SECOND AMENDED AND RESTATED
DEVELOPMENT AGREEMENT

FOR

REINVESTMENT ZONE NUMBER TWO
CITY OF SCHERTZ, TEXAS

SEDONA & THE CROSSVINE DEVELOPMENT PROJECT

_____, 2020

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EXHIBITS

SECOND AMENDED AND RESTATED DEVELOPMENT AGREEMENT

This SECOND AMENDED and RESTATED DEVELOPMENT AGREEMENT (this "Agreement") dated as of _____, 2020 (the "Effective Date") is among the CITY OF SCHERTZ, TEXAS, a Texas home rule municipality (the "City"); BEXAR COUNTY, TEXAS, a political subdivision of the State of Texas, acting through its County Judge (The "County"); REINVESTMENT ZONE NUMBER TWO, CITY OF SCHERTZ, TEXAS, a tax increment reinvestment zone (the "Zone"), acting by and through its duly authorized Board of Directors (the "Zone Board"); and SCHERTZ 1518, LTD., a Texas limited partnership (the "Developer") (all entities referenced collectively referred to as the "Parties" and sometimes individually as a "Party").

RECITALS

WHEREAS, both the City and the County recognize the importance of their continued role in economic development;

WHEREAS, by Ordinance No. 06-T-61, dated December 19, 2006, the City (i) created the Zone in accordance with the Act (as defined in Section 1.1) to encourage development, community revitalization and infrastructure improvements in the Zone which would not otherwise occur solely through private investment in the reasonably foreseeable future, and (ii) created the Zone Board;

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 (the "Project Costs");

WHEREAS, on October 27, 2008, by Resolution, the Zone Board adopted a Final Project Plan and Reinvestment Zone Financing Plan (the "Project and Financing Plan") providing for improvement of the Zone;

WHEREAS, the City approved the Project and Financing Plan for the Zone by Ordinance No. 08-T-50, on November 4, 2008, the terms and exhibits of which are to be incorporated herein where referenced;

WHEREAS, pursuant to Section 311.010(b) of the Act and City Ordinance No. 06-T-61, dated December 19, 2006, the Zone Board has been granted the authority to enter into such agreements the Zone Board considers necessary or convenient to implement the Project and Financing Plan and to achieve the purposes of developing the Zone;

WHEREAS, pursuant to said authority above and a resolution dated November 3, 2008, the Zone Board entered into a binding agreement with the City, the County, and the Developer for Developer to develop the Zone, as specified in the Project and Financing Plan; and

WHEREAS, the City, by Resolution No. 08-R-50, on November 4, 2008, authorized the Mayor, the City Manager, or a designated representative to execute a Development Agreement, which was ultimately entered into by the Parties on November 19, 2008 (the "Original Development Agreement"); and

WHEREAS, the Parties recognize that the national economic crisis resulted in slowed development within the City from 2007-2014, specifically within the Zone, which directly impacted the length of time needed to complete the Project within the Zone as proposed in the Original Development Agreement; and

WHEREAS, in recognition of a change in the development climate, and in order to continue progress of the Project, the Parties agreed to amend the Original Development Agreement to reflect a revised Project, which amendments were reflected in an Amended and Restated Development Agreement ("First Amended Development Agreement") approved and adopted by the City via Resolution No. 15-R-80 on September 15, 2015, which approval included a revised Project and Financing Plan; and

WHEREAS, 151.16 acres of property within the Zone is located within the Air Installation Compatible Use Zone, Accident Potential Zone II (the "AICUZ Development Area") and was originally zoned and available for development of two lots per acre for a total planned development in the AICUZ Development Area of 302 lots;

WHEREAS, at the request of the City, and Joint Base San Antonio the Developer voluntarily agreed not to develop the AICUZ Development Area and it has since been permanently dedicated to a conservation easement;

