were reviewed tod. Due to time constraints, there may be some discrepancies or errors below; if you see them, please point them out to me ASAP. I will be checking them out with my staff on Friday.

Some San Antonio Infrastructure "Yardsticks":

According to our development staff, today's average development cost for an average residential lot (50'x120') is in the $8000 to $10,000 range. This includes infrastructure, engineering and city platting and development fees. It does not include land cost or home construction or profit.
The Drainage Fee is $1200 per acre. FOR RESIDENTIAL LOTS
COMMERCIAL-W ~~LESS~~ THAN 65% IMPERVIOUS $3,000 / ACRE
LESS THAN 65% " $ 2,600 / ACRE

General Comments:

Soft Costs related to engineering and contingency seemed high at first look. Consideration needs to be given to the fact that geotechnical report, construction testing and inflation are not accounted for in individual line items.

Review to date on TIF Project Construction Estimates:

Rosedale

The Back Up is nonexistent. There is no support for the total lot costs. The densities seem high. The lot cost seems a little low. Did they include drainage fees, sewer fees any fees; who knows?!? Should they include fees? (If the city is underwriting the TIF, the Drainage Fee of $1200 per acre should be paid.) The mix is harder to analyze because it includes the park improvements. Also was the plat ever filed? -There are questions about the project team that I can review verbally at the meeting tomorrow.

A Parcel by Parcel detail:

Parcel A
Infrastructure cost is $11,328 per lot for 64 lots for a total of $725,000
The density is 4 units per acre.

Parcel B
Infrastructure cost is $ 83.33 per unit for 30 units for a total of $2,500 (I guess almost all of the Infrastructure is there.) FOR COMMERCIAL DRAINAGE FEE BUDGET $3,000 / ACRE
The density is 20 units per acre.
Where is the infrastructure? What is the infrastructure? I will research further.

Parcel C
1 acre of commercial @ $15,000 for infrastructure.

Parcel D
Infrastructure cost is $3880 per unit for 90 units for a total of $420,000
Infrastructure and land acquisition cost is $4600 per unit
The density is 13.64 units per acre.

Parcel E & F
Dale Bransford will review from the "Parks Perspective".

Recommendation: Review information further with Applicant. If applicant is unable to provide additional information in the time allotted for this effort, increase unit costs and total project costs appropriately. This project seems to be marginal unless further explaination is given. Parks ~~needs to~~ HAS determined THAT Parcel E & F ~~are covered by other programs~~. SHOULD BE LEFT IN

Highland Heights

The cost estimates look good. This seems to be a complete package. The engineer that developed the estimate is no longer with the firm.

Overall

The Builder Performa Summary states that the "Closing costs and buyer concessions" is 1%, $63,360. This amount should be $31,680.
The density is 1.95 units per acre (this includes the parkland).

Phase 1 has no drainage or street light or gas or sewer impact fee or water impact fees (does have drainage fees), so i next to existing infrastructure and can go fairly quickly and is a lower cost per unit.

Recommendation: This is a go. Minor corrections should be made to the factual information.

New Horizons

Infrastructure cost is $13,700 per lot for 63 lots for a total of $858,000. Note that bids have been received for streets, water and sewer; including the land cost of $92,242 yields a total of $428,615. If this is compared to the above this is a 2 to 1 coverage; pretty good, low risk for the developer. If you look at the cost considering 15% engineering 15% contingency and 15% for all other stuff you get to $651,869 or a 1.32 to 1 coverage. Good deal (or there is some room f cost cutting)!! If you look at the cost considering 20% engineering 20% contingency and 20% for all other stuff you get t $888,776 or a little over the total estimated infrastructure cost. (How did that happen?)

Drainage fees are shown to be $4,400, they are calculated to be $12,000

Recommendation: Accept as submitted and realize that risk is substantially reduced on this project or review further with Applicant to cut costs. This is a go.

Mission del Lago

Will report on tomorrow.

Any questions or detail needed? Call or page me.

—Original Message—
From: David Beales
Sent: Thursday, August 05, 1999 5:11 PM
To: Tom Wendorf
Cc: Robert Opitz
Subject: SINGLE FAMILY RESIDENTIAL DEVELOPMENT COSTS.

Today's average development cost for an average residential lot (50'x120') is in the $8 - $10,000 range. This includes infrastructure, engineering and city platting and development fees. It does not include land cost or home construction.

NUEVOS HORIZONTES
8058 VANTAGE
SAN ANTONIO,TX. 78230

Phone: (210) 308-8809
Fax: (210) 349-2313

FAX TRANSMISSION

DATE: 8/9/99

TO: City of S.A Economic Dev. Dept

ATTN: Celena Gutierrez

FAX : 207-8151

FROM: Mari Tello

 # OF PAGES INCLUDING THIS ONE: 4

REFERENCE Celena, I hope this will do — let me know. I am waiting for a more detailed letter from IBC. All of our financing will be from IBC

Have a great day
M. Tello

6050 Vantage
San Antonio, Tx 78230

To whom it may concern,

The scheduled timeline for "West Horizon Subdivision," are as follows:

PHASE 1- Streets, sidewalks, sewer, water, and utilities for Hortencia and SW 40th St. timeline completion date is 12-15-99.

PHASE 2- Streets, sidewalks, sewer, water, and utilities for Elizabeth Ashley St. and Katherine St. timeline date is 12-15-00.

Phase 1 will have 31 houses, Phase 2 will have 32 houses. West Horizon Subdivision will have a total of 63 new residential homes.

(I have also enclosed the information and actual performance bond.)

Nuevos Horizontes will be building according to the building standards regarding visibility requirements; referred to Senate Bill 623, Section 2306.514.

If you are needing any further information please don't hesitate to call. #325-0184.

Sincerely Yours,
Maricela Tello
Maricela Tello

Bond No. TX 161 3944

STATUTORY PERFORMANCE BOND

Pursuant to Vernon's Texas Government Code
Title 10, Chapter 2253, as amended

(Penalty of this Bond must be 100% of Contract Award)

KNOW ALL MEN BY THESE PRESENTS:

That Diamond S Construction, Inc. (hereinafter called "Principal"), as Principal, and Universal Surety of America, a corporation organized and existing under the laws of the State of Texas, with its principal office in the City of Houston, and authorized under the laws of the State of Texas to act as surety on bonds for principals (hereinafter called "Surety"), are held and firmly bound unto NUEVOS HORIZONTES, INC., San Antonio, Bexar County, Texas (hereinafter called "Owner/Obligee"), in the amount of Two Hundred Four Thousand Nine Hundred Thirty-Seven 10/100 Dollars ($ 204,937.10), for the payment whereof, Principal and Surety firmly bind themselves, and their heirs, administrators, executors, successors and assigns, jointly and severally, by these presents:

WHEREAS, Principal has entered into a certain written contract with the Owner/Obligee, dated the 24th day of May, 1999, consisting of GRF Project No. 98-0812 Mesa Horizon Subdivision (hereinafter called "the Contract"), which Contract is hereby referred to and made a part hereof as fully and to the same extent as if copied at length herein.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if Principal shall faithfully perform the work in accordance with the plans, specifications and Contract Documents, then this obligation shall be void; otherwise to remain in full force and effect.

NOW, THEREFORE, if Principal shall repair any and all defects in said work occasioned by and resulting from defect in materials furnished by, or workmanship of, Principal in performance of the work covered by the Contract, occurring during a period of within 24 months from the date of the Contract Completion Certification, therein this obligation shall be null and void; otherwise to remain in full force and effect.

PROVIDED, HOWEVER, that this bond is executed pursuant to the provisions of Title 10, Chapter 2253, as amended, of the Texas Government Code, and all liabilities on this bond shall be determined in accordance with the provisions of this Chapter, to the same extent as if it were copied at length herein.

Surety, for value received, stipulates and agrees that no change, extension of time, or other waiver or amendment of the terms of the Contract or to the work to be performed thereunder, nor any change in the method nor any change in the method or amount of payments stipulated to be made by Owner/Obligee under the Contract, shall relieve Surety of its obligations hereunder, and Surety hereby waives notice of any such change, extension of time, waiver or amendment of the terms of the Contract or to the work to be performed thereunder. The bond shall be automatically extended in time, without formal and separate amendment, to cover full and faithful performance of the Contract in the event of modification of the Contract, regardless of the length of time involved.

IN WITNESS THEREOF, Principal and Surety have signed and sealed this instrument on the 24th day of May, 1999

Diamond S Construction, Inc.	Universal Surety of America
Principal	**Surety**
By [signature]	By [signature]
Title Sect/Treas.	Title Wayne K. Justice, Attorney-in-Fact
Address Route 9, Box 132H	Address 404 E. Ramsey, Ste. 104
Converse, TX 78109	San Antonio, TX 78216

Name, Address and Telephone Number of Resident Agent of Surety:

Trimble-Barjer Ins. Assoc., L.L.P., 404 E. Ramsey, Ste. 104, San Antonio, TX 78216
(210) 308-9438

Bond No. 28846-99-1

STATUTORY PERFORMANCE BOND

Pursuant to Vernon's Texas Government Code
Title 10, Chapter 2253, as amended

(Penalty of this Bond must be 100% of Contract Award)

KNOW ALL MEN BY THESE PRESENTS:

That Garrich Industries, Inc. dba Winco Contractors (hereinafter called "Principal"), as Principal, and Fidelity and Guaranty Insurance Underwriters, Inc a corporation organized and existing under the laws of the State of Wisconsin, with its principal office in the City of Baltimore Maryland, and authorized under the laws of the State of Texas to act as surety on bonds for principals (hereinafter called "Surety"), are held and firmly bound unto NUEVOS HORIZONTES, INC., San Antonio, Bexar County, Texas (hereinafter called "Owner/Obligee"), in the amount of one hundred thirty one thousand four hundred thirty & no/100 Dollars ($ 131,436.00), for the payment whereof, Principal and Surety firmly bind themselves, and their heirs, administrators, executors, successors and assigns, jointly and severally, by these presents:

WHEREAS, Principal has entered into a certain written contract with the Owner/Obligee, dated the 4th day of June, 1999, consisting of construction of certain improvements as set forth in contractor's proposal for GPE Project No. 98-8187 (hereinafter called "the Contract"), which Contract is hereby referred to and made a part hereof as fully and to the same extent as if copied at length herein.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if Principal shall faithfully perform the work in accordance with the plans, specifications and Contract Documents, then this obligation shall be void; otherwise to remain in full force and effect.

NOW, THEREFORE, if Principal shall repair any and all defects in said work occasioned by and resulting from defect in materials furnished by, or workmanship of, Principal in performance of the work covered by the Contract, occurring during a period of within 24 months from the date of the Contract Completion Certification, therein this obligation shall be null and void; otherwise to remain in full force and effect.

PROVIDED, HOWEVER, that this bond is executed pursuant to the provisions of Title 10, Chapter 2253, as amended, of the Texas Government Code, and all liabilities on this bond shall be determined in accordance with the provisions of this Chapter, to the same extent as if it were copied at length herein.

Surety, for value received, stipulates and agrees that no change, extension of time, or other waiver or amendment of the terms of the Contract or to the work to be performed thereunder, nor any change in the method nor any change in the method or amount of payments stipulated to be made by Owner/Obligee under the Contract, shall relieve Surety of its obligations hereunder, and Surety hereby waives notice of any such change, extension of time, waiver or amendment of the terms of the Contract or to the work to be performed thereunder. The bond shall be automatically extended in time, without formal and separate amendment, to cover full and faithful performance of the Contract in the event of modification of the Contract, regardless of the length of time involved.

IN WITNESS THEREOF, Principal and Surety have signed and sealed this instrument on the 7th day of June, 1999.

Principal	Surety
Garrich Industries, Inc. dba Winco Contractors	Fidelity and Guaranty Insurance Underwriters, Inc
By [signature]	By Douglas J. Wealty
Title President	Title Attorney-In-Fact
Address 18954 FM 2252	Address 900 N E Loop 410, Suite D430
Garden Ridge, TX 78266	San Antonio, TX 78209

Name, Address and Telephone Number of Resident Agent of Surety:

Douglas J. Wealty, 900 N E Loop 410, Suite D430, San Antonio, TX 78209
(210) 821-6938

NUEVOS HORIZONTES
8058 VANTAGE
SAN ANTONIO,TX. 78230

Phone: (210) 308-8809
Fax: (210) 349-2313

FAX TRANSMISSION

DATE: 8/10/99

TO: City of SA Economic Development Dep't.

ATTN: Celena Gutierrez

FAX: 207-8151

FROM: Mari Tello

 # OF PAGES INCLUDING THIS ONE: 21

REFERENCE Celena, here is a copy of the TBC commitment letter, also a copy of contracts with the infrastructure developers and an exact perc per all infrastructure costs. (It is a detailed sheet.) The sheet you sent me is accurate.

* Public Improvements cost and details are listed. $450,000.00 estimated for public improvements

thanks,
M. Tello

IBC
International Bank of Commerce

August 9, 1999

Mrs. Mariocla Tello
8058 Vantage
San Antonio, Texas 78230

Re: Financing for Nuevos Horizontes, Inc. (West Horizon Subdivision)

Dear Mrs. Tello:

As you are aware, International Bank of Commerce (Bank) is providing financing for the West Horizon Subdivision, an approximate 10 acre parcel being developed into 63 residential lots. The Bank is currently funding draw requests for the 2 loan facilities.

Borrower: Nuevos Horizontes Inc.

Lot Development Loan: $375,000

A. Purpose: Provide a portion of the cost of the infrastructure cost for building the streets, utilities, etc. to result in 63 completed residential lots.
B. Interest Rate: 10%, payable monthly.
C. Maturity: 5/31/2000
D. Renewals: If no default has occurred and all other financial conditions are maintained, the bank will consider a renewal if requested.
E. No penalty for early repayment

House Construction Guidance Line

A. Purpose: Provide funds for the construction of new homes to be built in the newly developed West Horizon Subdivision.
B. Interest Rate: 10%, payable monthly
C. Maturity: Individual notes six months. Guidance Line will mature 7/31/2000.
D. Renewals: If no default has occurred and all other financial conditions are maintained, the Bank will consider a renewal of individual notes, if requested. It is anticipated that the Borrower will request the Guidance Line be renewed and if performance is satisfactory, such request will be favorable considered.
E. No penalty for early repayment.
F. It is anticipated that the Guidance Line will be used to finance up to 10 new homes at a time. As homes are sold and the Line paid down, additional notes for additional new homes will be funded according to the Loan Agreement.

It is our understanding that the full economic value created after all 63 homes have been built will be in excess of $4,000,000 based on the Borrower's projections. If there are any questions, please do not hesitate to call me at (210) 518-2504.

Yours Very Truly,

Richard L. Cripps
Senior Vice President

CONTRACT

STATE OF TEXAS §
COUNTY OF BEXAR § KNOW ALL MEN BY THESE PRESENTS:

That this Agreement made and entered into this 4th day of June, 1999, AD, by and between **NUEVOS HORIZONTES, INC.**, City of San Antonio, County of Bexar, State of Texas, Acting through its Contracting Officer, First Party, hereinafter termed the Owner, and **Russell Boring, Vice-President, Winco Contractors, 18954 FM 2252, Garden Ridge, Texas 78266** of the City of San Antonio, County of Bexar, State of Texas, Second Party, hereinafter termed the Contractor.

WITNESSETH: That for and in consideration of the payments and agreements hereinafter mentioned to be made and performed by said First Party, (Owner), the said Second Party, (Contractor), hereby agrees with the First Party to commence and complete the construction of certain improvements at the prices set forth in the Contractor's Proposal for **GRE Project No. 98-0182**, dated June 4, 1999, the same being designated as **West Horizon Subdivision**.

The Contractor shall perform all work shown on the Plans and described Specifications and shall meet all requirements of this Agreement, The General and Special Conditions of the Agreement; and such Orders and Agreements for Extra Work as may subsequently be entered by the above named parties to this Agreement.

The Contractor shall not offer, confer, or agree to confer any benefit or gift to any employee of Bridle Bit Corporation of GE Reaves Engineering, Inc.

The Contractor hereby agrees to commence work under this Contract within seven (7) days after issuance by the Owner's written Authorization to Proceed. Under no circumstances shall the work commence prior to the Contractor's receipt of Owner's issued, written Authorization to Proceed. Computation of Contract Time will begin upon actual commencement of Work by the Contractor during the seven (7) calendar day period referenced above, or upon the eighth (8th) calendar day (assuming the eighth day is a day upon which Work may lawfully and Contractually be performed), whichever occurs first. All work specified in these Contract Documents shall be completed within forty-five (45) calendar days.

It is agreed and understood by the Owner and the Contractor that the provisions of Article 2368a, Vernon's Annotated Civil Statutes of Texas, apply to this contract. The terms of the aforementioned state law are incorporated herein by reference.

The Owner agrees to pay the Contractor in current funds, and to make payments on account, for the performance of the work in accordance with the Contract, at the prices set forth in the Contractor's Proposal, subject to additions and deductions, all as provided in the General Conditions of the Agreement.

The following documents, together with this Contract, comprise the Agreement, and they are as fully a part thereof as if herein repeated in full:

The Invitation to Bidders
The Instructions to Bidders
The Proposal
Bid Bond
The Payment Bond
The Performance Bond
The General Conditions of the Contract
The Special Conditions of the Contract
The Construction Specifications
The Standard Drawings
Addenda
Change Orders

The Plans, designated West Horizon Subdivision, GRE No. 98-0812.

All unnecessary debris will be hauled off by Winco Contractors, including trees.

In witness thereof of the Parties of these presents have executed this Agreement in the year and day of first above written.

NUEVOS HORIZONTES, INC., PRESIDENT

Officer

By: Carlos M. Balido
Title: President

Russell Boring V.P.

Contractor

By: Russell Boring
Title: Vice President

STATE OF TEXAS §
COUNTY OF BEXAR §

Sworn and subscribed by me on this the 4th day of June, 1999.

Janice A. Little

Notary Public
My Commission Expires on 9-14-99

JANICE A. LITTLE
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 9-14-99

PROPOSAL

Accompanying this proposal is a Bid Bond or Certified or Cashier's Check on a State or National Bank payable to the Order Of the Owner for SIX THOUSAND FIFTY SEVEN 72/100 dollars ($ 6057.72) which amount represents five percent (5%) of the total bid price. Said bond or check is to be returned to the bidder unless the proposal is accepted and the bidder fails to execute and file a contract within 10 calendar days after the award of the Contract, in which case the check shall become the property of said Owner, and shall be considered as payment for damages due to delay and other inconveniences suffered by said Owner due to the failure of the bidder to execute the contract. The Owner reserves the right to reject any and all bids.

It is anticipated that the Owner will act on this proposal within 30 calendar days after the bid opening. Upon acceptance and award of the contract to the undersigned by the Owner, the undersigned shall execute standard San Antonio Water System Contract Documents and make Performance and Payment Bonds for the full amount of the contract within 10 calendar days after the award of the Contract to secure proper compliance with the terms and provisions of the contract, to insure and guarantee the work until final completion and acceptance, and the guarantee period stipulated, and to guarantee payment of all lawful claims for labor performed and materials furnished in the fulfillment of the contract.

It is anticipated that the Owner will provide written Authorization to Proceed within 30 days after the award of the Contract.

The Contractor hereby agrees to commence work under this Contract within seven (7) calendar days after issuance by the Owner of the written Authorization To Proceed. Under no circumstances shall the work commence prior to Contractor's receipt of Owner's issued, written Authorization To Proceed.

The undersigned certifies that the bid prices contained in the proposal have been carefully checked and are submitted as correct and final.

In completing the work contained in this proposal the undersigned certifies that bidder's practices and policies do not discriminate on the grounds of race, color, religion, sex or national origin and that the bidder will affirmatively cooperate in the implementation of these policies and practices.