WHEREAS, the Parties recognize that there continue to be economic forces and realities that require the Developer to be flexible and to modify the original Project plans in order to maintain the project's viability and its importance to the City as a collaborative development, and in recognition of the need for continued flexibility, the Parties have agreed to amend the First Amended Development Agreement; and

WHEREAS, the Parties acknowledge that Developer has submitted Reimbursement Request #7 reflecting reimbursable expenditures in the Current Approved Reimbursement Amount which has been approved by the Board; and, the Board has acknowledged that all conditions, requirements, and contingencies associated with the reimbursement of the Current Approved Reimbursement Amount have been satisfied by the Developer;

WHEREAS, the Parties acknowledge that the total sum of $2,000,000.00 in Tax Increment Funds has been distributed to Developer as of the date hereof under the terms of the Development Agreement;

WHEREAS, the Parties do hereby wish to amend and restate in full the terms and provisions of the First Amended Development Agreement, so that from and after the Effective Date, this Second Amended and Restated Development Agreement shall negate, replace and supersede the Original Development Agreement; and

WHEREAS, the City, by Resolution No. _____, on _____, 2020, authorized the Mayor, the City Manager, or a designated representative to execute this Agreement on behalf of the City and to bind it to the terms and conditions herein;

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

I. DEFINITIONS

1.1 As used in this Agreement, the following terms shall have the meanings indicated unless a different meaning is specifically provided herein or the context otherwise requires:

"Acknowledgement of Completion" shall mean written acknowledgement by the City that the Developer has issued its Letter of Final Completion, in which the City agrees that the specific Phase of the Public Improvements (as defined herein) has reached Completion and that the City has accepted the dedication thereof. For the purposes hereof, the Acknowledgement of Completion may be denominated by separate titles or names and need not be titled as Acknowledgement of Completion.

"Act" shall mean the Tax Increment Financing Act, Chapter 311, Texas Tax Code, as amended.

"Architectural Standards" shall mean those standards and requirements for Public Improvements, landscaping, fencing and screening, residential and commercial construction, building materials (including extent and location on improvements), entry features, green spaces and common areas, Must Build Trails and Roads, and similar elements which are established in or required by the PDD.

"Authority" means the San Antonio River Authority, a Texas river authority.

"Captured Appraised Value" shall mean the total appraised value of property in the Zone as of January 1 of any year less the Tax Increment Base (as defined herein).

"Letter of Final Completion" shall mean a written notice to the City from the Developer that a specific Phase of the Public Improvements was constructed as specified in and Substantially in Accordance with the Project and Financing Plan and in this Agreement, and that such Phase of the Public Improvements complies with all the City codes and published standards for the particular types of improvements in question.

"City Council" shall mean the City Council of the City.

"City Manager" shall mean the City Manager of the City or his designee.

"Completion" shall mean completing the construction of the Phase of the Public Improvements Substantially in Accordance with the Project and Financing Plan and with this Agreement so that particular Public Improvements can be used and maintained for their intended purposes, as certified by the City's architect, engineer, or other City official having responsibility for inspecting and certifying such improvements.

"Construction Schedule" shall mean the timetable, as it may be amended by the Developer, for constructing the Public Improvements which, among other things, sets forth the projected time periods for the Completion of the Phases.

"Contract Progress Payment Request" shall mean a request from the Developer for reimbursement due to Developer for successfully completing work on all or a specified portion of a Phase of the Public Improvements in the Zone, accompanied by customary documentation including the name and address of the entity or entities that performed the work, a copy of the invoice from such entity or entities, a description of the contract pursuant to which the payment is made, the amount of such payment, the original amount of the contract or contracts, total payments made to date on such contract or contracts, an estimate of remaining work to be completed on the specific improvement, the cost of such work, all customary lien and/or subcontractor releases, and a statement from an independent architect or engineer stating that they have inspected the work, that it was completed in the percentage or amount shown in the invoice and that the Public Improvements were constructed Substantially in Accordance with the approved Project and Financing Plan. The Contract Progress Payment Request may alternately be titled "Sedona-Schertz TIRZ #2 Reimbursement Invoice # __" (or similar) and may also include all other reimbursable amounts permitted under this Agreement and under the Act.

"Current Approved Reimbursement Amount" shall mean, as of the date hereof, the sum of $35,267,464.52 which is the amount of the most recent Contract Progress Payment Request (denominated as Sedona-Schertz TIRZ #2 Reimbursement Invoice #7) which has been approved by the Zone Board. The Current Approved Reimbursement Amount shall further mean, the amount approved by the Zone Board pursuant to any further and additional Contract Progress Payment Requests as they are submitted and approved from time to time.

"Effective Date" shall mean the date upon which the last of the Parties has duly executed the Agreement.

"Fair Minimum Wage Rate" shall mean a full-time wage rate that exceeds the poverty level for a family of four, as determined annually by the U.S. Department of Health and Human Services.

"Interlocal Agreement" shall mean the Amended and Restated Interlocal Agreement of even date herewith by and among the City, the County, the Authority and the Zone providing for Tax Increment revenue contribution for the Zone.

"Maximum Total Reimbursement" shall have the meaning set forth in Section 3.4.

"Module" or "Modules" shall mean the separate and distinct phases of the construction of the Public Improvements Substantially in Accordance with the Project and Financing Plan, attached hereto as "**Exhibit A**," and may also herein be referred to as "Unit" or "Units." For the purposes hereof and for further clarification, references to Module or Modules or to Unit or Units may also refer to separate individual segments or components of each Module or Unit and need not encompass an entire Module or Unit.

"Planned Development District" or "PDD" shall mean the Zoning Master Plan and Master Development Plans approved by City ordinance for that certain area of the Property described therein, and which is subject to revision, also by City ordinance, attached hereto as "**Exhibit B**".

"Project" shall mean the Sedona mixed-use development proposed in the Original Development Agreement and the proposed The Crossvine mixed-use development on the Property which may include residential subdivisions, public parks, a fire station/EMS facility, commercial development, multi-family development, a school site, and all of the Phases of the design, construction, assembly, installation, and implementation of the Public Improvements in the Zone as more specifically detailed in the Project and Financing Plan and in this Agreement, as either may be amended from time to time.

"Project and Financing Plan" shall mean the "Final Project Plan and Reinvestment Zone Financing Plan" for the Zone attached hereto as **"Exhibit A"**, as amended from the Final Project Plan and Reinvestment Zone Financing Plan dated September 15, 2015 which was attached to the First Amended Development Agreement (the "First Amended Project and Financing Plan"), as amended from the Final Project Plan and Reinvestment Zone Financing Plan approved on October 27, 2008 (the "Original Project and Financing Plan"), and as further amended from time to time by the Zone Board and the City.

"Property" shall mean the approximately 947.755 acres that will be developed under the Project, more particularly described in the Project and Financing Plan.

"Public Improvements" shall mean streets and turn lanes, sidewalks, crosswalks, walking trails, streetlights, water, wastewater, and electrical utilities (including but not limited to lines and similar facilities), drainage improvements, and other area-wide public improvements including, but not limited to, drainage improvements, sewer plant improvements, sewer force main, parkland improvements, landscaping, and all other public improvements to be constructed by the Developer in the Zone in accordance with the Act, the Project and Financing Plan, and this Agreement, as any may be amended from time to time.

"Substantially in Accordance with the Project and Financing Plan" shall mean construction and development of Public Improvements substantially similar to the description set forth in the Project and Financing Plan (including Construction Schedules or similar additional reporting requirements) and as subsequently approved, developed, and accepted by the City in accordance and compliance with the terms, conditions, standards, and requirements of the PDD and which does not materially diminish the utility or intended use of the Public Improvements or the Architectural Standards of the Project.

"Tax Increment" shall mean the aggregate amount of property taxes levied each year on the Captured Appraised Value by all Taxing Units.

"Tax Increment Base" shall mean the taxable value of all real property within the Zone at the time the Zone was initially created.