Signed: Russell Boring
Company Representative

WINCO CONTRACTORS
Company Name

18954 F.M. 2252
Address

GARDEN RIDGE, TX 78266

Please return bidder's check to: _____
Company Name

_____

_____
Address

WEST HORIZON SUBDIVISION

BID SUMMARY

PAVING AND GRADING	$ 131,436.00
WATER MAIN EXTENSION	$ -0-
SANITARY SEWER	$ -0-
TOTAL BID:	$ 131,436.00

Job Title: WEST HORIZON SUBDIVISION
Description: Paving and Grading

Date: 5-5-99
San Antonio, Texas

BID PROPOSAL

PROPOSAL OF

A Corporation organized and existing under the laws of the State of Texas
A Partnership consisting of –
An individual doing business as –

TO THE OWNER c/o

Pursuant to Instructions and Invitations to Bidders, the undersigned proposes to furnish all labor and materials as specified and perform the work required for the construction of paving and grading in accordance with the Plans and Specifications for the following prices to wit:

Item No.	Description & Estimated Quantities (Price to be Written in Words)	Unit Price (Figures)	Total Price (Figures)
100	1 L.S. - Mobilization; per lump sum.		
	Eleven thousand dollars	$ 11,000.00	$ 11,000.00
103.1	220 L. F. - Remove existing curb; per linear foot.		
	Six dollars and fifty cents	$ 6.50	$ 1430.00
103.2	880 S. F. - Remove existing sidewalk; per square foot.		
	Two dollars	$ 2.00	$ 1760.00

Item No.	Description & Estimated Quantities (Price to be Written in Words)	Unit Price (Figures)	Total Price (Figures)
108.1	6468 SY - Lime treated subgrade; per square yard.		
	One dollar and fifteen cents	$ 1.15	$ 7438.20
108.2	100.3 Ton - Lime; per ton.		
	Ninety three dollars —	$ 93.00	$ 9327.90
104	5100 C.Y. – Street Excavation; per cubic yard.		
	Four dollars and fifty cents	$ 4.50	$ 22950.00
205.2	6368 6" S.Y. - flexible base; per square yard.		
	Five dollars and sixty cents	$ 5.60	$ 35660.80
205.3	5831 S.Y. - 1½" Hox mix asphaltic concrete; per square yard.		
	Five dollars and thirty cents	$ 5.30	$ 30904.30
500	3332 L.F. - 7" concrete curb; per linear foot.		
	Four dollars and seventy five cents	$ 4.75	$ 15827.00

PROPOSAL

Winco Contractors
18954 FM 2252
GARDEN RIDGE, TX 78266

PHONE: 210/651-6783
FAX: 210/651-5857

Proposal Submitted to	Phone	Date
Nuevos Horizontes		6/2/99
Street	Job Name	
	West Horizon Lot Grading	
City, State, and Zip Code	Job Location	
	Hoiseacia & S.W. Commerce St., San Antonio, Tx	
Architect	Architect's Phone or Address	Date of Plans

WE PROPOSE hereby to furnish material and labor – complete in accordance with specifications below, for the sum of: Ninety Two Thousand Two Hundred Forty Two Dollars & -0- cents
($ 92,242.00)

Request for payment based upon percentage of completion submitted on or before the 25th of the month for payment no later than the 10th of the following month.

All material is guaranteed to be as specified. All work to be completed in a workmanlike manner according to standard practices. Any alteration or deviation from specifications below involving extra costs will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado and other necessary insurance. Our workers are fully covered by Workmen's Compensation Insurance. This proposal will be attached to any contract for the work included in the proposal and will be the ruling document for defining work included in the above price.

Authorized Signature Russell Bowing
Note: This proposal may be withdrawn by us if not accepted within 30 days.

We hereby submit by specifications and plans.

Items included in our price:

1. Clear & Grub.
2. 20' Topsoil strip at house foundation footprints.
3. Cut and fill of building footprints and landscape as needed to obtain grading plan as per plan sheet SD3. On site material, where available, will be used in areas where fill is needed.
4. Finish subgrade at building pads and paving areas based upon use of on site materials.
5. Export of excess excavation materials created by the scope of our work only.
6. Cut & Fill of landscape areas to subgrade before installation of foundation, curbing, sidewalks, and utilities.
7. This portion of work will incur additional contract time beyond time allotted for street work.

Excluded from our proposal:

1. Curbing.
2. Purchase and placement of select topsoil.
3. Concrete work or supply and placement of concrete cushion material.
4. Finish landscaping, shrubbery, sod, hydromulch.
5. Erosion control, tree protection, barricades, herbicide supply or application.
6. Initial layout by a licensed surveyor, professional engineering of any type.
7. Laboratory testing and onsite density testing.
8. Demolition of any onsite structures unless otherwise noted.
9. Permits, payment and or performance bonds.
10. Storm sewer purchase or installation.
11. Handling or removal of subsurface contaminated material.
12. Removal and or relocation of existing utilities or irrigation systems.
13. Any additional insurance beyond Winco Contractors standard liability and workmans compensation coverage.
14. Wage scale beyond Winco Contractors prevailing rate.
15. Ditch line compaction.
16. Items not specifically included above.

ACCEPTANCE OF PROPOSAL - The above prices, specification and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

Date of Acceptance _____ Signature _____

Signature _____

C:\DOCS\PROPOSAL\W-HORIZON LOT GRADING.doc

CONTRACT

STATE OF TEXAS §
COUNTY OF BEXAR § KNOW ALL MEN BY THESE PRESENTS:

That this Agreement made and entered into this 4th day of June, 1999, AD, by and between **NUEVOS HORIZONTES, INC.**, City of San Antonio, County of Bexar, State of Texas, Acting through its Contracting Officer, First Party, hereinafter termed the Owner, and **Larry Skloss, President, Diamond S. Construction, Inc., Route 9, Box 132H, Converse, Texas 78109** of the City of San Antonio, County of Bexar, State of Texas, Second Party, hereinafter termed the Contractor.

WITNESSETH: That for and in consideration of the payments and agreements hereinafter mentioned to be made and performed by said First Party, (Owner), the said Second Party, (Contractor), hereby agrees with the First Party to commence and complete the construction of certain improvements at the prices set forth in the Contractor's Proposal for **GRE Project No. 98-0182**, dated June 4, 1999, the same being designated as **West Horizon Subdivision.**

The Contractor shall perform all work shown on the Plans and described Specifications and shall meet all requirements of this Agreement, The General and Special Conditions of the Agreement; and such Orders and Agreements for Extra Work as may subsequently be entered by the above named parties to this Agreement.

The Contractor shall not offer, confer, or agree to confer any benefit or gift to any employee of Bridle Bit Corporation of GE Reaves Engineering, Inc.

The Contractor hereby agrees to commence work under this Contract within seven (7) days after issuance by the Owner's written Authorization to Proceed. Under no circumstances shall the work commence prior to the Contractor's receipt of Owner's issued, written Authorization to Proceed. Computation of Contract Time will begin upon actual commencement of Work by the Contractor during the seven (7) calendar day period referenced above, or upon the eighth (8th) calendar day (assuming the eighth day is a day upon which Work may lawfully and Contractually be performed), whichever occurs first. All work specified in these Contract Documents shall be completed within forty-five (45) calendar days.

It is agreed and understood by the Owner and the Contractor that the provisions of Article 2368a, Vernon's Annotated Civil Statutes of Texas, apply to this contract. The terms of the aforementioned state law are incorporated herein by reference.

The Owner agrees to pay the Contractor in current funds, and to make payments on account, for the performance of the work in accordance with the Contract, at the prices set forth in the Contractor's Proposal, subject to additions and deductions, all as provided in the General Conditions of the Agreement.

The following documents, together with this Contract, comprise the Agreement, and they are as fully a part thereof as if herein repeated in full:

The Invitation to Bidders
The Instructions to Bidders
The Proposal
Bid Bond
The Payment Bond
The Performance Bond
The General Conditions of the Contract
The Special Conditions of the Contract
The Construction Specifications
The Standard Drawings
Addenda
Change Orders

The Plans, designated **West Horizon Subdivision, GRE No. 98-0812.**

In witness thereof of the Parties of these presents have executed this Agreement in the year and day of first above written.

NUEVOS HORIZONTES, INC., PRESIDENT

Officer

By: Carlos M. Balido

Title: President

Contractor

By: Larry Skloss

Title: President

TE OF TEXAS §
NTY OF BEXAR §

and subscribed by me on this the 4th day of June, 1999.

JANICE A. LITTLE
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 9-14-99

Notary Public
My Commission Expires on 9-14-99

PROPOSAL

Accompanying this proposal is a Bid Bond or Certified or Cashier's Check on a State or National Bank payable to the Order Of the Owner for _____ dollars ($_____) which amount represents five percent (5%) of the total bid price. Said bond or check is to be returned to the bidder unless the proposal is accepted and the bidder fails to execute and file a contract within 10 calendar days after the award of the Contract, in which case the check shall become the property of said Owner, and shall be considered as payment for damages due to delay and other inconveniences suffered by said Owner due to the failure of the bidder to execute the contract. The Owner reserves the right to reject any and all bids.

It is anticipated that the Owner will act on this proposal within 30 calendar days after the bid opening. Upon acceptance and award of the contract to the undersigned by the Owner, the undersigned shall execute standard San Antonio Water System Contract Documents and make Performance and Payment Bonds for the full amount of the contract within 10 calendar days after the award of the Contract to secure proper compliance with the terms and provisions of the contract, to insure and guarantee the work until final completion and acceptance, and the guarantee period stipulated, and to guarantee payment of all lawful claims for labor performed and materials furnished in the fulfillment of the contract.

It is anticipated that the Owner will provide written Authorization to Proceed within 30 days after the award of the Contract.

The Contractor hereby agrees to commence work under this Contract within seven (7) calendar days after issuance by the Owner of the written Authorization To Proceed. Under no circumstances shall the work commence prior to Contractor's receipt of Owner's issued, written Authorization To Proceed.

The undersigned certifies that the bid prices contained in the proposal have been carefully checked and are submitted as correct and final.

In completing the work contained in this proposal the undersigned certifies that bidder's practices and policies do not discriminate on the grounds of race, color, religion, sex or national origin and that the bidder will affirmatively cooperate in the implementation of these policies and practices.

Signed: Wyane Sklass, Sect/Treas.
Company Representative

DIAMOND S CONSTRUCTION, INC.
Company Name

ROUTE 9 BOX 132H
Address

CONVERSE, TEXAS 78109

Please return bidder's check to: _____
Company Name

_____

_____
Address

WEST HORIZON SUBDIVISION

BID SUMMARY

PAVING AND GRADING	$ — 0 —
WATER MAIN EXTENSION	$ 98825.10
SANITARY SEWER	$ 106,112.00
TOTAL BID:	$ 204,937.10

SAWS Job No. 99-1078
Job Title: WEST HORIZON SUBDIVISION
Description: Water Main Extension

Date: 5-5-99
San Antonio, Texas

BID PROPOSAL

PROPOSAL OF

A Corporation organized and existing under the laws of the State of Texas
A Partnership consisting of —
An individual doing business as —

TO THE OWNER c/o

Pursuant to Instructions and Invitations to Bidders, the undersigned proposes to furnish all labor and materials as specified and perform the work required for the construction of pipelines and appurtenances, San Antonio Water System Job No. 99-1078, in accordance with the Plans and Specifications for the following prices to wit:

Item No.	Description & Estimated Quantities (Price to be Written in Words)	Unit Price (Figures)	Total Price (Figures)
PHASE I			
A.	595 L.F. 6" C-900 P.V.C. Pipe, in open trench; per linear foot		
	Thirteen dollars and thirty cents	$ 13.30	$ 7913.50
B.	1152 L.F. 8" C-900 P.V.C. Pipe, in open trench; per linear foot		
	Fourteen dollars and thirty cents	$ 14.30	$ 16473.60
C.	1 Ea. - 6" Gate Valve, with Box, M.J., per each		
	Four hundred seventy five dollars	$ 475.00	$ 475.00
D.	2 Ea. - 8" Gate Valve & Box, M.J., with Box; per each		
	Six hundred twenty five dollars	$ 625.00	$ 1250.00

Item No.	Description & Estimated Quantities (Price to be Written in Words)	Unit Price (Figures)	Total Price (Figures)
E.	3 Ea. – Standard Fire Hydrant, on new main; per each		
	Twenty one hundred dollars	$ 2100.00	$ 6300.00
F.	2 Ea. – 12" X 6" Tapping Sleeve & Valve; per each		
	Fifty eight hundred dollars	$ 5800.00	$ 11600.00
G.	1 Ea. – 12" X 8" Tapping Sleeve & Valve; per each		
	Seventy five hundred dollars	$ 7500.00	$ 7500.00
H.	1 Ea. – Cut in 8" X 8" Tee; per each		
	Sixty two hundred dollars	$ 6200.00	$ 6200.00
I.	0.32 Tons – Pipe Fittings, all sizes and types; per Ton		
	Thirty one hundred dollars	$ 3100.00	$ 992.00
J.	1747 L.F. - Trench Excavation Protection; per lineal foot		
	One dollar	$ 1.00	$ 1747.00
K.	1 Ea. – Pressure Test; per each		
	Six hundred dollars	$ 600.00	$ 600.00
L.	652 S.F. - Saw Cut, Remove and Replace Asphalt Pavement; per square foot		
	Twelve dollars	$ 12.00	$ 7824.00

Item No.	Description & Estimated Quantities (Price to be Written in Words)	Unit Price (Figures)	Total Price (Figures)
M.	2 Ea. – 2" Temporary Blowwoff; per each		
	One thousand dollars	$ 1000.00	$ 2000.00
N.	2 Ea. - ¾ " Short Single Service; Per each		
	Four hundred dollars	$ 400.00	$ 800.00
O.	3 Ea. - ¾" Long Single Service; per each		
	Five hundred dollars	$ 500.00	$ 1500.00
P.	10 Ea. – 1" Dual Short Service; per each		
	Four hundred dollars	$ 400.00	$ 4000.00
Q.	19 Ea. – 1" Dual Long Service; per each		
	Seven hundred twenty five dollars	$ 725.00	$ 13775.00
	PHASE I SUB-TOTAL		90950.10

PHASE II

A.	63 Ea. – New Meter Box; per each		
	One hundred twenty five dollars	$ 125.00	$ 7875.00
	PHASE II SUB-TOTAL		$ 7875.00
	WATER TOTAL BID		$ 98825.10

SAWS Job No. 99-1565
Job Title: WEST HORIZON SUBDIVISION
Description: Sanitary Sewer

Date: 5-5-99
San Antonio, Texas

BID PROPOSAL

PROPOSAL OF

A Corporation organized and existing under the laws of the State of Texas
A Partnership consisting of —
An individual doing business as —

TO THE OWNER c/o

Pursuant to Instructions and Invitations to Bidders, the undersigned proposes to furnish all labor and materials as specified and perform the work required for the construction of pipelines and appurtenances, San Antonio Water System Job No. 99-1565, in accordance with the Plans and Specifications for the following prices to wit:

Item No.	Description & Estimated Quantities (Price to be Written in Words)	Unit Price (Figures)	Total Price (Figures)
100	1 - L.S. Mobilization; per lump sum.		
	Eight thousand eight hundred dollars	$ 8800.00	$ 8800.00
103.1.	6 L.F. - Remove and replace concrete curb; per linear foot.		
	Sixty dollars —	$ 60.00	$ 360.00

Item No.	Description & Estimated Quantities (Price to be Written in Words)	Unit Price (Figures)	Total Price (Figures)
103.2	30 L.F. - Remove and replace concrete walk; per linear foot.		
	One hundred dollars	$ 100.00	$ 3000.00
511.A	158 S.Y. - Remove and replace asphalt and base; per square yard.		
	Thirty three dollars	$ 33.00	$ 5214.00
550.	1860 L.F. - Trench protection; per linear foot.		
	One dollar	$ 1.00	$ 1860.00
848.	1806 L.F. - 8" Sanitary sewer main; per linear foot.		
	Eighteen dollars	$ 18.00	$ 32508.00
852.	10 Ea. - Standard sanitary sewer manhole; per each.		
	Fourteen hundred twenty five dollars	$ 1425.00	$ 14250.00
852.	7 V.F. - Extra depth for sanitary sewer manhole; per vertical foot.		
	One hundred ten dollars	$ 110.00	$ 770.00
854.	1890 L.F. - 6" House lateral; per linear foot.		
	Fifteen dollars	$ 15.00	$ 28350.00

Item No.	Description & Estimated Quantities (Price to be Written in Words)	Unit Price (Figures)	Total Price (Figures)
854.	11 Ea. - New service tap; per each.		
	One thousand dollars	$ 1000.00	$ 11000.00
	SANITARY SEWER TOTAL	$ 106112.00	

IV. ECONOMIC FEASIBILITY

IV. Economic Feasibility

Important to the success of this particular residential development is its ability to capture a share of the local and regional growth as well as successfully compete with comparable housing product. Reviewing the components of a project's economic feasibility includes trends that affect short and long term demand for this product. Economic and market factors reviewed include demographic and housing data, including existing housing conditions, sales, and new construction as well as population mobility. The scope of the work includes an analysis of these factors for the market area against the larger community. Data provided has been aggregated at the census track , and city as a whole.

A review of housing resource material utilized by the City for a variety of projects, including the Empowerment Zone application, indicated the 1990 Census data as a primary reference. In order to use the most current data applicable, staff selected as a resource, the 1995 Housing Market Study for San Antonio issued by the U.S. Department of Housing and Urban Development and the U.S. Department of Commerce entitled, American Housing Survey for the San Antonio Metropolitan Area. The study presents a collection of information that profiles the housing conditions for the City. According to the study, the median housing value for owner occupied units as of 1995 was approximately $62,577. Median unit size was 1,593 square feet with six (6) rooms; three (3) bedrooms/two (2) baths. Monthly housing costs, including all mortgages plus maintenance costs, was estimated at $502, roughly 20% of current household income. *

The City of San Antonio has adopted a policy to encourage the provision of safe, decent, comfortable, and affordable housing as a reality for all the citizens of San Antonio. Tax Increment Financing (TIF) is a mechanism that promotes the City's goals by providing reimbursement to the developer for public improvements related to the construction of residential or commercial developments that meet delineated criteria as set forth in the application. Reimbursable expenses include: development of plans and design for public improvements, acquisition of property for public uses, and related costs for due diligence, financing, administration, site preparation, utilities, street lights, pedestrian walkways, parks, drainage facilities, water/sewer facilities, education facilities, and parking facilities. The purpose of TIF is to reduce overall development costs for the developer, thereby encouraging development that might not otherwise have happened given existing market conditions.

The New (West) Horizons Tax Increment Reinvestment Zone (TIRZ) proposed development will take place at the intersection of Hortencia and West Commerce on a 10-acre tract of land, to include approximately 63 single-family units. This parcel has two electrical towers that would require two 22 foot easements. The average price per home is $60,000 contingent on implementation of the TIRZ. It is the expectation of the developer to provide long term improvements to the area via the provision of quality affordable housing, an increase in property values, an injection of new homeowners in the area, and catalyst for others in the area to make improvements to their real property.

Proposed improvements include infrastructure improvements for water and sewer lines, streets and drainage, and sidewalks.

Market Area Profile

Population **

	1980	1990	1998
TIRZ	5,193	6,155	6,717
City	785,880	935,933	1,146,100

San Antonio has been experiencing consistent growth in population of the past 30 years as well as a significant increase since 1980, and further, is projected to increase by another 10% by the year 2004.

Change in Population Percentages**

	1980-1990	1990-1998
TIRZ	18%	9%
City	19%	22%

The area for the proposed New (West) Horizons development , although increasing in population, has experienced a decline in percentage change in population, suggesting a leveling off or inverse trend to that of the city.

Age**

	1990	1998
0-17 yrs	37%	37%
18 - 64 yrs	57%	55%
65+ yrs	6%	8%
Median Age	24.9 yrs	29.7 yrs

The age of the population within the TIRZ area reflects a youthful community with more than half being eligible members of an active workforce with income earning potential. However, the table also indicates an increasing number of persons over 65 years of age with a consistent number of those 17 and under. This suggest a "graying" of the community as the elderly outpaces the growth of younger segments of the population.

Educational Attainment**

	TIRZ	City
Less than 12th grade	54%	31%
H.S. Graduate	25%	24%
Some College	19%	27%
Bachelor Degree	2%	12%
Graduate + Degree	0%	6%

The area surrounding the proposed development has a population where greater than half of all adults have less than a 12th grade education, which is nearly 75% above city-wide figures. The area has failed to maintain a rate of educational attainment at that of the city as a whole.

Educational attainment is considered a direct factor in determining subsequent income potential. This is evidenced in the median household income for this area in 1998 being at $20,300; which is 33% below median income. As a percent of average household income, 20% is typical dedicated to mortgages and related expenses. This would result in the average homebuyer in this area being able to afford $400 a month to be dedicated to housing.

Median Household Income**

	TIRZ	City
1990	$17,200	$23,584
1998	$20,300	$30,585

The number of families in the TIRZ area is approximately 1,500 with an average household size of 3.78. Of the 1,500 families in the market area 63% are married couples, which is higher than the city's overall percentage at 51%.**

Current Housing Stock

The average age of the housing stock in the area is approximately 30 years old and valued at $36,100. These figures reflect median values for owner occupied units. Rental units comprise 32% of the area's housing and median rent is $258. It should be noted that these figures are below median housing values and rents for the city of San Antonio. The vacancy rate for the area is at 8% versus the city's rate of 11%.

YTD Sales Closed for Market Area ***

	Median Sales Price	Sales Price per sq ft	New Listings	Active Listings	Pending Sales	Days on Market
1998 YTD	$43,900	$39	194	104	117	97
1999 YTD	$45,600	$41	188	82	167	79

According to 1998 Bexar County Appraisal District statistics, the average 1998 single family appraised value is $27,134. According to resale activity obtained from the San Antonio Board of Realtors, sales for 1999 year to date records 131 sales with a median sales price of $45,600. Active listings have decreased by 20 percent and houses have been selling more quickly at a higher price per square feet. Sales per square foot have increased from $39 to $41 dollars since 1998. These figures reflect sales of existing housing stock. Figures indicate that there is a demand for housing product in this location and price range. ** New residential activity for the past 5 years (1993 to 1998), based off of recorded building permits indicates 71 permits recorded. Permit values had an average of $23,214.

The proposed New (West) Horizons subdivision would be providing homes at an average value of $65,000 per home and would not be deviating drastically from current market activity. Instead offering housing opportunities in an area that is experiencing gradual growth and accordingly, a demand for housing.

Mobility

Within the TIRZ and census track 61% of the persons have resided in their homes for over 5 years** which may account for stability in overall population shifts. The 1995 American Housing Survey of the San Antonio Metropolitan Area cites the following as primary reasons for relocation and choice of residence.

Reasons for Leaving Previous Residence*

	% of Total Surveyed
New job or job transfer	19%
To establish own household	15%
Needed larger house	13%
Other, family/person related	10%
Wanted better home	10%
Change from renter to owner	7%
Other	33%

The primary reason for change of residence listed is job opportunity followed closely by the desire to establish own household. The remaining considerations can be related to improvements in personal finances and good general economic conditions.

Choice of Present Neighborhood*

	TTL Surveyed
Convenient to job	25%
Convenient to friends/relatives	20%
Looks/design of neighborhood	19%
House was most important decision	18%
Good schools	10%
Convenient to leisure activities	4%
Convenient to public transportation	3%
Other	1%

Respondents surveyed indicated the primary reason for selecting a particular neighborhood for their current resident is convenience to job. This is followed closely by proximity to support groups defined as friends and relatives. Quality of schools did not rank in the top 3 reasons. Convenience to leisure activities and public transportation were considered less important.

A brief sampling of city services, schools and Police & Fire substations within a 5 mile radius is listed below. Attached you will find comprehensive listing (Atch 1.).

Leisure Activities: San Antonio Natatorium, Wolff Municipal Stadium, Market Square and Woodlawn Lake ***Fire SubStations:*** 12 ***Police Substations:*** 2
Library Branches: 7
Health Facilities: 24 ***Parks:*** 8

School Districts: San Antonio, South San Antonio, Edgewood, Northside, Lackland
Elementary Schools: 21 *Middle Schools:* 7 *High Schools:* 2

These entities are expected to meet the needs of anticipated growth in residents. This area is highly mobilized and active in matters concerning the community. Formal organizations include Loma Park Neighborhood Association and Community Worker's Council. Although the Applicant includes letters of support from FannieMae and the San Antonio Development Agency, developers should make every effort to work closely with residents in this community to promote the success of this project and the vitality of the neighborhood.

ROSEDALE AND NEW HORIZON
TIF REINVESTMENT ZON

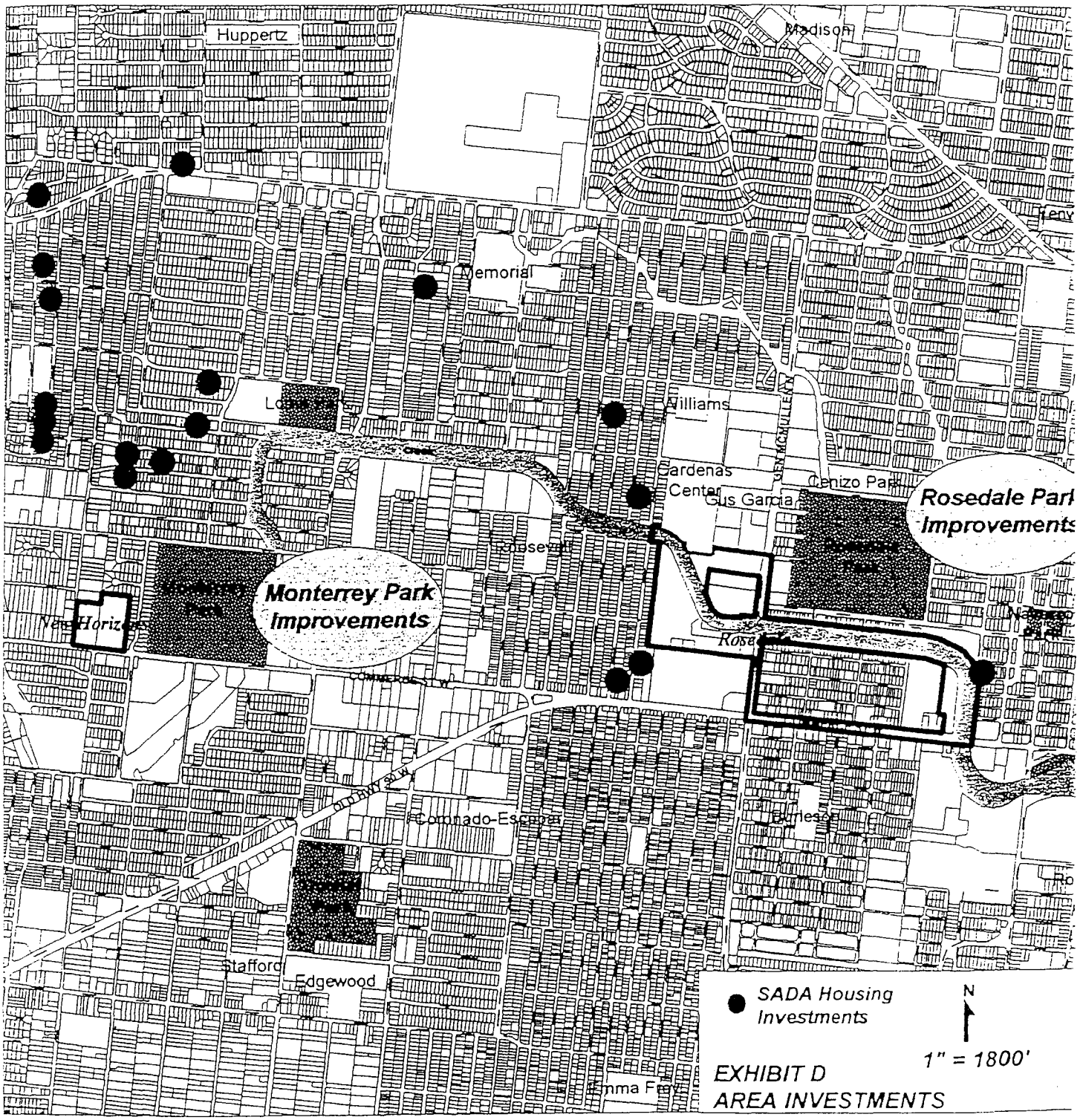
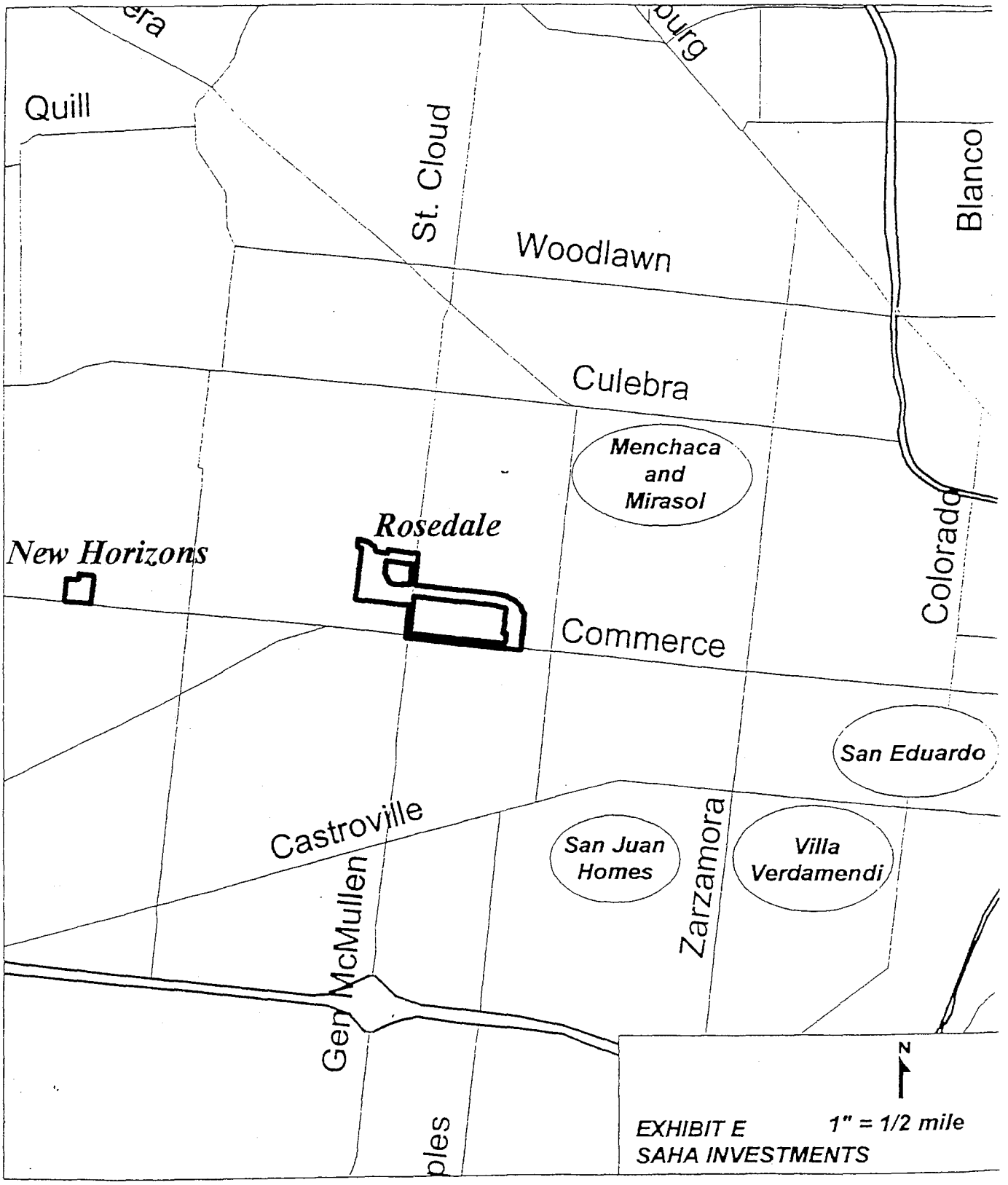


EXHIBIT D
AREA INVESTMENTS

ROSEDALE AND NEW HORIZON
TIF REINVESTMENT ZON



V. BOARD OF DIRECTORS

New (West) Horizons TIRZ Board Members

Maricela Tello (Director)
8058 Vantage
San Antonio, Texas 78230
Phone: 210/308-8809; Fax: 210/349-2313

Robert Tello (Director)
8058 Vantage
San Antonio, Texas 78230
Phone: 210/308-8809; Fax: 210/349-2313

Carlos Balido (Director)
8058 Vantage
San Antonio, Texas 78230
Phone: 210/308-8809; Fax: 210/349-2313

Courtesy copy to:
The Honorable José Menéndez (Director)
State Representative, House District 124
2961 Moss Rock Drive
San Antonio, Texas 78230
Phone (SA): 210/341-8861; Fax: 210/341-2619
Austin Ph. : 512/463-0634; Fax: 512/463-8161

Official designee by
State Representative José Menéndez
Attn: Mr. Gene Sprague
Alamo Community College District
201 W. Sheridan
San Antonio, TX 78204-1429

Leslie Balido (Director)
8058 Vantage
San Antonio, Texas 78230
Phone: 210/308-8809; Fax: 210/349-2313

Carmen Lemon (Director)
8058 Vantage
San Antonio, Texas 78230
Phone: 210/308-8809; Fax: 210/349-2313

The Honorable Paul Elizondo (Director)
County Commissioner, Precinct #2
Bexar County Commissioner Court
100 Dolorosa , Suite 101
San Antonio, Texas 78250-3036
Phone: 210/335-2612; Fax: 210/335-2264

Estefana Martinez (Director)
Edgewood ISD Board member
5358 W. Commerce
San Antonio, Texas 78237
Phone: 210/444-4600; Fax: 210/444-4602

The Honorable Leticia Van de Putte (Director)
State Senator, District 26
3718 Blanco Road, Suite 2
San Antonio, Texas 78212
Phone (SA): 210/733-6604; Fax: 210/733-6605

Revised 12/12/2001

VI. APPENDICES

A. Legal Description

VI. APPENDICES

A. Legal description

TRACT I:

LOTS 7, 8,9 AND 10, BLOCK 6, NEW CITY BLOCK 7448, ALAMEDA GARDENS TRACT #3, IN THE CITY OF SAN ANTONIO, BEXAR COUTY, TEXAS, ACCORDING TO PLAT THEREOF RECORDED IN VOLUME 105, PAGE 313, DEED AND PLAT RECORDS OF BEXAR COUNTY, TEXAS, SAVE AND EXCEPT THAT PORTION OF TRACTS 9 AND 10 BEING MORE PARTICULARLY DESCRIBED IN ADDENDUM ATTACHED HERETO AND MADE A PART HEREOF.

TRACT II:

LOT 16, BLOCK 1, NEW CITY BLOCK 8242, ALAMEDA GARDENS TRACT #2, IN THE CITY OF SAN ANTONIO, BEXAR COUNTY, TEXAS, ACCORDING TO PLAT THEREOF RECORDED IN VOLUME 105, PAGE 226, DEED AND PLAT RECORDS OF BEXAR COUNTY, TEXAS, SAVE AND EXCEPT THAT PORTION MORE PARTICULARLY DESCRIBED IN ADDENDUM ATTACHED HERETO AND MORE A PART HEREOF.

CITY OF SAN ANTONIO TEXAS

NOTICE OF INTENTION

TO CREATE A TAX INCREMENT FINANCING REINVESTMENT ZONE FOR THE NEW HORIZONS (NUEVOS HORIZONTES) AREA PROJECT

The City Council of the City of San Antonio, Texas (the "City") does hereby give notice of intention to create a tax increment financing reinvestment zone for the development of the New Horizons (Nuevos Horizontes) Project (the "Project") pursuant to the requirements of *The Tax Increment Financing Act,* TEXAS TAX CODE, CHAPTER 311, as amended (the "Act"). This notice is provided in accordance with the requirements of Section 311.003(e) of the Act and is being sent to the governing body of each taxing unit that levies real property taxes in the proposed reinvestment zone site.

I. Description of the Proposed Boundaries of the Proposed Zone:

The proposed zone encompasses approximately 10.3 acres of undeveloped land in the western section of the City of San Antonio. The proposed boundaries include:

Eastern Boundaries

S.W. 39th Street

Southern Boundaries

West Commerce Street

Western Boundaries

Hortencia Street

Northern Boundaries

Caywood Street

II. Tentative Plans for the Development or Redevelopment of the Proposed Zone:

The proposed zone site includes the following proposed developments:

- **Development of 63 units of Single-family Residential Subdivision;**
- **Public acquisition of land and/or improvements;**
- **construction of public improvements permitted under the Texas Tax Code** (which may include, but are not limited to, water, sewer, drainage, sidewalks and lighting) for a residential and commercial subdivision;
- **acquisition of property of public improvements.**

III. Estimate of the General Impact of the Proposed Zone on Property Values and Tax Revenues:

While it is impossible to predict with certainty the impact of the proposed zone on property taxes values and tax revenues, the City believes that it is reasonable to assume that the general impact of the proposed zone on property values will lead to an increase in property values within the proposed zone, with an associated increase in tax revenues, even assuming no increase in tax rate.

Proposed Portion of Tax Increment to be Paid by School District

[*Pending State law prescribes that the proposed portion of tax increment to be paid into a tax increment fund by the impacted school district(s) be provided in this notice.*] In order to provide maximum flexibility in the development of the project and financing plan for the proposed reinvestment zone, one hundred percent (100%) of the portion of tax increment to be paid into a tax increment fund by the impacted school district(s) is being proposed for use in this zone. This notice does not obligate the impacted school district (s) or other taxing entity to participate. Written contractual agreements describing and providing for future deposits of tax increments are required under the Texas Tax Code (311.013(g)).

Norma S. Rodriguez, City Clerk
City of San Antonio, Texas

Exhibit B
New (West) Horizons Project

DVS
4A
08/19/99

AN ORDINANCE 90311

DESIGNATING THE NEW HORIZON SUBDIVISION PROJECT AREA LOCATED ALONG WEST COMMERCE STREET, 39th STREET, AND HORTENCIA STREET, AS A TAX INCREMENT REINVESTMENT ZONE; DESCRIBING THE BOUNDARIES OF THE ZONE; CREATING A BOARD OF DIRECTORS FOR THE ZONE; APPOINTING FIVE CITY REPRESENTATIVES TO THE BOARD OF DIRECTORS; PROVIDING FOR A TERMINATION DATE FOR THE ZONE; ASSIGNING THE NAME FOR THE ZONE TO BE "REINVESTMENT ZONE NUMBER FIVE, CITY OF SAN ANTONIO, TEXAS"; ESTABLISHING A TAX INCREMENT FUND; CONTAINING OTHER PROVISIONS RELATED THERTO.

* * * * *

WHEREAS, the City Council (the "Council") of the City of San Antonio, Texas (the "City") desires to support inner-city revitalization activities for the New Horizon Subdivision Project (the "Project") to be funded, in whole or in part, through the creation of a Tax Increment Financing Reinvestment Zone (the "Zone," as hereinafter more specifically defined and named, and with boundaries as hereinafter provided), pursuant to the provisions of the Tax Increment Financing Act (the "Act"), Texas Tax Code, Chapter 311, as amended; and

WHEREAS, the City received a petition by owners representing over 50% of the value of the land in the proposed Zone and the City agrees to create the Zone by petition; and

WHEREAS, the Project is in compliance with the City's Master Plan and the City's adopted Guidelines and Criteria for use of TIF by encouraging community revitalization, infrastructure improvements and affordable housing within certain areas of the City; and

WHEREAS, the proposed public improvements for the Project may include, but are not limited to, land acquisition, street excavation, street installation, curbing grading, drainage structures and channels, sidewalks and approaches, natural gas, sewer water, street lighting, and electrical; and

WHEREAS, pursuant to the Act, the City may designate a contiguous geographical area within the City as a Zone if the area satisfies the requirements of certain sections of the Act; and

WHEREAS, on May 27, 1999, and as required by the Act, the Council adopted Resolution No. 99-22-25 relating to the proposed Zone, and authorized the City to: (i) prepare a preliminary reinvestment zone financing plan; (ii) send a copy of the preliminary reinvestment zone financing plan to the governing body of each taxing unit that levies taxes on real property located in the proposed zone; (iii) hold a public hearing

Exhibit "B"

on the creation of the zone and its benefits to the City and to property located in the zone; (iv) publish notice of the public hearing in a newspaper of general circulation in the City; (v) send written notice of its intent to establish the Zone to the governing body of each taxing unit that levies taxes on real property in the proposed reinvestment zone, (vi) make formal presentations to the governing body of the county and each school district that levies real property taxes in the proposed Zone; (vii) notify each taxing unit of each presentation to be made to a county or school district; (viii) request each taxing unit that levies real property taxes in a proposed Zone to designate a representative to meet the City, and (ix) call and hold one or more meetings with representatives of the taxing units; and

WHEREAS, pursuant to Section 311.003(b) of the Act, the Council has previously authorized and directed City staff and/or its agent the San Antonio Housing Trust Reinvestment Corporation (the "Trust") to: (i) prepare a Preliminary Reinvestment Zone Financing Plan (the "Preliminary Plan") for the proposed Zone, and (ii) distribute a copy of the Preliminary Plan to the governing body of each taxing unit that levies taxes on real property in the proposed reinvestment zone as soon as the Preliminary Plan is complete; and

WHEREAS, pursuant to Section 311.003(b) of the Act and as directed by Council, the City staff and/or the Trust has: (i) prepared the Preliminary Plan for the proposed Zone; and (ii) distributed a copy of the Preliminary Plan to the governing body of each taxing unit that levies taxes on real property in the proposed Zone; and

WHEREAS, furthermore, Council previously: (i) called and set the date, time, and place for a public hearing to be held in the Council Chambers, City Hall, at 2:00 p.m. on Thursday, August 19, 1998 (to comply with the requirements of and pursuant to Section 311.003(c) of the Act), to consider the creation of a Tax Increment Reinvestment Zone for the Project and its respective benefits to the City and to property in the proposed Zone; and (ii) directed the City Clerk to publish notice of the public hearings not later that Wednesday August 11, 1999, in the San Antonio Express-News, a newspaper of general circulation in the City; and

WHEREAS, said notice was duly published in the San Antonio Express-News on August 11, 1999; and

WHEREAS, pursuant to Section 311.003(e) of the Act, and the direction of the Council, the City did send written notice on Friday, May 28, 1999, to the governing body of each taxing unit that levies real property taxes in the proposed Zone of the City's intent to consider establishing a Tax Increment Reinvestment Zone, which notice contained the following:

1. a description of the proposed boundaries of the proposed Zone;
2. the tentative plans for the development or redevelopment of the proposed Zone; and
3. an estimate of the general impact of the proposed Zone on property values and tax revenues; and

WHEREAS, pursuant to Section 311.003(f) and (g) of the Act, the City Manager, acting pursuant to authority granted him in Resolution No. 99-22-25, has previously: (i) requested that the taxing units designate a representative to meet with City staff and/or the Trust to discuss the Preliminary Project and Financing Plans for the proposed Zone; (ii) requested the opportunity to make a formal presentation to the governing body of Bexar County and each school district that levies real property taxes in the proposed Zone; (iii) notified each taxing unit that levies real property taxes in the proposed Zone of the date and time of each presentation to be made before Bexar County and each school district; and (iv) met with designated representatives to make such presentations; and

WHEREAS, the Council hereby finds and determines that: (a) improvements in the Zone will significantly enhance the value of all the taxable real property in the Zone and will be of general benefit to the City; and (b) the Zone area meets the requirements of Section 311.005(a)(5) of the Act, being that the Zone area:

(1) substantially arrests or impairs the sound growth of the City, retards the provision of housing accommodations, or constitutes an economic or social liability and is a menace to the public health, safety, morals, or welfare in its present condition and use because of the presence of:

(A) a substantial number of substandard, slum, deteriorated, or deteriorating structures;
(B) the predominance of defective or inadequate sidewalk or street layout;
(C) faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
(D) unsanitary or unsafe conditions;
(E) the deterioration of site or other improvements;
(F) tax or special assessment delinquency exceeding the fair value of the land;
(G) defective or unusual conditions of title; or
(H) conditions that endanger life or property by fire or other cause; or

(2) is predominantly open, and because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impairs or arrests the sound growth of the City; and

WHEREAS, the Council, pursuant to the Act, further finds and declares that:

(1) the proposed Zone is a contiguous geographical area located wholly within the corporate limits of the City of San Antonio;

(2) the total appraised value of the taxable real property in the proposed Zone or in existing reinvestment zones, if any, does not exceed fifteen percent (15%) of the total appraised value of taxable real property in the City and in industrial districts created by the City;
(3) the proposed Zone does not contain more than fifteen percent (15%) of the total appraised value of real property taxable by Bexar County or by the Edgewood Independent School District; and
(4) development or redevelopment within the boundaries of the proposed Zone will not occur solely through private investment in the reasonably foreseeable future.