"Tax Increment Fund" shall mean the "Reinvestment Zone Number Two, City of Schertz, Texas Tax Increment Fund" created by the City within its treasury for the benefit of the Zone, including any subaccount therein, into which all Tax Increments shall be deposited upon collection by the City, the County, and/or the Authority.

"Taxing Unit" shall mean each of the City, the County, the Authority, and any other taxing unit (as defined in the Act) which participates in the Zone.

"Zone" shall mean Reinvestment Zone Number Two, City of Schertz, Texas.

1.2 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 The City represents to the Developer that as of the date hereof the City is a home rule municipality located in Bexar, Comal, and Guadalupe Counties, Texas, and has authority to carry out the obligations described in this Agreement.

2.2 The City and the Zone Board represent to other Taxing Units and to the Developer that as of the date hereof the Zone is a tax increment reinvestment zone established by the City in Ordinance No. 06-T-61 adopted on December 19, 2006 and amended by Ordinance No. _____ adopted on _____, 2020, pursuant to and following all applicable procedural requirements in the Act; and that the Zone Board, as established in said Ordinances, has authority to carry out the obligations described in this Agreement.

2.3 The Developer represents to the City and the Zone Board that it is a limited partnership organized in the State of Texas by and through its general partner, MTR-Schertz 1518 Management Company, LLC, a Texas limited liability company, that it has the authority to enter into this Agreement and to perform the requirements of this Agreement; that entering into this Agreement and the performance of the requirements hereunder will not cause a default or breach of any other obligations of the Developer; that its performance under this Agreement shall not violate any applicable judgment, order, law or regulation; that its performance under this Agreement shall not result in the creation of any claim against the City, the County or the Zone for money or performance, any lien, charge, encumbrance, or security interest upon any asset of the City, the County or the Zone; and that it owns land representing more than fifty percent (50%) of the appraised value of the Property included within the boundaries of the Zone.

2.4 The City, the County, the Zone Board, and the 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 previously obtained.

2.5 The City, the County, the Zone Board, and the Developer represent that they understand and agree that neither the City nor the Zone Board shall issue any tax increment revenue bonds to cover any costs directly or indirectly related to the Developer's improvements in the Zone under this Agreement without an amendment to this Agreement, the Project and Financing Plan, and the Interlocal Agreement, such amendments to be approved by all applicable participating Taxing Units. The offer of such an amendment is in the sole discretion of the City which is under no obligation to issue bonds.

2.6 The City, the County, the Zone Board, and the Developer represent to each other that to the extent such funds are available, the City and the Zone Board shall only use Tax Increment funds as compensation to Developer for designing and constructing the Public Improvements required to be constructed Substantially in Accordance with the Project and Financing Plan and this Agreement.

2.7 The Developer represents to the Zone Board, the City and the County that it fully understands that any contributions made by the Developer in anticipation of reimbursement shall not be, nor construed to be, financial obligations of any Taxing Unit or the Zone nor shall such contributions ever become obligations of the general fund of any Taxing Unit. The Developer shall bear all risks associated with reimbursement, including, but not limited to: insufficient amounts or incorrect estimates of anticipated reimbursement, change in tax rates or tax collections, changes in state law or interpretations thereof, changes in market or economic conditions impacting the Project, changes in building and development code requirements, changes in City or County policy, unanticipated effects covered under legal doctrine of *force majeure*, and /or other unanticipated factors.

2.8 The Developer represents to the Zone Board, the City and the County that, as of the date hereof, (i) there does not exist on the Property any environmental condition or any other matter on or connected with the Property that would cause the imposition on the City, the County or the Zone of environmental liabilities if such environmental condition or other matter were disclosed to any governmental authority, and (ii) no hazardous materials have been dumped, landfilled, stored, located or disposed of on the Property in violation of any applicable laws.