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

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

SECTION 1. DESIGNATING THE AREA AS A REINVESTMENT ZONE. The area located along West Commerce Street, 39th Street, and Hortencia Street in the City commonly referred to as the "New Horizon Subdivision Projects TIF District Site," with the boundaries as more specifically described in Section 2 below, and officially assigned the name as designated in Section 5 below (which reinvestment zone so described, named and designated is hereinafter referred to as the ("Zone"), is hereby designated as a Tax Increment Reinvestment Zone.

SECTION 2. DESCRIPTION OF THE BOUNDARIES OF THE REINVESTMENT ZONE. Attached hereto as Exhibit "A", which is incorporated herein by reference for all purposes as if copied herein verbatim, is a description of the boundaries of the Zone created hereby, and which generally consists of approximately 10.3 acres of certain residential property in the west area of the City.

SECTION 3. CREATION AND COMPOSITION OF A BOARD OF DIRECTORS FOR THE ZONE There is hereby created a Board of Directors (the "Board") for the Zone, with all the rights, powers and duties as provided by the Act to such boards or by action of the City Council. Pursuant to Section 311.009(b) of the Texas Tax Code the Board shall consist of nine (9) members.

Each school district or county that levies taxes on real property in the Zone may appoint one member to the Board if the school district or county has approved the payment of all or part of the tax increment produced by the unit.

The member of the Texas Senate in whose district the Zone is located shall be a member of the Board, and the member of the Texas House of Representatives in whose district the Zone is located shall be a member of the Board, except that either may designate another individual to serve in the member's place at the pleasure of the member. If the Zone is located in more than one senate or house district, the senator or representative whose district is the larger portion of the Zone shall be appointed to the Board.

Should the Edgewood Independent School District and Bexar County decide to participate in the TIF Project, the City shall appoint the remaining five (5) members to the Board.

City Council hereby appoints the following five (5) individuals as the Board of this TIF Project:

Name	Term
1. Maricela Tello (Director)	September 18, 2001
2. Robert Tello (Director)	September 18, 2001
3. Carlos Balido (Director)	September 18, 2001
4. Leslie Balido (Director)	September 18, 2001
5. Carmen Lemon (Director)	September 18, 2001

In the event the Edgewood Independent School District or Bexar County do not participate in this TIF Project, the City Council shall appoint the remaining board members at a future City Council meeting.

Vacancies on the Board shall be filled by the respective taxing unit, or State Senator and State House of Representative making such appointment for the remainder of the unexpired term.

SECTION 5. ASSIGNING A NAME TO THE ZONE. The Tax Increment Reinvestment Zone created hereby assigned the name of "REINVESTMENT ZONE NUMBER FIVE, CITY OF SAN ANTONIO, TEXAS."

SECTION 6. TAX INCREMENT BASE. The Tax Increment Base for the Zone is the total appraised value of all real property taxable by the City and located in the Zone, determined as of January 1, 1999, the year in which the zone was designated as a TIF Reinvestment Zone (the "Tax Increment Base")

SECTION 7. ESTABLISHMENT OF A TAX INCREMENT FUND. There is hereby created and established in the depository bank of the City, a fund to be called the "REINVESTMENT ZONE NUMBER FIVE, CITY OF SAN ANTONIO, TEXAS TAX INCREMENT FUND" (the "Tax Increment Fund"). Money in the Tax Increment Fund,

SECTION 9. SEVERABILITY. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

PASSED AND APPROVED BY AN AFFIRMATIVE VOTE OF 10 MEMBERS OF THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS.

PASSED AND APPROVED this 19th day of August, 1999.

M A Y O R
Howard W. Peak

ATTEST:
ASSISTANT City Clerk

APPROVED AS TO FORM: Veronica M. Zertuche
for City Attorney

EXHIBIT A

DESCRIPTION OF THE BOUNDARIES OF THE ZONE DESIGNATED "REVESTMENT ZONE NUMBER TWO, CITY OF SAN ANTONIO, TEXAS"

The Zone designated as **"REINVESTMENT ZONE NUMBER FIVE, CITY OF SAN ANTONIO, TEXAS"** encompasses approximately 10.3 acres of residential and commercial property in the western section of the City of San Antonio. The proposed boundaries include the following:

EXHIBIT "A"

Description of the Proposed Boundaries of the Proposed Zone:

The proposed zone encompasses approximately 10.3 acres of undeveloped land in the western section of the City of San Antonio. The proposed boundaries include:

Eastern Boundaries

S.W. 39th Street

Southern Boundaries

West Commerce Street

Western Boundaries

Hortencia

Northern Boundaries

Caywood Street

EXHIBIT "B"

MUNICIPAL REPRESENTATIVES

Maricela Tello (Director)
8058 Vantage
San Antonio, Texas 78230
Phone: 210/308-8809; Fax: 210/349-2313

Robert Tello (Director)
8058 Vantage
San Antonio, Texas 78230
Phone: 210/308-8809; Fax: 210/349-2313

Carlos Balido (Director)
8058 Vantage
San Antonio, Texas 78230
Phone: 210/308-8809; Fax: 210/349-2313

Leslie Balido (Director)
8058 Vantage
San Antonio, Texas 78230
Phone: 210/308-8809; Fax: 210/349-2313

Carmen Lemon (Director)
8058 Vantage
San Antonio, Texas 78230
Phone: 210/308-8809; Fax: 210/349-2313

Exhibit C
New (West) Horizons Project
Standards For Development

Deed Restrictions and Home Owner's Association. All development phases identified in the Project Plan will be subject to deed restrictions and establishment and governance by one or more home owner's association agreements that contain provisions consistent with the requirements set forth in this Exhibit.

Construction Standard. All homes in the Zone shall be constructed on permanent foundations using materials and uniform building industry standards of the day. No manufactured homes, as defined in the City of San Antonio Unified Development Code as amended, previously constructed elsewhere may be moved on any lot in the Zone. This prohibition specifically includes the use of a manufactured home in which the axle and wheels have been removed and placed upon a concrete slab, which said manufactured home is hereby specifically prohibited as a residence, either temporarily or permanently; and further, specifically includes a manufactured home upon which the wheels have been left attached.

Design and Materials. The design and materials may vary to meet current consumer demand and evolving construction technology, provided, however, that all single family homes shall have a minimum of twenty-five percent (25%) exterior consisting of masonry, Hardie Plank™ siding material, any other siding material with qualities similar to masonry or Hardie Plank™ siding material.

Single Family Houses. Single family houses, as described in the Plan, shall be a minimum of 1000 square feet in gross living area. However, if required to meet customer requests/qualifications or market demands, then up to three (3) of the total homes may be a minimum of the 850 square feet.

Outbuilding Requirements. Every outbuilding, inclusive of such structures as a storage building, greenhouse or children's playhouse, shall be compatible with the dwelling to which it is appurtenant in terms of its design and material composition.

Temporary Structures. No structure of a temporary character (e.g., trailer, tent, shack, garage, barn or other outbuildings) shall be used on any lot at any time as a residence, either temporarily or permanently. No trailer, camper or similar vehicle shall at any time be connected to utilities situated within a lot. No manufactured home, as defined in the City of San Antonio Unified

Development Code as amended, previously constructed elsewhere may be moved onto any lot in the Zone. This prohibition specifically includes the use of a manufactured home in which the axle and wheels have been removed and placed upon a concrete slab, which said manufactured home is hereby specifically prohibited as a residence, either temporarily or permanently; and further, specifically includes a manufactured home upon which the wheels have been left attached.

Notwithstanding the prior paragraph, during the construction and sales period of the initial dwelling units, the builder may erect and maintain such temporary structures as are customary in connection with such construction and sale of such property, including but not limited to, a business office, storage areas, construction yards, signs, model units, and sales office.

Maintenance. Grass, weeds, and vegetation on each lot sold shall be kept mowed at regular intervals. Trees, shrubs, vines, and plants which die shall be promptly removed from the property. Lawns must be properly maintained, fences must be repaired and maintained and no objectionable or unsightly usage of lots will be permitted which is visible to the public view. Building materials shall not be stored on any lot except when being employed in construction upon such lot, and any excess materials not needed for construction and any building refuse shall promptly be removed from such lot.

Vehicles. No stripped down, wrecked, junked, or wholly inoperable vehicle shall be kept, parked, stored, or maintained on the street fronting any lot in the subdivision, or on any portion of the front yard or driveway of the permanent structure, and such vehicles shall be kept, parked, stored, or maintained on other portions of a lot only within an enclosed structure or a screened area which prevents the view thereof from adjacent lots or streets. No dismantling or assembling of motor vehicles, boats, trailers or other machinery or equipment shall be permitted in any driveway or yard adjacent to a street.

Nuisances. No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. No Owner shall commit an act or conduct work that will impair the structural soundness or integrity of another residence or impair any casement or hereditament, nor do any act nor allow any condition to exist which will adversely affect the other residences or their owners.

Garbage and Refuse Disposal. No lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage and other waste shall be kept in sanitary containers, whether arranged for alley pickup or street pickup. No trash, ashes or other refuse may be thrown or dumped on any vacant lot, park or drainage area.

Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot, except for cats, dogs, or other generally recognized household pets of a reasonable number, provided that they are not kept, bred or maintained for any commercial purposes.

Exhibit "D"
New (West) Horizons Project
Development Targets

The Developer, Reeves Engineering/ Nuevos Horizontes have secured a Tax Increment Reinvestment Zone designation for the West (New) Horizons Development. This project includes the construction of 63 single-family homes with sales prices ranging in value between $60,000 to $75,000. The sizes of the homes are expected to be between approximately 1,000 to over 1,400 square feet. Construction is planned to be carried out in two phases in years 2001 and 2002, subject to demand and market conditions.

The Developer will exercise reasonable efforts to cause the site improvements to be constructed, operated, and maintained in accordance with the terms of this agreement, the Project and Financing Plan and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, energy conservation, building code and public health laws) today and in the future, except for variances approved by the City, necessary to construct the improvements contemplated in the Project and Financing Plan. The Developer agrees to the following terms regarding site improvements as set forth below.

(A) The Developer agrees that the scope and scale of the site improvements to be constructed shall not be significantly less than the scope and scale of the improvements as detailed and outlined in the Developer's Project and Financing Plans. The proposed improvements and related capital costs include streets, drainage, utilities, platting and related governmental land development fees wholly or proportionally attributable to eligible public improvements, architectural and engineering, sidewalks, landscaping, and rights-of-way, and park improvements.

(B) The Developer shall submit a project status report and a financial report on a annual basis to the City, Participating Governmental Entities and Administrator, or within thirty (30) days of any such request.

(C) Further, the Developer shall be required to diligently execute the construction and marketing of infrastructure and homes in the Project area and substantially complete each item of the public infrastructure improvements and housing in accordance with the Plan. Per Section 311.013 (d) the Developer shall be deemed to have abandoned the Project, and the City may terminate its participation in this Agreement, if the Developer fails, for a period of at least three (3) consecutive years, to (i) commence construction activities on any homes in the Project; or (ii) commence construction of physical improvements pursuant to the project plan as defined in Section 311.002 (A).

Below is a description of the development targets that the Developer has submitted and used as a basis for the formation of the Project and Financing Plan. These development targets are proposed to be met by the Developer during the term of the Agreement. The City acknowledges that the Developer's ability to construct the site improvements is subject to the then-current market conditions, including but not limited to the availability of tenants, owners, financing, or winter conditions.

Number of Houses to be Constructed

Phase	Year	Number of Homes	Type of Structure
Phase 1	2001	31	Single Family Homes
Phase 2	2002	32	Single Family Homes
Total Units		**63**	**Single Family Homes**

Initials: _____
Initials: _____

Exhibit E
New (West) Horizons Project
Development Agreement

DEVELOPMENT AGREEMENT WITH THE CITY OF SAN ANTONIO, TEXAS and NUEVOS HORIZONTES, and REINVESTMENT ZONE NUMBER FIVE, CITY OF SAN ANTONIO, TEXAS
September 9, 2001

This Development Agreement ("Agreement"), pursuant to Ordinance No. 94469, effective as of September 9, 2001 is entered into by and between the **CITY OF SAN ANTONIO**, a Texas municipal corporation of Bexar County, Texas (hereinafter called "CITY"); **NUEVOS HORIZONTES**, an Entity incorporated in the State of Texas (hereinafter referred to as "**DEVELOPER**"); **and REINVESTMENT ZONE NUMBER FIVE, CITY OF SAN ANTONIO, TEXAS**, a tax increment financing zone (hereinafter called "**ZONE**"), by and through its duly authorized Board of Directors;

WITNESSETH:

WHEREAS, CITY recognizes the importance of its continued role in economic development; and

WHEREAS, By Ordinance Number 90311, dated August 19, 1999, pursuant to Chapter 311 of the Texas Tax Code (as amended), **CITY** created **ZONE** in accordance with the Tax Increment Financing Act, as amended (Chapter 311 of the Texas Tax Code, Vernon's Texas Codes Annotated, hereinafter called the "ACT"), established a Board of Directors for **ZONE**, to promote development and redevelopment in the **ZONE** through the use of tax increment financing, which development and redevelopment would not otherwise occur solely through private investment in the reasonably foreseeable future; and

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

WHEREAS, on August 20, 1999, by a Board Resolution, the Board of Directors for **ZONE** adopted and approved a Final Project and Financing Plan ("Project and Financing Plan") providing for development of ZONE; and

WHEREAS, **CITY** approved the Project and Financing Plan for **ZONE** by Ordinance Number 90382, on August 26, 1999; and

WHEREAS, Pursuant to the Texas Tax Code, Chapter 311 (as amended) and **CITY**

Exhibit "E"

Ordinance Number 90311, dated August 19, 1999, the Board of Directors for **ZONE** has authority to enter into agreements as the Board of Directors for **ZONE** considers necessary or convenient to implement the Project and Financing Plan and to achieve the purposes of developing **ZONE**; and

WHEREAS, Pursuant to said authority above, the Board of Directors for **ZONE** hereby enters into a binding agreement with **CITY** and **DEVELOPER** for **DEVELOPER** to develop **ZONE** as specified in the Project and Financing Plan and as specified in this Agreement; and

WHEREAS, CITY, by Ordinance Number 94469, dated August 30, 2001, authorized the City Manager or his designated representative to execute this Agreement on behalf of **CITY**, to bind **CITY** to the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the mutual promises, covenants, obligations, and benefits contained in this Agreement, **CITY**, the Board of Directors for **ZONE**, and **DEVELOPER** hereby agree as follows:

I. DEFINITIONS

1.1 "**CITY**", "Board of Directors for **ZONE**", and "**DEVELOPER**" shall have the meanings specified above.

1.2 "Act" shall mean the Tax Increment Financing Act, Chapter 311, Texas Tax Code, Vernon's Annotated Texas Statutes, as amended.

1.3 "Agreement" shall mean this document by and between **CITY**, the Board of Directors for **ZONE** and **DEVELOPER,** which may be amended from time to time, pursuant to the provisions contained herein.

1.4 "Available Tax Increment" shall mean the "Tax Increment" as defined in the Texas Tax Code, Section 311.012 (a), less the administrative costs of the participating Taxing Entities for organizing and/or managing the Zone;

1.5 "Certificate of Completion" shall mean a written acknowledgement from **CITY** to **DEVELOPER** that public improvements were constructed as specified in the Project and Financing Plans and in this Agreement, and that said improvements comply with all **CITY** codes and published standards for the particular type of improvement in question.

1.6 "City Manager" shall mean the City Manager of **CITY** or her designee.

1.7 "Completion" shall mean constructing a public improvement in **ZONE** substantially in accordance with the Project and Financing Plans and with this Agreement

so that the particular improvement can be used and maintained for its intended purpose, as certified by a **CITY** architect, engineer or other **CITY** official with official responsibility for inspecting and certifying such improvements.

1.8 "Contract Progress Payment Request" shall mean a request for payment from **DEVELOPER** for funds due to **DEVELOPER** for successfully completed work on a specific improvement in **ZONE**, accompanied by customary documentation including the name and address of the entity that performed the work, a description of the contract pursuant to which the payment is made, the amount of such payment, the original contract amount, total payments made to date on such contract, an estimate of remaining work to be completed on the specific improvement, the cost of such work, and any customary lien and/or subcontractor releases.

1.9 "Construction Schedule" shall mean the timetable for constructing the improvements specified in the Project and Financing plan and in this Agreement as (either or both) may be amended for **ZONE**.

1.10 "Development Agreement" shall mean this document as may be amended between **CITY**, Board of Directors for **ZONE**, and **DEVELOPER**.

1.11 "Project and Financing Plan" shall mean the Project and Financing Plan for **ZONE** as may be amended from time to time by the Board of Directors for **ZONE** and **CITY**, as approved by the Board of Directors for **ZONE** and by **CITY**.

1.12 "Project" shall mean the design, construction, assembly, installation and implementation of the improvements and/or activities as more specifically detailed in the Project and Financing Plan and in this Agreement as (either or both) may be amended from to time.

1.13 "Public Infrastructure" shall mean streets, street lighting, sidewalks, traffic signal devices, transit stops, boulevard landscaping, utilities, parks, storm sewers, and all other public areas listed in the Project and Financing Plan for construction by **DEVELOPER**.

1.14 "Reinvestment **ZONE**" shall mean Reinvestment Zone Number Five, City of San Antonio, Texas.

1.15 Singular and Plural: Words used herein in the singular, where the context so permits, also includes the plural and vice versa, unless otherwise specified.

II. REPRESENTATIONS

2.1 NO INCREMENT REVENUE BONDS: **CITY**, Board of Directors for **ZONE**, and **DEVELOPER** represent that they understand and agree that neither **CITY** nor Board of Directors for **ZONE** shall issue any tax increment revenue bonds to cover any costs directly or indirectly related to **DEVELOPER**'s improvement of **ZONE** under

this Agreement.

2.2 CITY represents to DEVELOPER that as of the date hereof CITY is a home rule municipality located in Bexar County, Texas and has authority to carry out the obligations contemplated by this Agreement.

2.3 The Board of Directors for ZONE represents to DEVELOPER that as of the date hereof ZONE is a tax increment Reinvestment Zone established by CITY pursuant to Ordinance Number 90311, passed and approved on August 19, 1999, and has authority to carry on the functions and operations contemplated by this Agreement.

2.4 DEVELOPER represents to CITY and to the Board of Directors for ZONE that DEVELOPER is an entity organized in the State of Texas, and is in good standing under the laws of the State of Texas; that DEVELOPER has the authority to enter into this Agreement and to perform the requirements of this Agreement; that DEVELOPER's performance under this Agreement shall not violate any applicable judgment, order, law or regulation; that DEVELOPER's performance under this Agreement shall not result in the creation of any claim against CITY for money or performance, any lien, charge, encumbrance or security interest upon any asset of CITY or the Board of Directors for ZONE; that DEVELOPER shall have sufficient capital to perform all of its obligations under this Agreement when it needs to have said capital; and that DEVELOPER owns the real property described in Exhibit "A" (attached hereto and incorporated herein), the area scheduled for improvements in ZONE.

2.5 CITY, the Board of Directors for ZONE, and DEVELOPER represent to each other that the execution, delivery, and performance of this Agreement on their part does not require consent or approval of any person that has not been obtained.