2.9 The Developer represents to the Zone Board, the City and the County that all of the work done on the Public Improvements shall be contracted by Developer and that neither the Developer nor its employees, representatives or agents will directly perform any work on the Public Improvements to be reimbursed under this Development Agreement that would be considered as work normally covered under Workers' Compensation insurance.

III. THE PROJECT

3.1 The Project to be undertaken by Developer on the Property shall be as defined in Section 1.1, including but not limited to the Public Improvements shown in the Project and Financing Plan.

3.2 The Developer shall construct the Public Improvements Substantially in Accordance with the Project and Financing Plan and according to Article IV of this Agreement. Public Improvements to be reimbursed with Tax Increment collections shall be constructed by Developer in compliance with all applicable laws, including Sections 212, 252 and 271 of the Texas Local Government Code, as if the City were constructing the Public Improvements.

3.3 The Project is intended to be funded by the Developer's advancement of funds which are anticipated to be reimbursed from Tax Increment collections, to the extent available, as provided in the Project and Financing Plan.

3.4 Notwithstanding the foregoing, the City, the County, the Zone Board, and the Developer acknowledge and agree that the City shall use Tax Increment collections to reimburse the Developer up to the maximum total payment of Sixty-Six Million and No/100 Dollars ($66,000,000) (the "Maximum Total Reimbursement") as full compensation for the Public Improvements required to be constructed or acquired by the Developer Substantially in Accordance with the Project and Financing Plan and this Agreement, which amount shall include a maximum total payment of up to $17,820,000 from the County. The maximum amount to be reimbursed for each Public Improvement shall be the actual costs of that Public Improvement (plus any finance or interest cost, if applicable), as ultimately determined by the Zone Board. The Parties hereto agree that neither the City nor the Zone Board can guarantee that the Tax Increment shall be sufficient to completely reimburse the Developer for its actual costs (inclusive of finance costs and interest), but that the Tax Increment shall constitute the only source of compensation to Developer from the Taxing Units and the Zone Board for the construction of Public Improvements for the Project.

3.5 It is hereby acknowledged by the Zone Board that (i) the Developer has submitted Reimbursement Requests #1-#7, (ii) the Zone Board has approved Sedona-Schertz TIRZ #2 Reimbursement Request #7 in the aggregate amount of the Current Approved Reimbursement Amount; and (iii) the Zone Board has acknowledged that all conditions, requirements, and contingencies associated with the reimbursement of the Current Approved Reimbursement Amount set forth in this Agreement have been satisfied by the Developer.

IV. DUTIES AND OBLIGATIONS OF DEVELOPER

4.1 The Developer shall comply with all applicable provisions of the Act.

4.2 The Developer shall construct, or cause to be constructed, the Project on the Property.

4.3 The Developer agrees to advance all amounts required to complete, or cause to be completed, the Public Improvements. The Developer further agrees to provide, or cause to be provided, all materials, labor, and services for completing the Project.

4.4 The Developer agrees, when required in connection with the Public Improvements or the Project, to obtain or cause to be obtained all necessary permits and approvals from the City and/or all other governmental agencies having jurisdiction over the construction of the improvements in the Zone. The Developer shall be responsible for paying, or causing to be paid, to the City and all other governmental agencies the cost of all applicable permit fees and licenses required for construction of the Project.

4.5 The City and the Developer agree that the Public Improvements shall be constructed in Phases, or Modules, as development of the Project occurs in accordance with the approved PDD, as amended. The Developer agrees to cause the Project to be constructed substantially in accordance with the Modules set forth in the approved PDD, as amended. The Developer agrees to cause the Project to comply with the Architectural Standards. City and Developer acknowledge that the time frames provided in the Construction Schedule, the Project and Financing Plan, and the PDD are estimates only.

a. The Developer agrees to supervise all Modules of construction on the Project. Any unit or separate area within a Module, once begun, must be completed and cannot be abandoned.

b. The Developer shall not commence any construction on a new Unit within a Module without preparing a revised Construction Schedule for that Phase which shall be provided to the Zone Board upon request.

c. The Developer may change the sequence of and/or acceleration of and/or the delay of the commencement or completion dates of all or any Phase of the construction without prior notice to or consent by the City.

d. The Developer shall, prior to beginning construction on any Module of the Public Improvements, obtain or cause to be obtained, by any contractors or subcontractors, payment and performance bonds in amounts sufficient to cover completion of the Public Improvements for such Module, and all insurance coverage specified in Article X herein.