2.6 CITY, the Board of Directors for ZONE, and DEVELOPER represent to each other that to the extent that such funds are available, CITY and the Board of Directors for ZONE shall use only Available Tax Increment funds to pay DEVELOPER up to a maximum total payment of six hundred nine thousand, three hundred seventy-nine dollars and twenty-six cents ($609,379.26) as full compensation for designing and constructing the Public Infrastructure improvements required under the Project and Financing Plan and this Agreement, pursuant to Article VI, Compensation to Developer.

2.7 CITY, the Board of Directors for ZONE, and DEVELOPER represent to each other that each party shall make every reasonable effort to expedite the subject matters hereof and acknowledge that the successful performance of this Agreement requires their continued cooperation.

2.8 CITY, Board of Directors for ZONE, and DEVELOPER represent that they understand and agree that even after the Reinvestment Zone terminates, DEVELOPER shall diligently work to successfully complete any and all required improvements that are not completed before the Reinvestment ZONE terminates. Such completion shall be at no additional cost to CITY, the Board of Directors for ZONE, or any other taxing Entity

participating in the **ZONE**.

2.9 **CITY**, Board of Directors for **ZONE**, and **DEVELOPER** represent that they understand and agree that this Agreement shall have no force or effect unless and until the applicable Interlocal Agreement for the Project is executed between **CITY** and the participating taxing Entities and the **ZONE**.

2.10 **DEVELOPER** represents that he understands that any contributions made by **DEVELOPER** in anticipation of reimbursement from tax increments shall not be, nor construed to be, financial obligations of **CITY**, other taxing entities, or **ZONE**. **DEVELOPER** shall bear all risks associated with reimbursement, including, but not limited to: incorrect estimates of tax increment, changes in tax rates or tax collections, changes in state law or interpretations thereof, changes in market or economic conditions impacting the project, changes in interest rates or capital markets, changes in development codes requirements, default by tenants, unanticipated effects covered under legal doctrine of *force majuere*, and/or other unanticipated factors.

III. THE PROJECT

3.1 **The Project**. The Project shall constitute and include the design, construction, assembly, installation and implementation of an urban mixed-use development with single-family homes, streets and approaches, drainage system, sewer system, water system and sidewalks to be constructed by **DEVELOPER** on an approximately 10 acre tract of land (the "New Horizons Subdivision Project") shown on the plat in Exhibit A.

3.2 **The Public Infrastructure Improvements**. The Public Infrastructure Improvements shall consist of the following items: street excavation and installation, curbing, sidewalks, utilities, landscaping and other public improvements. The Infrastructure is more particularly described in Exhibit B (attached hereto and incorporated herein).

3.3 **Construction of Public Improvements.** Eligible Project Costs financed through TIF proceeds shall be publicly bid in compliance with Chapter 252 of the Local Government Code, use prevailing wages, and be constructed by **DEVELOPER**, in compliance with all applicable law *unless:* (1) tax increments go toward financing 30 percent or less of the cost for a specific public improvement, in compliance with Chapter 212 of the Local Government Code; and (2) such public improvement is not a building of any sort. Under such a scenario, **DEVELOPER** could request to construct the public improvement, however, **DEVELOPER** must have **CITY** approval.

3.4 **Financing**. The cost of the Public Infrastructure Improvements and all other improvement expenses associated with the Project shall be through the use of **DEVELOPER's** own capital or through commercial construction loans/lines of credit

secured solely by DEVELOPER. DEVELOPER may include any or part of the project site except those portions intended to become public property as collateral for the construction loan or loans as required for the development of the Project. CITY and the Board of Directors for ZONE pledge to use Available Tax Increment funds, up to the maximum amount provided herein to reimburse DEVELOPER for constructing the Project. THESE AVAILABLE TAX INCREMENT PAYMENTS TO DEVELOPER ARE NOT INTENDED TO REIMBURSE DEVELOPER FOR ALL OF ITS COSTS INCURRED IN CONNECTION WITH PERFORMING ITS OBLIGATIONS UNDER THIS AGREEMENT.

3.5 The parties hereto agree that neither CITY nor ZONE can guarantee that those available Tax Increment funds shall completely reimburse DEVELOPER, but that those available Tax Increment funds shall constitute the total reimbursement to DEVELOPER for the construction of the Public Infrastructure Improvement portions of the Project.

IV. DUTIES AND OBLIGATIONS OF DEVELOPER

4.1 DEVELOPER shall comply with all applieable provisions of the Tax Increment Financing (TIF) and Reinvestment Zone Guidelines and Criteria, passed and approved by CITY Council, in effect at the time of the creation of this Zone, to the extent that said Guidelines do not conflict with this Agreement. In the event of a conflict between the Guidelines and this Agreement, the terms of this Agreement shall control.

4.2 Subject to the consideration from CITY and the Board of Directors for ZONE, DEVELOPER agrees to complete, or cause to be completed, the improvements described in the Project and Financing Plan and in this Agreement. DEVELOPER agrees to provide, or cause to be provided, all materials, labor, and services for completing the Project. DEVELOPER also agrees, when required in connection with improving the Project, to obtain, or cause to be obtained, all necessary permits and approvals from CITY and/or all other governmental agencies having jurisdiction over the construction of improvements in ZONE.

4.3 DEVELOPER shall prepare, or cause to be prepared, the Plans and Specifications for the Public Infrastructure Improvements and all other improvements in Agreement prior to starting any construction. Furthermore, DEVELOPER shall not commence any construction on the Project until said Plans and Specifications have been approved in writing by the appropriate department of CITY and the Board of Directors for ZONE.

4.4 DEVELOPER shall, prior to beginning construction on the Project, cause any contractors or subcontractors to obtain a payment and performance bond in an amount sufficient to cover completion of all public improvements under the Project and Financing Plan or under this Agreement. DEVELOPER shall obtain said bond in the event the contractor or subcontractor fails to do so.

4.5 **DEVELOPER** agrees to supervise all phases of construction on the Project and cause the construction to be performed substantially in accordance with the Project and Financing Plan, the approved Plans and Specifications, and this Agreement. **DEVELOPER** also agrees to provide periodic reports of such construction to **CITY** and to the Board of Directors for **ZONE** upon reasonable request.

4.6 **DEVELOPER** shall be responsible for paying, or causing to be paid, to **CITY** and all other governmental agencies the cost of all applicable permit fees and licenses required for construction of the Project.

4.7 **DEVELOPER** agrees to start and complete the Project in accordance with the Construction Schedule set fort in this Agreement at Exhibit C, attached hereto and incorporated herein.

4.8 If substantial completion of the Project is delayed by reason of war, civil commotion, acts of God, inclement weather, governmental restrictions, regulations, fire or other casualty, court injunction, necessary condemnation proceedings, interference by third parties, or any circumstances reasonably beyond **DEVELOPER's** control, then and in that event, at **CITY's** sole discretion, the period of each such delay shall be added to extend the Construction Schedule for **DEVELOPER's** performance under this Agreement.

4.9 **DEVELOPER** shall make a good faith effort to comply with **CITY's** policy regarding the participation of small and minority business enterprises in subcontracting any of the work required to be performed under the Project and Financing Plan or under this Agreement. Upon request, **CITY** shall provide **DEVELOPER** a list of those business enterprises certified by **CITY** as eligible small and minority business enterprises. **DEVELOPER** shall maintain records showing (i) its subcontracts, supply agreements, and services agreements with and to small and minority business enterprises, (ii) specify its efforts to identify and award subcontracts to small and minority business enterprises, and (iii) provide reports of its efforts under this Paragraph to **CITY**, in a form and manner **CITY** may reasonably prescribe, at least annually during construction of the Project and upon completion of the Project.

4.10 **DEVELOPER** shall take all reasonable care required to protect all trees or other existing items that **CITY** has designated in writing for protection from damage due to construction activities.

4.11 **DEVELOPER** shall cause the owner of any and all residential buildings and commercial buildings to render the same to the Bexar County Appraisal District before December 31 of each year of this Agreement if the buildings were completed prior to said December 31.

4.12 **DEVELOPER** shall, at its own cost and expense, maintain the Public Infrastructure Improvements and all the other public improvements through acceptance

by CITY of the Improvements, as evidenced by a letter of acceptance from CITY's Director of Public Works. After such acceptance, maintenance of the Public Infrastructure Improvements shall be the responsibility of CITY. DEVELOPER shall ensure that all such public improvements are open for use by the general public. DEVELOPER shall convey to the appropriate participating taxing Entity (as determined by CITY), at no additional cost or expense to CITY or the participating taxing Entity, fee simple absolute ownership to all public improvements within sixty (60) days after completion of the Improvements.

4.13 DEVELOPER shall grant a permanent and dedicated right-of-way easement to CITY at no cost to CITY, if and when requested by CITY, for a public purpose during construction of the Project, in a location mutually agreed to by the parties hereto in writing.

4.14 DEVELOPER shall pay monthly rates and charges for all utilities (such as water, electricity, and sewer services) for all areas owned by DEVELOPER during construction of the Project, and for so long as DEVELOPER owns those areas.

4.15 DEVELOPER shall cooperate with CITY and the Board of Directors for ZONE in providing all necessary information to CITY and to Board of Directors for ZONE in order to assist CITY and the Board of Directors for ZONE in complying with this Agreement.

4.16 DEVELOPER shall accept only Available Tax Increment funds, up to a maximum total payment of $609,379.26, as full compensation to DEVELOPER for designing and constructing the improvements required under the Project and Financing Plan and this Agreement.

4.17 DEVELOPER shall submit written annual reports, starting twelve months from the commencement of construction, and thereafter through the duration of the Project, on its construction progress and expenses to CITY and to the Board of Directors for ZONE.

4.18 DEVELOPER shall diligently work to successfully complete any and all required improvements that are not completed before the Reinvestment ZONE terminates. Such completion shall be at no additional cost to CITY, the Board of Directors for ZONE, or any other taxing Entity participating in the ZONE.

4.19 DEVELOPER shall comply with the Standards for Development, attached hereto as Exhibit D and incorporated herein.

4.20 DEVELOPER shall comply with the Development Targets, attached hereto as Exhibit E and incorporated herein.

V. DUTIES AND OBLIGATIONS OF CITY AND BOARD OF DIRECTORS FOR ZONE.

5.1 Neither **CITY** nor the Board of Directors for **ZONE** shall sell or issue any bonds to pay or reimburse **DEVELOPER** or any third party for any improvements to **ZONE** performed under the Project and Financing Plan or under this Agreement.

5.2 To the extent that such funds are available, **CITY** and the Board of Directors for **ZONE** shall use only Available Tax Increment funds to pay **DEVELOPER** up to a maximum total payment of $609,379.26 as full reimbursement for designing and constructing the improvements required under the Project and Financing Plan and this Agreement.

5.3 **CITY** and the Board of Directors for **ZONE** hereby pledge all Available Tax Increment funds attributable to **DEVELOPER's** improving **ZONE** as full reimbursement to **DEVELOPER**, up to the maximum total amount specified in this Agreement. **DEVELOPER** shall make a good faith effort to comply with **CITY's** policy regarding the participation of small and minority business enterprises.

5.4 **CITY** and the Board of Directors for **ZONE** shall use their respective best efforts to cause the participating governing body of each Entity that levies real property taxes in **ZONE** to levy and collect their Ad Valorem taxes due on real property located within **ZONE** and to contribute the Available Increment Tax towards compensating **DEVELOPER** for the improvements as required under this Agreement.

5.5 **CITY** and the Board of Directors for **ZONE** shall use their respective best efforts to issue, or cause to be issued; a Certificate of Completion for items satisfactorily brought to Completion by **DEVELOPER** in constructing this Project.

5.6 **CITY** and the Board of Directors for **ZONE** shall not unreasonably withhold approval on requests from **DEVELOPER** on matters under this Agreement. **DEVELOPER** shall make a good faith effort to comply with **CITY's** policy regarding the participation of small and minority business enterprises that require approval from **CITY** and the Board of Directors for **ZONE** prior to **DEVELOPER's** action.

VI. COMPENSATION TO DEVELOPER

6.1 In exchange for **DEVELOPER's** satisfactory Completion of the Project, as evidenced by a Certificate of Completion issued by **CITY**, **DEVELOPER** shall receive up to a maximum total payment of $609,379.26 as full reimbursement for the Project.

6.2 The sole source of the funds to compensate **DEVELOPER** for satisfactorily completing the Project shall be Available Tax Increment funds levied and collected on real property located in **ZONE** and contributed by taxing entities participating in **ZONE**.

6.3 Available Tax Increment funds shall be paid to **DEVELOPER**, up to the maximum total amount of $609,379.26, as **CITY** determines that **DEVELOPER** has successfully completed portions of the Project.

6.4 If Available Tax Increment funds do not exist in an amount sufficient to make such payments in full when the payments are due to **DEVELOPER** under this Agreement, partial payments shall be made to **DEVELOPER** and the remainder shall be paid as Available Tax Increment funds become available. No interest, fees, costs, expenses, or penalties shall be paid to **DEVELOPER** on any late payment.

6.5 If any payment to **DEVELOPER** is held invalid, ineligible, illegal or unenforceable under present or future federal, state or local laws, including but not limited to the City Charter, City Code, or ordinances of the **CITY** of San Antonio, Texas, then and in that event it is the intention of the parties hereto that such invalid, ineligible, illegal or unenforceable payment shall be repaid in full by **DEVELOPER** and that the remainder of this Agreement shall be construed as if such invalid, illegal or unenforceable payment was never contained herein.

VII. INSURANCE

7.1 **DEVELOPER's** financial integrity is of interest to **CITY**, therefore, subject to **DEVELOPER's** right to maintain reasonable deductibles in such amounts as are approved by **CITY**, **DEVELOPER** shall obtain and maintain in full force and effect during all Public Infrastructure construction required by the Project Plan, and any extension hereof, at **DEVELOPER's** sole expense, insurance coverage written on an occurrence except professional liability basis, by companies authorized and admitted to do business in the State of Texas and rated A - or better by A.M. Best Company and/or otherwise acceptable to **CITY**, in the following types and amounts:

Type	Amount
(1) Worker's Compensation & Employer's Liability	Statutory $500,000/$500,000/$500,000
(2) Professional Liability (claims made form)	$1,000,000 per occurrence
(3) Comprehensive General Liability (Including Broad Form Coverage, Contractual Liability, Bodily and Personal Injury, and Completed Operations	Combined limits of $1,000,000 per occurrence and $2,000,000 in the aggregate or its equivalent in umbrella or excess liability coverage

(4)	Business Automobile Liability (any auto, including employer's non-owned and hired auto coverage)	$1,000,000 combined single limit per occurrence

7.2 **CITY** shall be entitled, upon request and without expense, to receive copies of the policies and all endorsements thereto as they apply to the limits required by **CITY**, and may make a reasonable request for deletion, revision, or modification of particular policy terms, conditions, limitations or exclusions (except where policy provisions are established by law or regulation binding upon either of the parties hereto or the underwriter of any such policies). Upon such request by **CITY**, **DEVELOPER** shall exercise reasonable efforts to accomplish such changes in policy coverage, and shall pay the cost thereof.

7.3 **DEVELOPER** agrees that with respect to the above-required insurance, all insurance contracts and Certificate(s) of Insurance shall contain the following required provisions:

7.3.1 Name **CITY** and its officers, employees, and elected representatives as additional insured as respects operations and activities of, or on behalf of, the named insured performed under agreement with **CITY**, with the exception of the Workers' compensation and professional liability policies;

7.3.2 Provide for an endorsement that the "other insurance" clause shall not apply to **CITY** of San Antonio where **CITY** is an additional insured shown on the policy;

7.3.3 Workers' compensation and employers' liability policy shall provide a waiver of subrogation in favor of **CITY**.

7.4 **DEVELOPER** shall notify **CITY** in the event of any notice of cancellation, non-renewal or material change in coverage and shall give such notices not less than thirty (30) days prior to the change, or ten (10) days notice for cancellation due to non-payment of premiums, which notice must be accompanied by a replacement Certificate of Insurance. All notices shall be given to **CITY** at the following address:

City of San Antonio Neighborhood Action Department P.O. Box 839966 San Antonio, Texas 78283-3966	City of San Antonio City Clerk's Office P.O. Box 839966 San Antonio, Texas 78283-3966

7.5 If **DEVELOPER** fails to maintain the aforementioned insurance, or fails to secure and maintain the aforementioned endorsements, **CITY** may obtain such insurance, and deduct and retain the amount of the premiums for such insurance from any sums due under the Agreement; however, procuring of said insurance by **CITY** is an alternative to other remedies **CITY** may have, and is not the exclusive remedy for failure of

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

7.6 Nothing herein contained shall be construed as limiting in any way the extent to which DEVELOPER may be held responsible for payments of damages to persons or property resulting from DEVELOPER's or its subcontractors' performance of the work covered under this Agreement.

7.7 DEVELOPER shall also indemnify CITY, the Board of Directors for ZONE, AND ALL OTHER TAXING ENTITIES PARTICIPATING IN ZONE and their respective officials and employees from and against any and all claims, losses, damages, causes of actions, suits and liabilities arising out of DEVELOPER's and DEVELOPER's subcontractors' actions related to the performance of this Agreement.

7.8 DEVELOPER shall also require each of its subcontractors working on this Project to indemnify CITY, the Board of Directors for ZONE, and all other taxing entities participating in ZONE and their respective officials and employees from and against any and all claims, losses, damages, causes of actions, suits and liabilities arising out of their actions related to the performance of this Agreement, utilizing the same Indemnification language contained herein, in its entirety.

7.9 WORKERS COMPENSATION INSURANCE COVERAGE

7.9.1 Definitions:

7.9.1.1 "Certificate of coverage" ("certificate")- A copy of a certificate of insurance, a certificate of authority to self-insure issued by the commission, or a coverage agreement (TWCC-81, TWCC-82, TWCC-83, or TWCC-84), showing statutory workers' compensation insurance coverage for the person's or entity's employees providing services on a project, for the duration of the project.

7.9.1.2 "Duration of the project" - includes the time from the beginning of the work on the project until the contractor's/person's work on the project has been completed and accepted by the governmental entity.

7.9.1.3 "Persons providing services on the project" ("subcontractor" in §406.096 of the Texas Labor Code) - includes all persons or entities performing all or part of the services the contractor has undertaken to perform on the project, regardless of whether that person

contracted directly with the contractor and regardless of whether that person has employees. This includes, without limitation, independent contractors, subcontractors, leasing companies, motor carriers, owner-operators, employees of any such entity, or employees of any entity which furnishes persons to provide services on the project. "Services" include, without limitation, providing, hauling, or delivering equipment or materials, or providing labor, transportation, or other service related to a project. "Services" does not include activities unrelated to the project, such as food/beverage vendors, office supply deliveries, and delivery of portable toilets.

7.9.2 The contractor shall provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements, which meets the statutory requirements of Texas Labor Code, Section 401.011(44) for all employees of the contractor providing services on the project, for the duration of the project.

7.9.3 The Contractor must provide a certificate of coverage to the governmental entity prior to being awarded the contract.

7.9.4 If the coverage period shown on the contractor's current certificate of coverage ends during the duration of the project, the contractor must, prior to the end of the coverage period, file a new certificate of coverage with the governmental entity showing that coverage has been extended.

7.9.5 The contractor shall obtain from each person providing services on a project, and provide to the governmental entity:

7.9.5.1 a certificate of coverage, prior to that person beginning work on the project, so the governmental entity will have on file certificates of coverage showing coverage for all persons providing services on the project; and

7.9.5.2 no later than seven days after receipt by the contractor, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the project.

7.9.6 The contractor shall retain all required certificates of coverage for the duration of the project and for one year thereafter.

7.9.7 The contractor shall notify the governmental entity in writing by certified mail or personal delivery, within 10 days after the contractor knew or should have known, of any change that materially affects the provision of coverage of any person providing services on the project.

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

7.9.9 The contractor shall contractually require each person with whom it contracts to provide services on a project, to:

7.9.9.1 provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements, which meets the statutory requirements of Texas Labor Code, Section 401.011(44) for all of its employees providing services on the project, for the duration of the project;

7.9.9.2 provide to the contractor, prior to that person beginning work on the project, a certificate of coverage showing that coverage is being provided for all employees of the person providing services on the project, for the duration of the project;

7.9.9.3 provide the contractor, prior to the end of the coverage period, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the project;

7.9.9.4 obtain from each other person with whom it contracts, and provide to the contractor:

7.9.9.4.1 a certificate of coverage, prior to the other person beginning work on the project; and

7.9.9.4.2 a new certificate of coverage showing extension of coverage, prior to the end of the coverage period, if the coverage period shown on the current certificate of coverage ends during the duration of the project;

7.9.9.5 retain all required certificates of coverage on file for the duration of the project and for one year thereafter;

7.9.9.6 notify the governmental entity in writing by certified mail or personal delivery, within 10 days after the person knew or should have known, of any change that materially affects the provision of coverage of any person providing services on the project; and

7.9.9.7 contractually require each person with whom it contracts, to perform as required by paragraphs 7.9.9.1 – 7.9.9.7, with the certificates of coverage to be provided to the person for whom they are providing services.

XIX. LEGAL AUTHORITY

19.1 The signers of this Agreement, CITY, ZONE and DEVELOPER, represent, warrant, assure and guarantee that they have full legal authority to execute this Agreement on behalf of CITY, ZONE and/or DEVELOPER, respectively and to bind CITY, ZONE and/or DEVELOPER to all of the terms, conditions, provisions and obligations herein contained.

XX. VENUE AND GOVERNING LAW

20.1 THIS CONTRACT SHALL BE CONSTRUED UNDER AND IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

20.2 Any legal action or proceeding brought or maintained, directly or indirectly, as a result of this Contract shall be heard and determined in the City of San Antonio, Bexar County, Texas.

XXI. TAXES

21.1 DEVELOPER shall pay, on or before their respective due dates to the appropriate collecting authority all Federal, State, and local taxes and fees which are now or may hereafter be levied upon the Premises or can use the "Property" (which implies personalty and property), or upon DEVELOPER or upon the business conducted on the Premises, or upon any of DEVELOPER's property used in connection therewith, including employment taxes; and shall maintain in current status all federal State, and local licenses and permits required for the operation of the business conducted by DEVELOPER. Failure to comply with the foregoing provisions shall constitute, at CITY's discretion, grounds for termination in accordance with Article VIII. Default, of this Agreement by CITY.

XXII. PARTIES' REPRESENTATIONS

22.1 This Agreement has been jointly negotiated by the CITY, the Board of Directors for ZONE and DEVELOPER and shall not be construed against a Party because that Party may have primarily assumed responsibility for the drafting of this Agreement.

XXIII. NOTICE

23.1 Any notice sent under this Agreement (except as otherwise expressly required) must be written and mailed with sufficient postage, sent by certified mail, return receipt requested, or delivered personally to an officer of the receiving party at the following

addresses:

CITY

City of San Antonio
Office of the City Clerk
P.O. Box 839966
San Antonio, Texas 78283-3966
FAX: (210) 207- 7032

Board of Directors for ZONE

Carlos Balido, Chairman
8058 Vantage
San Antonio, TX 78230
FAX: (210) 308-6604

DEVELOPER
Robert G. Tello, Nuevos Horizontes
8058 Vantage
San Antonio, TX 78230
FAX: (210) 308-6604

23.2 Each party may change its address by written notice in accordance with this Article. Any communication delivered by facsimile transmission shall be deemed delivered when receipt of such transmission is acknowledged. Any communication so delivered in person shall be deemed received when receipted for by or actually received by an officer of the party to whom the communication is properly addressed.

XXIV. CAPTIONS

24.1 All captions used herein are only for the convenience of reference and shall not be construed to have any effect or meaning as to the agreement between the parties hereto.

XXV. COMPLIANCE WITH SBEDA AND EEO POLICIES

25.1 The Board of Directors for **ZONE** and **DEVELOPER** are each hereby advised that it is the policy of **CITY** that Small, Minority or Woman-owned Business Enterprises shall have the maximum practical opportunity to participate in the performance of public contracts. The Board of Directors for **ZONE** and **DEVELOPER** each agrees for itself that the Board of Directors for **ZONE** and **DEVELOPER** will not discriminate against any individual or group on account of race, color, sex, age, religion, national origin or disability and will not engage in employment practices which have the effect of discriminating against employees or prospective employees because of race, color, religion, national origin, sex, age or disability. The Board of Directors for **ZONE** and **DEVELOPER** each further agrees that the Board of Directors for **ZONE** and **DEVELOPER** will each abide by applicable terms and provisions of **CITY**'s Non-Discrimination Policy, **CITY**'s Small, Minority or Woman-owned Business Advocacy Policy and **CITY**'s Equal Opportunity Affirmative Action policy, these policies being

7.9.10 By signing this contract or providing or causing to be provided a certificate of coverage, the contractor is representing to the governmental entity that all employees of the contractor who will provide services on the project will be covered by workers' compensation coverage for the duration of the project, that the coverage will be based on proper reporting of classification codes and payroll amounts, and that all coverage agreements will be filed with the appropriate insurance carrier or, in the case of a self-insured, with the commission's Division of Self-Insurance Regulation. Providing false or misleading information may subject the contractor to administrative penalties, criminal penalties, civil penalties, or other civil actions.

7.9.11 The contractor's failure to comply with any of these provisions is a breach of contract by the contractor which entitles the governmental entity to declare the contract void if the contractor does not remedy the breach within ten days after receipt of notice of breach from the governmental entity.

VIII. DEFAULT

8.1 In the event that **DEVELOPER** fails to commence construction of the Project, fails to complete construction of the Project, or fails to perform any other obligation pursuant to the terms of this Agreement, **CITY** and the Board of Directors for **ZONE** may terminate this Agreement if **DEVELOPER** does not take adequate steps to cure its failure within ninety (90) calendar days after receiving written notice from **CITY** and/or the Board of Directors for **ZONE**, requesting the failure be cured. In the event of such default and **DEVELOPER** has received any payments under this Agreement, **DEVELOPER** must refund these payments within sixty (60) calendar days after receiving written notice from **CITY** and/or the Board of Directors for **ZONE** that **DEVELOPER** has defaulted on this Agreement; EXCEPT that no refund is due if **DEVELOPER**, with **CITY's** and the Board of Directors for **ZONE's** written consent, assigns its remaining obligations under this Agreement to a qualified party who is willing and capable of completing **DEVELOPER's** obligations under this Agreement, pursuant to Article XIII herein.

IX. INDEMNIFICATION

9.1 DEVELOPER covenants and agrees to FULLY INDEMNIFY and HOLD HARMLESS, CITY (and the elected officials, employees, officers, directors, and representatives of CITY), the BOARD OF DIRECTORS FOR ZONE (and the officials, employees, officers, directors, and representatives of the BOARD OF DIRECTORS FOR ZONE), and all other taxing Entities participating in ZONE (and the elected officials, employees, officers, directors, and representatives of these Entities), individually or collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands,

directors and representatives), the BOARD OF DIRECTORS FOR ZONE (and its officials, employees, officers, directors and representatives), and/or any other taxing Entities participating in ZONE (their officials, employees, officers, directors and representatives), in connection with any such injury, death, or damage for which this INDEMNITY shall apply, as set forth above.

X. SITE INSPECTION

10.1 **DEVELOPER** shall allow **CITY** and/or the Board of Directors for **ZONE** reasonable access to the Project Site for inspections during and upon completion of construction of the Project, and to documents and records necessary for **CITY** and/or the Board of Directors for **ZONE** to assess **DEVELOPER'S** compliance with this Agreement.

10.2 All personnel supplied or used by **DEVELOPER** in the performance of this Agreement shall be deemed employees or subcontractors of **DEVELOPER** and shall not be considered employees, agents or subcontractors of **CITY**, the Board of Directors for **ZONE**, or of any other taxing Entities participating in **ZONE** for any purpose whatsoever. **DEVELOPER** shall be solely responsible for the compensation of all such personnel.

10.3 To the extent permitted by State law, no director, officer employee or agent of **CITY**, the Board of Directors for **ZONE**, or of any other taxing Entities participating in **ZONE** shall be personally responsible for any liability arising under or growing out of the Agreement.

XI. EXAMINATION OF RECORDS

11.1 **CITY** reserves the right to conduct examinations, during regular business hours and following notice to the Board of Directors for **ZONE** and **DEVELOPER** by **CITY** of the books and records related to the Agreement with **CITY** (including such items as contracts, paper, correspondence, copy, books, accounts, billings and other information related to the performance of the Board of Directors for **ZONE** and/or **DEVELOPER's** services hereunder) no matter where books and records are located. **CITY** also reserves the right to perform any and all additional audit tests relating to the Board of Directors for **ZONE** and/or **DEVELOPER's** services, provided that such audit test are related to those services performed by the Board of Directors for **ZONE** and/or **DEVELOPER** for **CITY**. These examinations shall be conducted at the offices maintained by the Board of Directors for **ZONE** and/or **DEVELOPER**.

11.2 All applicable records and accounts of the Board of Directors for **ZONE** and/or **DEVELOPER**, together with all supporting documentation, shall be preserved in Bexar County, Texas by the Board of Directors for **ZONE** and/or **DEVELOPER** throughout

causes of action, liability and suits of any kind and nature, including but not limited to, personal injury or death and property damage, made upon CITY, the BOARD OF DIRECTORS FOR ZONE, and/or upon any of the taxing Entities participating in ZONE directly or indirectly arising out of, resulting from or related to DEVELOPER'S negligence, willful misconduct or criminal conduct in its activities under this Agreement, including any such acts or omissions of DEVELOPER, any agent, officer, director, representative, employee, consultant or subconsultants of DEVELOPER, and their respective officers, agents, employees, directors and representatives while in the exercise or performance of the rights or duties under this Agreement, all without, however, waiving any governmental immunity available to CITY, the BOARD OF DIRECTORS FOR ZONE, and/or the other taxing Entities participating in ZONE under Texas Law and without waiving any defenses of the parties under Texas Law. 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. DEVELOPER shall promptly advise CITY, the BOARD OF DIRECTORS FOR ZONE, and the other taxing Entities participating in ZONE in writing of any claim or demand against CITY, the BOARD OF DIRECTORS FOR ZONE, any other taxing Entities participating in ZONE and/or DEVELOPER known to DEVELOPER related to or arising out of DEVELOPER'S activities under this Agreement and shall see to the investigation and defense of such claim or demand at DEVELOPER'S cost to the extent required under the Indemnity in this Section. CITY, the BOARD OF DIRECTORS FOR ZONE, and/or any other taxing Entities participating in ZONE shall have the right, at their option and at their own expense, to participate in such defense without relieving DEVELOPER of any of its obligations under this paragraph.

9.2 It is the EXPRESS INTENT of the parties to this Agreement, that the INDEMNITY provided for in this section, is an INDEMNITY extended by DEVELOPER to INDEMNIFY, PROTECT and HOLD HARMLESS CITY, the BOARD OF DIRECTORS FOR ZONE, and the other taxing Entities participating in ZONE from the consequences of the CITY's OWN NEGLIGENCE, the BOARD OF DIRECTORS FOR ZONE'S OWN NEGLIGENCE, and/or NEGLIGENCE of the other taxing Entities participating in ZONE provided however, that the INDEMNITY provided for in this section SHALL APPLY only when the NEGLIGENT ACT of CITY, the BOARD OF DIRECTORS FOR ZONE, or of any other taxing Entities participating in ZONE is a CONTRIBUTORY CAUSE of the resultant injury, death, or damage, and shall have no application when the negligent act of CITY, the BOARD OF DIRECTORS FOR ZONE, or of any other taxing Entities participating in ZONE is the sole cause of the resultant injury, death, or damage. DEVELOPER further AGREES TO DEFEND, AT ITS OWN EXPENSE and ON BEHALF OF CITY (AND IN THE NAME OF CITY), the BOARD OF DIRECTORS FOR ZONE (AND IN THE NAME OF THE BOARD OF DIRECTORS FOR ZONE), and any other taxing Entities participating in ZONE (and in the name of any other taxing Entities participating in ZONE) any claim or litigation brought against CITY (and its elected officials, employees, officers,

the term of this Agreement and for twelve (12) months after the termination of this Agreement, then transferred, at no cost to CITY, to CITY for retention. During this time, CITY may require that any or all of such records and accounts be submitted for audit to CITY or to a Certified Public Accountant selected by CITY. In the event the Board of Directors for ZONE and/or DEVELOPER fails to furnish CITY any documentation required hereunder within ten (10) days following the written request for same, then the Board of Directors for ZONE and/or DEVELOPER shall be in default of this Agreement.

11.3 Should CITY discover errors in internal controls or in record keeping associated with the scope of work covered by this Agreement, the Board of Directors for ZONE and/or DEVELOPER shall correct such discrepancies either upon discovery or within a reasonable period of time, not to exceed sixty (60) days after discovery and notification by CITY to the Board of Directors for ZONE and/or DEVELOPER of such discrepancies. The Board of Directors for ZONE and/or DEVELOPER shall inform CITY in writing of the action taken to correct such audit discrepancies.

11.4 If it shall be determined as a result of such audit that the Board of Directors for ZONE and/or DEVELOPER has overcharged CITY hereunder, then such overcharges shall be immediately refunded to CITY and become due and payable with interest at the maximum legal rate under applicable law from the date the CITY paid such overcharges. In addition, if the audit determined that there were overcharges of more than two percent (2%) of the greater of the budget or payments to DEVELOPER for the year the discrepancy occurred, and CITY is entitled to a refund as a result of such overcharges, then the Board of Directors for ZONE shall pay the cost of such audit.

XII. NON-WAIVER

12.1 Any provision of this Agreement may be amended or waived if done in writing and is signed by CITY, through an ordinance passed and approved by its City Council, the Board of Directors for ZONE, and DEVELOPER.

12.2 No course of dealing on the part of CITY, the Board of Directors for ZONE, or DEVELOPER nor any failure or delay by CITY, the Board of Directors for ZONE, or DEVELOPER in exercising any right, power, or privilege under this Agreement shall operate as a waiver of any right, power or privilege owing under this Agreement.

XIII. ASSIGNMENT AND SUBCONTRACTING

13.1 All covenants and agreements contained herein by CITY and/or the Board of Directors for ZONE shall bind their successors and assigns and shall inure to the benefit of DEVELOPER and their successors and assigns.

13.2 CITY and/or the Board of Directors for ZONE may assign their rights and obligations under this Agreement to any governmental Entity without prior consent of DEVELOPER.

13.3 DEVELOPER may sell or transfer it rights and obligations under this Agreement only with written consent of CITY as evidenced by the passage of an ordinance, and the Board of Directors for ZONE (with such consent not being unreasonably withheld, conditioned, or delayed) when a qualified purchaser or assignee specifically agrees to assume all of the obligations of DEVELOPER under this Agreement.

13.4 Any work or services subcontracted herein shall be subcontracted only by written contract or agreement and, unless CITY grants specific waiver in writing, shall be subject by its terms, insofar as any obligation of CITY is concerned, to each and every provision of this Agreement. Compliance by DEVELOPER's subcontractors with this Agreement shall be the responsibility of DEVELOPER.

13.5 CITY shall in no event be obligated to any third party, including any subcontractor or consultant of DEVELOPER, for performance of work or services under this Agreement, except as set forth in Section 13.9 of this Agreement.

13.6 DEVELOPER shall not transfer or assign this Agreement or DEVELOPER's interest in this Agreement or any part thereof without having first obtained the prior written consent of CITY which may be given only by or pursuant to an ordinance enacted by the City Council of San Antonio, Texas, provided, however, that the foregoing shall not apply to and shall not prevent the assignment of this Agreement to any corporation with which DEVELOPER may merge or consolidate or which may succeed to a controlling interest in the business of DEVELOPER; nor shall the foregoing apply to or prevent DEVELOPER from assigning the proceeds of this Agreement to a lending institution in order to obtain financing for the Project. In no event, however, shall CITY be obligated in any way to the aforementioned financial institution. This Article does not intend to require DEVELOPER to obtain consent of CITY for the sale of lots to builders for the construction of homes, apartments or commercial sites.

13.7 Each transfer or assignment to which there has been consent, pursuant to section 13.6 above, shall be by instrument in writing, in form reasonably satisfactory to CITY, and shall be executed by the transferee or assignee who shall agree in writing for the benefit of CITY to be bound by and to perform the terms, covenants and conditions of this Agreement. Four (4) executed copies of such written instrument shall be delivered to CITY. Failure to first obtain in writing CITY's consent, or failure to comply with the provisions herein contained shall operate to prevent any such transfer or assignment from becoming effective.

13.8 Should CITY approve the assignment of this Agreement, as evidenced by the passage of an ordinance by City Council, and to the extent that such assignee assumes DEVELOPER's duties and obligations hereunder, DEVELOPER shall by virtue of

such assignment be released from such duties and obligations.

13.9 The receipt by **CITY** of services from an assignee of **DEVELOPER** shall not be deemed a waiver of the covenant in this Agreement against assignment or an acceptance of the assignee as **DEVELOPER** or a release of **DEVELOPER** from further observance or performance by **DEVELOPER** of the covenants contained in this Agreement. No provision of this Agreement shall be deemed to have been waived by **CITY** unless such waiver is in writing, and approved by City Council in the form of a duly passed ordinance.

XIV. CONFLICT OF INTEREST

14.1 The Board of Directors for **ZONE** and **DEVELOPER** each acknowledges that it is informed that the City of San Antonio's City Charter and its Ethics Code prohibit a **CITY** officer or employee, as those terms are defined in the Ethics Code, from having a financial interest in any contract with the **CITY** or any **CITY** agency such as **CITY**-owned utilities. An officer or employee has a "prohibited financial interest" in a contract with **CITY** or in the sale to **CITY** of land, materials, supplies or service, if any of the following individual(s) or entities is a party to the contract or sale: a **CITY** officer or employee; his parent, child or spouse; a business entity in which the officer or employee, or his parent, child or spouse owns ten (10) percent or more of the fair market value of the business entity; a business entity in which any individual or entity above listed is a subcontractor on a **CITY** contract, a partner or a parent or subsidiary business entity.

14.2 The Board of Directors for **ZONE** and **DEVELOPER** each warrant and certify, and this Agreement is made in reliance thereon, that it, its officers, employees and agents are neither officers nor employees of **CITY**. The Board of Directors for **ZONE** and **DEVELOPER** each further warrant and certify that each has tendered to **CITY** a Discretionary Contracts Disclosure Statement in compliance with **CITY's** Ethics Code.

XV. ENTIRE AGREEMENT

15.1 This written Agreement, embodies the final and entire agreement between the parties hereto and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties.

15.2 The exhibits attached to this Agreement are incorporated herein and shall be considered a part of this Agreement for the purposes stated herein, except that if there is a conflict between an exhibit and a provision of this Agreement, the provision of this Agreement shall prevail over the exhibit.

XVI. CHANGES AND AMENDMENTS

16.1 Except when the terms of this Agreement expressly provide otherwise, any alterations, additions, or deletions to the terms hereof shall be by amendment in writing executed by **CITY**, the Board of Directors for **ZONE** and **DEVELOPER** and evidenced by passage of a subsequent **CITY** ordinance, as to **CITY**'s approval.

16.2 It is understood and agreed by the parties hereto that changes in local, state and federal rules, regulations or laws applicable to the Board of Directors for **ZONE** and **DEVELOPER**'s services hereunder may occur during the term of this Agreement and that any such changes shall be automatically incorporated into this Agreement without written amendment hereto, and shall become a part hereof as of the effective date of the rule, regulation or law.

XVII. SEVERABILITY

17.1 If any clause or provision of this Agreement is held invalid, illegal or unenforceable under present or future federal, state or local laws, including but not limited to the City Charter, City Code, or ordinances of the **CITY** of San Antonio, Texas, then and in that event it is the intention of the parties hereto that such invalidity, illegality or unenforceability shall not affect any other clause or provision hereof and that the remainder of this Agreement shall be construed as if such invalid, illegal or unenforceable clause or provision was never contained herein; it is also the intention of the parties hereto that in lieu of each clause or provision of this Agreement that is invalid, illegal, or unenforceable, there be added as a part of the Agreement a clause or provision as similar in terms to such invalid, illegal or unenforceable clause or provision as may be possible, legal, valid and enforceable.

XVIII. INDEPENDENT CONTRACTORS

18.1 It is expressly understood and agreed by all parties hereto that in performing their services hereunder, the Board of Directors for **ZONE** and **DEVELOPER** at all times shall be acting as an independent contractors contracted by **CITY** and all consultants or subcontractors engaged by the Board of Directors for **ZONE** and/or **DEVELOPER** respectively shall be independent contractors of the Board of Directors for **ZONE** and/or **DEVELOPER**. The parties hereto understand and agree that **CITY** shall not be liable for any claims which may be asserted by any third party occurring in connection with services performed by the Board of Directors for **ZONE** and/or **DEVELOPER** respectively, under this Agreement unless any such claims are due to the fault of **CITY**.

18.2 The parties hereto further understand and agree that no party has authority to bind the others or to hold out to third parties that it has the authority to bind the others.

available in CITY's Department of Economic Development, Division of Internal Review and the CITY Clerk's Office.

25.2 The Board of Directors for ZONE and DEVELOPER each agrees that if material deficiencies in any aspect of its Small Business Economic Development Advocacy utilization plan are found as a result of a review or investigation conducted by CITY's Department of Economic Development, the Board of Directors for ZONE and/or DEVELOPER will be required to submit a written report to CITY's Department of Economic Development. The Board of Directors for ZONE and/or DEVELOPER will also be required to submit a supplemental Good Faith Effort Plan (GFEP) indicating efforts to resolve any deficiencies. A denied GFEP, by CITY's Department of Economic Development, will constitute failure to satisfactorily resolve any deficiencies by the Board of Directors for ZONE and/or DEVELOPER. Failure to obtain an approved GFEP within ninety (90) days of initial denial shall constitute a default and result in a penalty on the Board of Directors for ZONE and/or DEVELOPER of $1,000 per day as liquidated damages for the default until all deficiencies are resolved. Failure to cure all deficiencies within another ninety (90) days of the date the penalty is initially assessed constitute a further (additional) condition of default by the Board of Directors for ZONE and/or DEVELOPER and which can, at the option of the Director, result of forfeiture of the entirety of this Agreement.