4.6 If 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, condemnation proceedings, interference by third parties, or any circumstances reasonably beyond the Developer's control, then and in the event, the period of each such delay will be added to extend the Construction Schedule and the Modules for the Developer's performance under this Agreement.

4.7 The Developer shall issue or cause to be issued a Letter of Final Completion to the City for items brought to completion by the Developer in constructing the Public Improvements.

Individual Letter(s) of Final Completion may be issued for individual Units or Modules or for individual development areas therein at the election of the Developer.

4.8 The Developer (or its designee) shall maintain the Public Improvements until they are dedicated and accepted by the City in accordance with Article V. After such acceptance and the expiration of the warranty period described in Section 5.4, maintenance of the Public Improvements shall be the sole responsibility of the City. Any cost of maintenance shall be reimbursable under the TIRZ

4.9 The Developer shall provide nonmonetary aid and assistance to the City, the County and the Zone Board as they may reasonably request in order to facilitate the goals of this Agreement, such assistance to include providing reasonably requested documentation, entering into reasonably required agreements, and executing certificates or other documentation that may be required by the City, the County or the Zone Board.

4.10 The Developer shall cooperate with the City, the County and the Zone Board in providing all necessary information to the City, the County and the Zone Board in order to assist the City, the County and the Zone Board in determining Developer's compliance with this Agreement. The Developer further agrees to provide periodic written reports of construction progress to the City, the County and the Zone Board and the other Taxing Units annually and within thirty (30) days after a request from the City, the County, the Zone Board or the other Taxing Units.

V. CONVEYANCE OF CERTAIN PROPERTY TO THE CITY

5.1 The Developer shall dedicate or convey the Public Improvements to the City.

5.2 Upon (i) the Completion of each Phase of the Project, (ii) the Developer's receipt from the City of an Acknowledgement of Completion therefor, and (iii) the payment therefor by the Zone Board, the Developer shall deliver or cause to be delivered to the City a duly executed and acknowledged Deed of Dedication (the "Deed") and/or appropriate easements for all Public Improvements, in a form acceptable to the City in its sole discretion. Deeds shall dedicate to the City the real property covered by such Deeds, together with all improvements thereon and appurtenances thereto and all easements and rights-of-way over property owned by the Developer or other private parties and required to access, operate, and maintain Public Improvements. All such dedications shall be free and clear of all liens, encumbrances, covenants, restrictions and other matters, except for those approved of in writing by the City. Provided, further, upon mutual agreement by the City and by Developer, Developer may deliver the Deed (and appropriate easements) for the Public Improvements to the City prior to payment therefor by the Zone Board.

5.3 The Parties will cooperate to secure permissible sales tax exemptions to the extent available.

5.4 The Developer shall also provide or cause to be provided a one year warranty acceptable to the City from the date of transfer upon all Public Improvements, and the Developer

shall assign to the City all warranties and other contract rights of the Developer concerning the design, acquisition, construction, installation, and inspection of the Public Improvements.

VI. STANDARDS FOR CERTAIN PUBLIC IMPROVEMENTS

6.1 As part of the consideration for the creation of the Zone and entering into this Agreement, the Developer has agreed to construct the improvements Substantially in Accordance with the Project and Financing Plan, **"Exhibit A**" herein. The Developer further agrees to the following regarding certain public improvements:

a. Fire Station. The Developer was responsible, under the Original Development Agreement and First Amended Development Agreement for contributions regarding the construction of a fire station (the "Fire Station"), including cash and land contributions. The Parties acknowledge that Developer originally made a dedication and contribution of a tract of land located on Ware Seguin Road to the City to be used for a fire station ("Original Contributed Land"). Subsequently, the City determined that a location on Lower Seguin Road was more appropriate for such use and the Developer entered into a transaction with the City and has conveyed 5.012 acres to the City for construction of fire station and emergency services facility. (the "New Fire Station"). To the extent necessary, the Developer hereby consents to the use by the City of the Original Contributed Land for any purpose the City may determine in the future, including the subsequent sale of the Original Contributed Land by the City with no development restrictions by Developer. The Developer has subsequently entered into a Contract for the contribution to the City of one-acre of land adjacent to the New Fire Station to be used for the construction of an indoor shooting range by the City and by Randolph Air Force Base (the "Shooting Range Land"). After the Developer's contributions and transfers of the New Fire Station, the Shooting Range Land, the agreement not to develop land situated in the AICUZ and other valuable consideration to and for the benefit of the City, the Developer remains responsible for a contribution to the City in the amount of Five-Hundred Thousand dollars ($500,000.00) to be paid in full before December 31, 2020, which amount may be satisfied by applying said amount as a credit against any reimbursement amounts due to Developer pursuant to this Agreement.

b. Existing Wastewater. As agreed to and recognized by the Parties, the Developer has constructed a 65,000 gallon-per-day wastewater treatment plant (hereinafter "Wastewater Plant") and conveyed title of the underlying real property upon which the Wastewater Plant is constructed to the City, while maintaining ownership of the Wastewater Plant. City acknowledges that the Wastewater Plant was constructed, and will be expanded, for the purpose of servicing only the Project, and hereby agrees that Developer will continue to receive sole utilization rights to the existing and expanded Wastewater Plant service capacity, exclusive of all other developments and/or users. Additionally, City agrees to grant to Developer access over, under and across the real property upon all of that tract or parcel of land previously conveyed to the City by Developer and upon which the Wastewater

Plant is located for the use, operation, maintenance, repair, construction, reconstruction, expansion of the Wastewater Plant and ingress and egress to and from the Wastewater Plant, so long as, Developer continues to own, in whole or in part, the Wastewater Plant.

c. FM 1518 Drainage Upgrade/Woman Hollering Creek Bridge. The Parties herein agree and recognize that the Texas Department of Transportation, has constructed and is constructing certain roadway improvements to FM 1518 over Woman Hollering Creek (the "Bridge Improvements"). The Parties agree that any and all responsibilities Developer had toward completion of the Bridge Improvements pursuant to prior iterations of this Agreement have been satisfied and that all costs expended by Developer toward those Bridge Improvements, including but not limited to engineering or consultation cost, remain reimbursable Project Costs under this Agreement.

d. "Must Build" Roads. The Developer hereby agrees to cause to be constructed all "Must Build" Roads and Trails as those improvements are designated in the Planned Development District Master Plans (the "PDD"), which is subject to change and may be revised by City Ordinance. The parties acknowledge that (i) the Must Build Roads and Trails in Module 1 have been constructed, and (ii) the exact location of Must Build Roads and Trails in the remaining Modules may vary depending upon topography and final land plans and that flexibility in the exact location of the Must Build Roads and Trails is required. The parties agree that the City's acceptance and approval of the location of roads and trails pursuant to an approved Preliminary Plat shall constitute an acceptance and acknowledgement that the Must Build Roads and Trails are in compliance with the PDD.

e. Open Space/Parkland. The Parties herein agree that the Developer has set aside and dedicated to the City certain areas of real property as open space, parkland, and a trail network as depicted in the approved PDD, as amended, which is subject to change and may be revised by City Ordinance or as may otherwise be modified by the City. Developer agrees to provide an easement to the public for access to the trail network, "pocket parks," and greenbelt system created by Developer. Such easement will not include access to the Amenities Center areas owned by the Home Owners Associations within the Project, including the pool areas, as those areas are labeled in the approved PDD or as they are ultimately constructed after approval by the City. The City hereby agrees that Developer has satisfied the City's Land Dedication requirements through the total parkland dedicated and access easements described herein, and shall not be responsible for any parkland dedication fees or Park Development Fees, including any future parkland, open space, or related development fees, nor shall Developer be responsible for the Two Hundred and Twenty-Five and No/100 Dollars ($225.00) per developed lot contribution referenced in Sec. 8.4 of the Original Development Agreement.