XXVI. WAGES

26.1 The Board of Directors for ZONE and DEVELOPER shall pay wages that are not less than the minimum wages required by Federal and State statutes and CITY ordinances to persons employed in their operations hereunder, as described in Exhibit F hereto.

26.2 DEVELOPER shall stipulate in all contracts with subcontractors engaged by DEVELOPER in furtherance of the execution of this agreement that said subcontractors pay not less than the prevailing wage rate for its workers, and shall attach as an exhibit to said contracts a copy of Exhibit F.

26.3 DEVELOPER or any subcontractor who pays less than the prevailing wage rate to its workers shall pay to CITY sixty dollars ($60.00) for each worker employed for each calendar day or part of the day that the worker is paid less than the wage rates stipulated in this contract. DEVELOPER shall stipulate in all contracts with subcontractors engaged by DEVELOPER in furtherance of the execution of this agreement that subcontractor is subject to this $60.00 penalty if subcontractor fails to pay said prevailing wage rates to its workers.

26.4 In accordance with Chapter 2258, Texas Gov't Code, CITY shall be entitled to withhold payment from DEVELOPER under the contract to satisfy this penalty, even if the party incurring the penalty is a subcontractor of DEVELOPER. If CITY withholds

payment from **DEVELOPER** as a result of a subcontractor's violation, **DEVELOPER** may withhold payment from the subcontractor in accordance with Chapter 2258. Further, release or disbursement of funds withheld as a penalty hereunder shall be governed by Chapter 2258.

XXVII. EFFECTIVE DATE

27.1 This Agreement shall become effective from the date of execution for a period terminating on the earlier of (i) the date **DEVELOPER** receives the final payment for completing the Project; or (ii) the date of a termination by default; Provided that all existing warranties on the Project shall survive termination of this Agreement; or (iii) expiration of the **ZONE** tax increment finance district.

XXVIII. LITIGATION EXPENSES

28.1 Under no circumstances will the Available Tax Increment funds received under this Agreement be used, either directly or indirectly, to pay costs or attorney fees incurred in any adversarial proceeding against **CITY** or any other public Entity.

28.2 During the term of this Agreement, if the Board of Directors for **ZONE** and/or **DEVELOPER** files and/or pursues an adversarial proceeding against **CITY**, then, at **CITY**'s option, this contract and all access to the funding provided for hereunder may terminate.

28.3 The Board of Directors for **ZONE** and/or **DEVELOPER**, at **CITY**'s option, could be ineligible for consideration to receive any future funding while any adversarial proceedings against **CITY** remains unresolved.

28.4 For purposes of this Article, "adversarial proceedings" include any cause of action filed by the Board of Directors for **ZONE** and/or **DEVELOPER** in any state or federal court, as well as any state or federal administrative hearing, but does not include Alternate Dispute Resolution proceedings.

IN WITNESS THEREOF, the parties hereto have caused this instrument to be duly executed this 30th day of August 2001.

CITY OF SAN ANTONIO

for Terry M. Brechtel
CITY MANAGER

Assistant to the City Manager

DEVELOPER

Name: Robert G. Tello
Title: Developer / General contractor

Reinvestment ZONE FIVE

Name: Carlos Balido
Title: Chairman, Reinvestment Zone Five

Approved as to form by City Attorney:

EXHIBIT A

Project Site

EXHIBIT B

Public Infrastructure Improvements

EXHIBIT C

Construction Schedule

EXHIBIT D
Standards for Development

EXHIBIT E
Development Targets

EXHIBIT F
Prevailing Wage Rate Chart

NEW HORIZONS TIF PROJECT

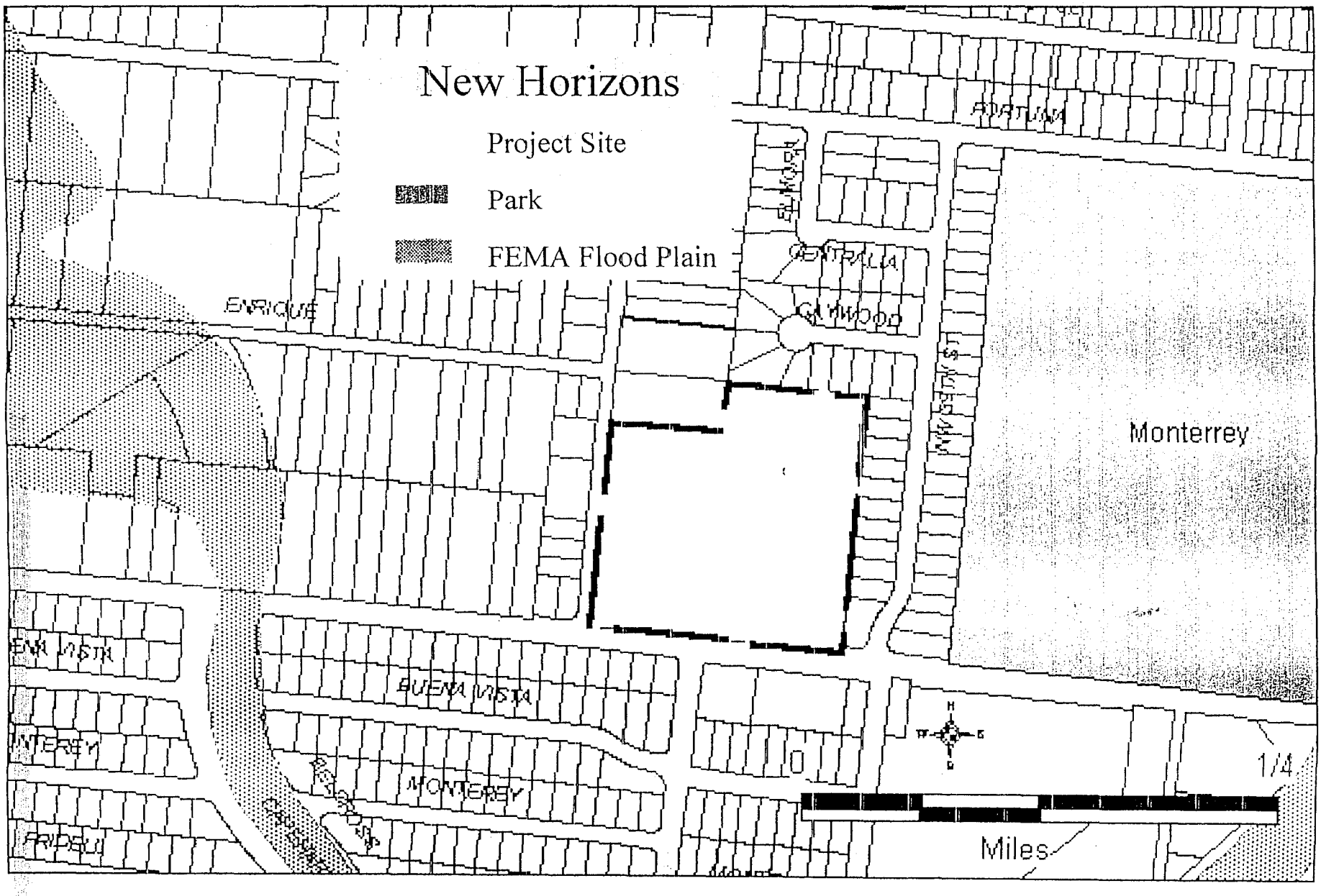


EXHIBIT B

New Horizons Public Infrastructure Improvements

The proposed public infrastructure improvements for this project include:

- street installation
- drainage
- utilities
- sidewalks
- right of way landscaping public improvement
- construction site security

Exhibit C

Construction Timetable

Phase	Year	Number of Homes/School	Type of Structure
I	1999	31 units	*Single Family Homes*
II	2000	32 units	*Single Family Homes*
Total Development		63	Units

Exhibit D
New Horizons Project
Standards For Development

Deed Restrictions and Home Owner's Association. All development phases identified in the Project Plan will be subject to deed restrictions and establishment and governance by one or more home owner's association agreements that contain provisions consistent with the requirements set forth in this Exhibit.

Construction Standard. All homes in the Zone shall be constructed on permanent foundations using materials and uniform building industry standards of the day. No manufactured homes, as defined in the City of San Antonio Unified Development Code as amended, previously constructed elsewhere may be moved on any lot in the Zone. This prohibition specifically includes the use of a manufactured home in which the axle and wheels have been removed and placed upon a concrete slab, which said manufactured home is hereby specifically prohibited as a residence, either temporarily or permanently; and further, specifically includes a manufactured home upon which the wheels have been left attached.

Design and Materials. The design and materials may vary to meet current consumer demand and evolving construction technology, provided, however, that all single family homes shall have a minimum of twenty-five percent (25%) exterior consisting of masonry, Hardie Plank™ siding material, any other siding material with qualities similar to masonry or Hardie Plank™ siding material.

Single Family Houses. Single family houses, as described in the Plan, shall be a minimum of 1000 square feet in gross living area. However, if required to meet customer requests/qualifications or market demands, then up to ten (10) of the total homes may be a minimum of 850 square feet.

Outbuilding Requirements. Every outbuilding, inclusive of such structures as a storage building, greenhouse or children's playhouse, shall be compatible with the dwelling to which it is appurtenant in terms of its design and material composition.

Temporary Structures. No structure of a temporary character (e.g., trailer, tent, shack, garage, barn or other outbuildings) shall be used on any lot at any time as a residence, either temporarily or permanently. No trailer, camper or similar vehicle shall at any time be connected to utilities situated within a lot. No manufactured home, as defined in the City of San Antonio Unified Development Code as amended, previously constructed elsewhere may be moved onto any lot in the Zone. This prohibition specifically includes the use of a manufactured home in which the axle and wheels have been removed and placed upon a concrete slab, which said manufactured home is hereby specifically prohibited as a residence, either temporarily or permanently; and further, specifically includes a manufactured home upon which the wheels have been left attached.

Notwithstanding the prior paragraph, during the construction and sales period of the initial dwelling units, the builder may erect and maintain such temporary structures as are customary in connection with such construction and sale of such property, including but not limited to, a business office, storage areas, construction yards, signs, model units, and sales office.

Maintenance. Grass, weeds, and vegetation on each lot sold shall be kept mowed at regular intervals. Trees, shrubs, vines, and plants which die shall be promptly removed from the property. Lawns must be properly maintained, fences must be repaired and maintained and no objectionable or unsightly usage of lots will be permitted which is visible to the public view. Building materials shall not be stored on any lot except when being employed in construction upon such lot, and any excess materials not needed for construction and any building refuse shall promptly be removed from such lot.

Vehicles. No stripped down, wrecked, junked, or wholly inoperable vehicle shall be kept, parked, stored, or maintained on the street fronting any lot in the subdivision, or on any portion of the front yard or driveway of the permanent structure, and such vehicles shall be kept, parked, stored, or maintained on other portions of a lot only within an enclosed structure or a screened area which prevents the view thereof from adjacent lots or streets. No dismantling or assembling of motor vehicles, boats, trailers or other machinery or equipment shall be permitted in any driveway or yard adjacent to a street.

Nuisances. No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. No Owner shall commit an act or conduct work that will impair the structural soundness or integrity of another residence or impair any casement or hereditament, nor do any act nor allow any condition to exist which will adversely affect the other residences or their owners.

Garbage and Refuse Disposal. No lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage and other waste shall be kept in sanitary containers, whether arranged for alley pickup or street pickup. No trash, ashes or other refuse may be thrown or dumped on any vacant lot, park or drainage area.

Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot, except for cats, dogs, or other generally recognized household pets of a reasonable number, provided that they are not kept, bred or maintained for any commercial purposes.

Exhibit E
Development Targets

The Developer, Nuevos Horizontes, Inc, has secured a Tax Increment Reinvestment Zone designation for the New Horizons Development. This project includes the construction of 63 affordable single-family homes with sales prices ranging in value between $60,000 to $75,000. The sizes of the single-family homes are expected to be between approximately 1,000 to over 1,400 square feet. Construction is planned to be carried out in two phases by addressing specific parcels of property subject to demand and market conditions. The Developer intends to begin housing development no later than 1999.

The Developer will exercise reasonable efforts to cause the site improvements to be constructed, operated, and maintained in accordance with the terms of this agreement, the Project and Financing Plan and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, energy conservation, building code and public health laws) today and in the future, except for variances approved by the City, necessary to construct the improvements contemplated in the Project and Financing Plan. The Developer agrees to the following terms regarding site improvements as set forth below.

(A). The Developer agrees that the scope and scale of the site improvements to be constructed shall not be significantly less than the scope and scale of the improvements as detailed and outlined in the Developer's Project and Financing Plans. The proposed improvements and related capital costs include streets, drainage, utilities, platting and related governmental land development fees wholly or prorportionaltly attributable to eligible public improvements, architectural and engineering, sidewalks, landscaping, and rights-of-way improvements.

(B). The Developer shall submit a project status report and a financial report on a annual basis to the City, Participating Governmental Entities and Administrator, or within thirty (30) days of any such request.

(C) Further, the Developer shall be required to diligently execute the construction and marketing of infrastructure and homes in the Project area and substantially complete each item of the public infrastructure improvements and housing in accordance with the Plan. Per Section 311.013 (d) the Developer shall be deemed to have abandoned the Project, and the City may terminate its participation in this Agreement, if the Developer fails, for a period of at least three (3) consecutive years, to (i) commence construction activities on any homes in the Project; or (ii) commence construction of physical improvements pursuant to the project plan as defined in Section 311.002 (A).

Below is a description of the development targets that the Developer has submitted and used as a basis for the formation of the Project and Financing Plan. These development targets are proposed to be met by the Developer during the term of the Agreement. The City acknowledges that the Developer's ability to construct the site improvements is subject to the then-current market conditions, including but not limited to the availability of tenants, owners, financing, or winter conditions.

Initials: _____
Initials: _____

Construction Timetable

Phase	Year	Number of Homes/School	Type of Structure
I	1999	31 units	*Single Family Homes*
II	2000	32 units	*Single Family Homes*
Total Development		63	Units

Initials: _____
Initials: _____

Initials: _____
Initials: _____

EXHIBIT F

AN ORDINANCE 71312

AMENDING ORDINANCE NO. 60110, DATED JANUARY 17, 1985, SO AS TO ADOPT A NEW "GENERAL CONDITIONS" SECTION IN 100% LOCAL FUNDED CITY PUBLIC WORKS CONSTRUCTION CONTRACTS AS SET OUT IN THE REVISED CITY WAGE AND LABOR STANDARD PROVISIONS.

****

WHEREAS, the City Council wishes to establish the general prevailing rate of per diem wages in the form of a sum certain for each of two destinct categories of wages described as "minimum hourly base pay" and "minimum hourly fringe benefit contribution" for all 100% Locally Funded city construction contracts; and

WHEREAS, there is a new United States Department of Labor Wage Determination Decision for Bexar County, Texas, published in the Federal Register, that applies to such 100% Locally Funded contracts; and

WHEREAS, any 100% Locally Funded City Public Works Construction Contractor/Subcontractor is strictly prohibited from paying the various classification of laborers, workmen, and mechanics any amount less than the "minimum hourly base pay" by the accounting process of adding the reduction in "minimum hourly base pay" to the "minimum hourly fringe benefit contribution" so as to net a combined total of the two categories of the wage; and

WHEREAS, it is the intent of the City Council to allow various classification of laborers, workmen, and mechanics the minimum hourly "cash equivalent" of the appropriate "minimum hourly fringe benefit contribution" listed in a wage determination decision in lieu of benefits contributed to a permissible fringe benefit plan; and

WHEREAS, the city staff has prepared new "General Conditions", governing wages and labor standards and practices, which are set forth in Attachment I and incorporated herein by reference for all purposes, and which are to be made part of all future 100% Locally Funded City Public Works Construction Contracts; NOW THEREFORE

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

SECTION 1. Ordinance No. 60110, pass on January 17, 1985, is hereby amended to replace the 100 % Locally Funded City Public Works Construction Contract "General Conditions" document attached thereto with the new updated "General Conditions" document attached hereto and labled "Attachment I".

PASSED AND APPROVED THIS 29th day of March 1990.

Lila Cockrell
M A Y O R

ATTEST:

City Clerk

APPROVED AS TO FORM: Tom Finlay
City Attorney

AN ORDINANCE 60110

REPEALING ORDINANCE NO. 49318 OF APRIL 27, 1978 AND REPLACING SAME WITH THIS ORDINANCE, AND AUTHORIZING THE CITY MANAGER TO INSTRUCT THE DIRECTOR OF PUBLIC WORKS TO INSERT NEW GENERAL CONDITIONS GOVERNING WAGE AND LABOR STANDARDS AND PRACTICES IN ALL FUTURE 100% LOCALLY FUNDED CITY PUBLIC WORKS CONSTRUCTION CONTRACTS.

* * * * *

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

SECTION 1. Ordinance No. 49318 of April 27, 1978 is hereby formally repealed.

SECTION 2. In accordance with Article 5159a, Revised Civil Statutes of Texas, as amended, the City Council hereby adopts the most current United States Department of Labor Wage Determination Decisions for Bexar County, Texas (wage determination decision in effect ten (10) days prior to bid opening) as periodically published in the Federal Register as the local general prevailing rate of per diem wages to be paid to various classifications of laborers, workmen, and mechanics employed in either building construction trades or heavy/highway construction trades in constructing 100% Locally Funded City Public Works Construction projects.

Furthermore, it is hereby the expressed intent of the City Council of the City of San Antonio to clearly establish the general prevailing rate of per diem wages to be a sum certain, in dollars and cents, for each of two distinct categories of wage being, "minimum hourly base pay" and "minimum hourly fringe benefit contribution." The contractor/subcontractor is strictly prohibited from paying the various classifications of laborers, workmen, and mechanics any amount less than the "minimum hourly base pay" and then adding the reduction in "minimum hourly base pay" to the "minimum hourly fringe benefit contribution" so as to "net" a combined total of the two intended distinct categories of the wage on 100% Locally Funded City Public Works Construction contracts.

It is recognized by the City Council that certain job classifications are not entitled to receive any "minimum hourly fringe benefits" by virtue of adopting the United States Department of Labor Wage Determination Decisions for Bexar County, Texas and that result is the express intent of the City Council.

It is also the intent of the City Council to allow the contractor/subcontractor to pay various classifications of laborers, workmen, and mechanics the minimum hourly "cash equivalent" of the appropriate "minimum hourly fringe benefit contribution" listed in a wage determination decision in lieu of benefits contributed to a permissible fringe benefit plan.

SECTION 3. The City Manager is hereby directed to instruct the Director of Public Works to insert into all future 100% Locally Funded City Public Works construction contracts, new "General Conditions" (as set forth in Attachment I, which is incorporated herein by reference for all purposes) governing wage and labor standards and practices.

The City Manager, in consultation with the Director of Public Works, is hereby authorized by City Council to periodically amend such "General Conditions" administratively to reflect needed improvements in the document as required, except that only the City Council shall be authorized to amend legislative matters specifically addressing the prevailing rate of minimum per diem wages, holiday pay, etc.

PASSED AND APPROVED this 17th day of January, 1985.

Henry Cisneros
MAYOR

ATTEST: Norma S. Rodriguez
City Clerk

APPROVED AS TO FORM: Tom Anthony
for City Attorney

85-04

GENERAL CONDITIONS

WAGE AND LABOR STANDARD PROVISIONS-100% LOCALLY FUNDED CONSTRUCTION

Contents

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5. EMPLOYMENT OF LABORERS/MECHANICS NOT LISTED IN WAGE DETERMINATION DECISION
6. MINIMUM WAGE
7. OVERTIME COMPENSATION ON NON-FEDERALLY FUNDED PROJECTS
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10. UNDERPAYMENT OF WAGES OR SALARIES
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19. JOBSITE CONDITIONS
20. EMPLOYMENT OF CERTAIN PERSONS PROHIBITED
21. PROVISIONS TO BE INCLUDED IN SUBCONTRACTS

1. GENERAL STATEMENT

This is a 100% locally funded Public Works Contract and Article 5159a, Revised Civil Statutes of Texas, as amended, requires that not less than the general prevailing wage rates (minimum hourly base pay and minimum hourly fringe benefit contribution) for work of similar character be paid to contractor and subcontractor employees. These wage rates are derived from the most current applicable federal prevailing wage rates as published by the United States Department of Labor, Dallas, Texas and authority of Ordinance No. 60110 as amended and passed by the City Council of the City of San Antonio. Copies of both the current Ordinance as amended and the wage rates are contained in the Special Conditions, and are included instruments of this contract and full compliance with same shall be required.

Any deviation from Wage and Labor Standard Provisions compliance may be cause for City's withholding either periodic interim or final payment to the contractor until such deviations are properly corrected.

2. WAGE & HOUR OFFICE, PUBLIC WORKS, RESPONSIBILITIES

The Wage & Hour Office, Public Works Department, City of San Antonio, is primarily responsible for all Wage and Labor Standard Provisions investigation and enforcement and will monitor contractor/subcontractor practices to assure the Director of Public Works that:

a. Appropriate weekly compliance statements and payroll records are submitted to the City by the contractor/subcontractors and that such are reviewed for compliance with the Wage and Labor Standard Provisions.

b. Apprentices/trainees working on the project are properly identified by the contractor/subcontractor on payroll records and documented as being included in programs currently sanctioned by appropriate federal or state regulatory agencies.

c. Applicable Wage Determination Decisions, including any applicable modifications, and related statements are posted at the work-site by the contractor and that proper job classifications and commensurate minimum hourly base and fringe wage rates are paid.

d. Employees are periodically interviewed (at random) on each project as required.

e. That no person employed by contractor/subcontractor is induced against his will, by any means, to give up any part of the compensation to which he is otherwise entitled.

f. That any and all periodic administrative directives to the Wage & Hour Office from the Director of Public Works are being implemented.

3. CLAIMS & DISPUTES PERTAINING TO WAGE RATES

Claims and disputes not promptly and routinely settled by the contractor/subcontractor and employee pertaining to wage rates, or to job classifications of labor employed upon the work covered by this contract, shall be reported by the employee in writing, within sixty (60) calendar days of employee's receipt of any allegedly incorrect classification, wage or benefit report, to the Wage & Hour Office, City of San Antonio for further investigation. Claims and disputes not reported by the employee to the City's Wage & Hour Office in writing within the sixty (60) calendar day period shall be deemed waived by the employee for the purposes of the City administering and enforcing the City's contract rights against the contractor on behalf of the employee. Waiver by the employee of this City intervention shall not constitute waiver by the City to independently pursue contractual rights it has against the contractor/subcontractor for breach of contract and other sanctions available to enforce the Wage and Labor Standard Provisions.

4. BREACH OF WAGE AND LABOR STANDARD PROVISIONS

The City of San Antonio reserves the right to terminate this contract for cause if the contractor/subcontractors shall knowingly and continuously breach, without timely restitution or cure, any of these governing Wage and Labor Standard Provisions. A knowing and unremedied proven violation of these Wage and Labor Standard Provisions may also be grounds for debarment of the contractor/subcontractor from future City of San Antonio contracts for lack of responsibility, as determined by the City of San Antonio. Recurrent violations, whether remedied or not, will be considered by the Director of Public Works when assessing the responsibility history of a potential contractor/subcontractor prior to competitive award of future Public Works projects. The general remedies stated in this paragraph 4. above, are not exhaustive and not cumulative for the City reserves legal and contractual rights to other specific remedies outlined herein below and in other parts of this contract and as are allowed by applicable City of San Antonio ordinances, state and federal statutes.

5. EMPLOYMENT OF LABORERS/MECHANICS NOT LISTED IN WAGE DETERMINATION DECISION

In the event that a contractor/subcontractor discovers that construction of a particular work element requires a certain employee classification and skill that is not listed in the wage determination decision contained in the original contract documents, contractor/subcontractors will make prompt inquiry (before bidding, if possible) to the Wage and Hour Office identifying that class of laborers/mechanics not listed in the wage determination decision who are intended to be employed, or who are being employed, under the contract. Using his best judgment and information resources available to him at the time, and any similar prior decisions, the Director of Public Works, City of San Antonio shall classify said laborers/mechanics by issuing a special local wage determination decision to the contractor/subcontractor which shall be enforced by the Wage and Hour Office.

6. MINIMUM WAGE

All laborers/mechanics employed to construct the work governed by this contract shall be paid not less than weekly the full amount of wages due (minimum hourly base pay and minimum hourly fringe benefit contribution for all hours worked, including overtime) for the immediately preceding pay period computed at wage and fringe rates not less than those contained in the wage determination decision included in this contract. Only payroll deductions as are mandated by state or federal law and those legal deductions previously approved in writing by the employee, or as are otherwise permitted by state or federal law, may be withheld by the contractor/subcontractor.

Should the contractor/subcontractor subscribe to fringe benefit programs for employees, such programs shall be fully approved by the City in adopting a previous U.S. Department of Labor decision on such fringe benefit programs or by applying DOL criteria in rendering a local decision on the adequacy of the fringe benefit programs. The approved programs shall be in place at the time of City contract execution and provisions thereof disclosed to the Wage and Hour Office, City of San Antonio, for legal review prior to project commencement.

Regular contractor/subcontractor contributions made to, or costs incurred for, approved fringe benefit plans, funds or other benefit programs that cover periods of time greater than the one week payroll period (e.g. monthly or quarterly, etc.) shall be prorated by the contractor/sub-contractor on weekly payroll records to reflect the equivalent value of the hourly and weekly summary of fringe benefits per employee.

7. OVERTIME COMPENSATION ON NON-FEDERALLY FUNDED PROJECTS

No contractor/subcontractor contracting for any part of the non-federally funded contract work (except for worksite related security guard services) which may require or involve the employment of laborers/mechanics shall require or permit any laborer/mechanic in any seven (7) calendar day work period in which he,she is employed on such work to work in excess of 40 hours in such work period unless said laborer/mechanic receives compensation at a rate not less than one and one-half times the basic hourly rate of pay for all hours worked in excess of 40 hours in a seven (7) calendar day work period. Fringe benefits must be paid for straight time and overtime; however, fringe benefits are not included when computing the overtime rate.

8. PAYMENT OF CASH EQUIVALENT FRINGE BENEFITS

The contractor/subcontractor is allowed to pay a minimum hourly cash equivalent of minimum hourly fringe benefits listed in the wage determination decision in lieu of the contribution of benefits to a permissible fringe benefit plan for all hours worked including overtime as described in paragraph 6. above. An employee is <u>not</u> allowed to receive less than the minimum hourly basic rate of pay specified in the wage determination decision.

9. WORK CONDUCTED ON HOLIDAYS-NON-FEDERALLY FUNDED PROJECTS

If a laborer/mechanic is employed in the normal course and scope of his or her work on the jobsite on New Year's Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, Christmas Day, and Martin Luther King Day or the calendar days observed as such in any given year, work performed shall be paid for at no less than one and one half (1 1/2) times the regular minimum hourly base pay regardless of the total number of hours the laborer/mechanic has accumulated during the pay period.

10. UNDERPAYMENT OF WAGES OR SALARIES

a. When a "full investigation" (as called for in and as construed under Article 5159a, Sec. 2 and as further generally described in an administrative directive to the City's Wage & Hour Office from the City's Director of Public Works entitled "Conducting Wage and Labor Standards Investigations on 100% Locally Funded City Construction Projects," as may be amended) evidences underpayment of wages by contractor/sub-contractor to laborers/mechanics employed upon the work covered by this contract, the City of San Antonio, in addition to such other rights as may be afforded it under state and/or federal law and/or this contract, shall withhold from the contractor, out of any payments (interim progress and/or final) due the contractor, so much thereof as the City of San Antonio may consider necessary to secure ultimate payment by the appropriate party to such laborers/mechanics, of full wages required by this contract plus possible penalty (See b. below). The amount so withheld, excluding any possible penalty to be retained by City, may be disbursed at an appropriate time after "full investigation" by the City of San Antonio, for and on behalf of the contractor/subcontractor (as may be appropriate), to the respective laborers/mechanics to whom the same is due or on their behalf to fringe benefit plans, funds, or programs for any type of minimum fringe benefits prescribed in the applicable wage determination decision.

b. Article 5159a, Revised Civil Statutes of Texas, as amended, states that the contractor shall forfeit as a penalty to the City of San Antonio the sum of sixty dollars ($60.00) for each calendar day, or portion thereof, for each laborer, workman, or mechanic, who is paid less than the said stipulated rate for any work done under this contract, whether by the contractor himself or by any subcontractor working under him. Pursuant to and supplemental to this statutory authority, the City of San Antonio and the contractor/subcontractor contractually acknowledge and agree that said sixty dollar ($60.00) statutory penalty shall be construed by and between the City of San Antonio and the contractor/subcontractor as liquidated damages and will apply to any violations of paragraphs 6, 7, or 9 herein, resulting from contractor/subcontractor underpayment violations.

c. If unpaid or underpaid workers cannot be located by the Contractor or the City after diligent efforts to accomplish same, unpaid or underpaid wages shall be reserved by the City in a special "unfoun worker's account" established by the City of San Antonio, for suc

employees. If after one (1) year from the final acceptance of the project by the City, workers still cannot be located, in order that the City can make effective interim re-use of the money, such wages and any associated liquidated damages may be used to defray actual costs incurred by the City in attempting to locate said workers and any remaining monies may then revert back to the City's original funding source for the project. However, unpaid or underpaid workers for which money was originally reserved are eligible to claim recovery from the City for a period of not-to-exceed three (3) years from the final acceptance of the project by the City. Recovery after expiration of the three year period is prohibited.

11. DISPLAYING WAGE DETERMINATION DECISIONS/AND NOTICE TO LABORERS/MECHANICS STATEMENT

The applicable wage determination decision as described in the "General Statement" (and as specifically included in each project contract), outlining the various worker classifications and mandatory minimum wages and minimum hourly fringe benefit deductions, if any, of laborers/mechanics employed and to be employed upon the work covered by this contract, shall be displayed by the contractor/subcontractor at the site of work in a conspicuous and prominent public place readily and routinely accessible to workmen for the duration of the project. In addition, the contractor/subcontractor agrees with the contents of the following statement, and shall display same, in English and Spanish, near the display of the wage determination decision:

NOTICE TO LABORERS/MECHANICS

Both the City of San Antonio and the contractor/subcontractor agree that you must be compensated with not less than the minimum hourly base pay and minimum hourly fringe benefit contribution in accordance with the wage rates publicly posted at this jobsite and as are applicable to the classification of work you perform.

Additionally, you must be paid not less than one and one-half times your basic hourly rate of pay for any hours worked over 40 in any seven (7) calendar day work period, and for any work conducted on New Year's Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, Christmas Day and Martin Luther King Day or the calendar days observed as such in any given year.

Apprentice and trainee hourly wage rates and ratios apply only to apprentices and trainees recognized under approved Federal, or State, apprenticeship training programs registered with the Bureau of Apprenticeship and Training, U.S. Dept. of Labor.

If you believe that your employer is not paying the posted minimum wage for the type of work you do, you must make direct inquiry to the employer and inquire in writing, within sixty (60) calendar days of your receipt of any allegedly incorrect wage or benefit check or report, to the City of San Antonio Wage & Hour Office, Public Works Division, P.O. Box 839966, San Antonio, Texas 78283-3966. It is mandatory that you

promptly file written inquiry of any allegedly incorrect wage or benefit checks or reports with the City of San Antonio, Wage & Hour Office within the sixty (60) calendar day period so that you do not waive your potential right of recovery under the provisions of the City of San Antonio Public Works contract that governs this project.

Both the City of San Antonio and the contractor/subcontractor agree that no laborer/mechanic who files a complaint or inquiry concerning alleged underpayment of wages or benefits shall be discharged by the employer or in any other manner be discriminated against by the employer for filing such complaint or inquiry.

12. PAYROLLS & BASIC PAYROLL RECORDS

a. The contractor and each subcontractor shall prepare payroll reports in accordance with the "General Guideline" instructions furnished by the Wage & Hour Office of the City of San Antonio. Such payroll submittals shall contain the name and address of each such employee, his correct labor classification, rate of pay, daily and weekly number of hours worked, any deductions made, and actual basic hourly and fringe benefits paid. The contractor shall submit payroll records each week, and no later than seven (7) working days following completion of the workweek being processed, to the Wage & Hour Office, City of San Antonio. These payroll records shall include certified copies of all payrolls of the contractor and of his subcontractors, it being understood that the contractor shall be responsible for the submission and general mathematical accuracy of payrolls from all his subcontractors. Each such payroll submittal shall be on forms deemed satisfactory to the City's Wage & Hour Office and shall contain a "Weekly Statement of Compliance", as called for by the contract documents. Such payrolls will be forwarded to Public Works, Wage & Hour Office, City of San Antonio, P. O. Box 839966, San Antonio, Texas 78283-3966.

b. Copies of payroll submittals and basic supporting payroll records of the contractor/subcontractors accounting for all laborers/mechanics employed under the work covered by this contract shall be maintained during the course of the work and preserved for a period of three (3) years after completion of the project. The contractors/subcontractors shall maintain records which demonstrate: any contractor commitment to provide fringe benefits to employees as may be mandated by the applicable wage determination decision, that the plan or program is adjudged financially responsible by the appropriate approving authority, (i.e. U. S. Department of Labor, U. S. Department of Treasury, etc.), and that the provisions, policies, certificates, and description of benefits of the plan or program as may be periodically amended, have been clearly communicated in a timely manner and in writing, to the laborers/mechanics affected prior to their performing work on the project.

c. The contractor/subcontractor shall make the above records available for inspection, copying, or transcribing by authorized representatives of the City of San Antonio at reasonable times and locations for purposes of monitoring compliance with this contract.

13. LABOR DISPUTES

The contractor/subcontractor shall immediately notify the Director of Public Works or his designated representative of any actual or impending contractor/subcontractor labor dispute which may affect, or is affecting, the schedule of the contractor's, or any other contractor's/ subcontractor's work. In addition, the contractor/subcontractor shall consider all appropriate measures to eliminate or minimize the effect of such labor disputes on the schedule, including but not limited to such measures as: promptly seeking injunctive relief if appropriate; seeking appropriate legal or equitable actions or remedies; taking such measures as establishing a reserved gate, as appropriate; if reasonably feasible, seeking other sources of supply or service; and any other measures that may be appropriately utilized to mitigate or eliminate the jobsite and scheduling effects of the labor dispute.

14. COMPLAINTS, PROCEEDINGS, OR TESTIMONY BY EMPLOYEES

No laborers/mechanics to whom the wage, salary, or other labor standard provisions of this contract are applicable shall be discharged or in any other manner discriminated against by the contractor/subcontractors because such employee has filed any formal inquiry or complaint or instituted, or caused to be instituted, any legal or equitable proceeding or has testified, or is about to testify, in any such proceeding under or relating to the wage and labor standards applicable under this contract.

15. EMPLOYEE INTERVIEWS TO ASSURE WAGE AND LABOR STANDARD COMPLIANCE

Contractor/subcontractors shall allow expeditious jobsite entry of City of San Antonio Wage & Hour representatives displaying and presenting proper identification credentials to the jobsite superintendent or his representative. While on the jobsite, the Wage & Hour representatives shall observe all jobsite rules and regulations concerning safety, internal security and fire prevention. Contractor/subcontractors shall allow project employees to be separately and confidentially interviewed at random for a reasonable duration by the Wage & Hour representatives to facilitate compliance determinations regarding adherence by the contractor/subcontractor to these Wage and Labor Standard Provisions.

16. "ANTI-KICKBACK" PROVISION

No person employed in the construction or repair of any City of San Antonio public work shall be induced, by any means, to give up to any contractor/subcontractor or public official or employee any part of the hourly and/or fringe benefit compensation to which he is otherwise entitled.

19. JOBSITE CONDITIONS

Contractors/subcontractors will not allow any person employed for the project to work in surroundings or under construction conditions which are unsanitary, unhealthy, hazardous, or dangerous as governed by industry standards and appropriate local, state and federal statutes, ordinances, and regulatory guidelines.

20. EMPLOYMENT OF CERTAIN PERSONS PROHIBITED

a. The contractor/subcontractor shall knowingly only employ persons of appropriate ages commensurate with the degree of required skill, strength, maturity and judgment associated with the activity to be engaged in, but not less than the age of fourteen (14) years, as governed by Vernon's Annotated Texas Statutes, especially Article 5181.1 "Child Labor" (as may be amended), and Texas Department of Labor and Standards rulings and interpretations associated with that statute. It is hereby noted that in some circumstances generally governed by this section, a federal statute (see: Fair Labor Standards Act, 29 USCS Section 212; Volume 6A of the Bureau of National Affairs Wage Hour Manual at Paragraph 96:1; "Child Labor Requirements in Nonagricultural Occupations" WH Publication 1330, July 1978 as may be amended), could pre-empt the Texas Statute and therefore be the controlling law on this subject. The contractor/subcontractor should seek clarification from state and federal agencies and legal counsel when hiring adolescent employees for particular job classifications.

b. Prohibited persons not to be employed are also those persons who, at the time of employment for this contract, are serving sentence in a penal or correctional institution except that prior approval by the Director of Public Works is required to employ any person participating in a supervised work release or furlough program that is sanctioned by appropriate state or federal correctional agencies.

c. The Contractor/subcontractors shall be responsible for compliance with the provisions of the "Immigration Reform and Control Act of 1986" Public Law 99-603, and any related State enabling or implementing statutes, especially as they in combination apply to the unlawful employment of aliens and unfair immigration-related employment practices affecting this contract.

21. PROVISIONS TO BE INCLUDED IN SUBCONTRACTS

The contractor shall cause these Wage and Labor Standard Provisions, or reasonably similar contextual adaptations hereof, and any other appropriate state and federal labor provisions, to be inserted in all subcontracts relative to the work to bind subcontractors to the same Wage and Labor Standards as contained in these terms of the General Conditions and other contract documents insofar as applicable to the work of subcontractors or sub-subcontractors and to give the contractor similar, if not greater, general contractual authority over the subcontractor or subcontractors as the City of San Antonio may exercise over the contractor.

Gene ` Decision Number TX000043

Superseded General Decision No. TX990043

State: TEXAS

Construction Type:
HEAVY
HIGHWAY

County(ies):

BELL	CORYELL	TRAVIS
BEXAR	GUADALUPE	WILLIAMSON
BRAZOS	HAYS	
COMAL	MCLENNAN	

Heavy (excluding tunnels and dams) and Highway Construction Projects (does not include building structures in rest area projects). *NOT TO BE USED FOR WORK ON SEWAGE OR WATER TREATMENT PLANTS OR LIFT/PUMP STATIONS IN BELL, CORYELL, McLENNAN AND WILLIAMSON COUNTIES.

Modification Number	Publication Date
0	02/11/2000

Effective Date:
23 March 2000

COUNTY(ies):

BELL	CORYELL	TRAVIS
BEXAR	GUADALUPE	WILLIAMSON
BRAZOS	HAYS	
COMAL	MCLENNAN	

SUTX2042A 03/26/1998

	Rates	Fringes
AIR TOOL OPERATOR	8.08	
ASPHALT HEATER OPERATOR	11.00	
ASPHALT RAKER	8.00	
ASPHALT SHOVELER	7.97	
BATCHING PLANT WEIGHER	11.00	
CARPENTER	10.80	
CONCRETE FINISHER-PAVING	9.57	
CONCRETE FINISHER-STRUCTURES	8.83	
CONCRETE RUBBER	8.52	
ELECTRICIAN	16.25	
FLAGGER	6.86	
FORM BUILDER-STRUCTURES	8.77	
FORM LINER-PAVING & CURB	8.00	
FORM SETTER-PAVING & CURB	8.68	
FORM SETTER-STRUCTURES	8.73	
LABORER-COMMON	7.12	
LABORER-UTILITY	7.99	
MECHANIC	12.15	
OILER	11.40	
SERVICER	8.44	
PAINTER-STRUCTURES	10.00	
PIPE LAYER	8.27	
ASPHALT DISTRIBUTOR OPERATOR	9.70	
ASPHALT PAVING MACHINE	9.26	
BROOM OR SWEEPER OPERATOR	7.12	
BULLDOZER	9.28	
CONCRETE CURING MACHINE	7.79	
CONCRETE FINISHING MACHINE	11.00	
CONCRETE PAVING SAW	9.79	
SLIPFORM MACHINE OPERATOR	11.15	
CRANE, CLAMSHELL, BACKHOE, DERRICK, DRAGLINE, SHOVEL	10.12	
FOUNDATION DRILL OPERATOR TRUCK MOUNTED	15.00	
FRONT END LOADER	8.86	
HOIST - DOUBLE DRUM & LESS	10.81	

MIXER	[illegible]
MIXER - CONCRETE PAV 3	11.00
MOTOR GRADER FINE GR E	12.37
MOTOR GRADER	11.14
PAVEMENT MARKING MACHINE	8.31
PLANER OPERATOR	15.75
ROLLER, STEEL WHEEL PLANT-MIX PAVEMENTS	7.73
ROLLER, STEEL WHEEL OTHER FLATWHEEL OR TAMPING	7.33
ROLLER, PNEUMATIC, SELF PROPELLED	7.17
SCRAPERS	8.38
TRACTOR-CRAWLER TYPE	9.40
TRAVELING MIXER	7.92
TRENCHING MACHINE, HEAVY	9.92
WAGON-DRILL/BORING MACHINE	8.00
REINFORCING STEEL SETTER PAVING	14.50
REINFORCING STEEL SETTER STRUCTURES	10.61
STEEL WORKER-STRUCTURAL	11.73
SPREADER BOX OPERATOR	8.55
WORK ZONE BARRICADE	8.29
SIGN INSTALLER	7.97
TRUCK DRIVER-SINGLE AXLE LIGHT	8.32
TRUCK DRIVER-SINGLE AXLE HEAVY	7.954
TRUCK DRIVER-TANDEM AXLE SEMI-TRAILER	8.02
TRUCK DRIVER-LOWBOY/FLOAT	10.12
WELDER	11.02

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

WAGE DETERMINATION APPEALS PROCESS

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

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

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

and 3.) should be to owed.

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

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

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

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

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

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

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

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

END OF GENERAL DECISION