VII. DUTIES AND OBLIGATIONS OF CITY, ZONE BOARD AND OTHER TAXING UNITS

7.1 Neither the City nor the Zone Board shall be obligated to sell or issue any bonds to pay or reimburse the Developer or any third party for Public Improvements or any other improvements to the Zone performed under the Project and Financing Plan or under this Agreement.

7.2 To the extent that such funds are available, the City and the Zone Board shall use only available Tax Increment Funds to pay the Developer up to the amount of the Maximum Total Reimbursement as full reimbursement for designing, constructing, installing, maintaining and implementing the Public Improvements required under the Project and Financing Plan and this Agreement. Notwithstanding any other provisions of this Agreement or the PDD for the Project or Property previously approved by the City to the contrary, the City agrees that its obligation to the Developer is separate from obligations due other developers who may construct within the Zone. As long as the Developer pays its tax obligation as required and in a timely manner, to the extent that the funds of the Zone are insufficient to meet every obligation of the City to all developers within the Zone, the Developer will receive first priority in payment and be paid in full for all of Developer's Reimbursements before City or Zone may satisfy any obligations to other developers. Amongst those areas within the Property that may have improvements for which reimbursement requests are made, the areas outside of the AICUZ areas will take first priority in payment.

7.3 The City shall issue, or cause to be issued upon request and in response to a Letter of Final Completion, an Acknowledgment of Completion of items satisfactorily brought to Completion by the Developer in constructing the Public Improvements. An Acknowledgement of Completion may be issued for any Module or portion of a Module.

7.4 The City and the Zone Board shall not unreasonably withhold, delay or condition approval on requests from the Developer on matters under this Agreement.

7.5 Each of the Taxing Units agrees to contribute the Tax Increment designated in the Project and Financing Plan from their ad valorem property taxes within the Zone to the Tax Increment Fund pursuant to the Interlocal Agreement. In the event there is a conflict between the Parties in regard to the amount of the Tax Increment owed by any one Participating Taxing Unit (as defined in the Interlocal Agreement), the Parties agree that the Participating Taxing Unit whose Tax Increment is disputed will contribute that portion which is undisputed to the Tax Increment Fund. Thereafter the Participating Taxing Unit whose Tax Increment is disputed will be responsible for reasonably determining which tax collections will be apportioned for purposes of determining its Tax Increment. The annual Total Appraised Value of all real property taxable by each Participating Taxing Unit located in the Zone shall be determined through an independent third-party verification obtained from the Bexar County Appraisal District. Each Participating Taxing Unit will verify taxes levied and collected in regard to the property contained with the Zone.

7.6 Upon the request of Developer, the Zone Board and each of the Participating Tax Units agree that the contributions from each Participating Taxing Unit into the Tax Increment Fund may be paid to a Trustee to take receipt of such funds on behalf of and for the benefit of Developer pursuant to a Trust Indenture. The payment of contributions by each of the Participating Tax Units to such Trustee shall not increase, change, amend, or modify the obligations of the parties hereunder.

7.7 Pursuant to the Interlocal Agreement (as such may be amended from time to time), the Zone Board and each of the Participating Tax Units have agreed that their contributions shall be paid into the Tax Increment Fund (or to the Trustee, as applicable) no later than the 31st day of January of each calendar year for tax payments from the preceding tax year (the "PTU Payment Date"). For the purposes of clarity and by way of example, ad valorem tax payments which are due from landowners by December 31, 2018, shall be paid into the Tax Increment Fund by the Participating Tax Units on or before January 31, 2020. The obligations of the Participating Tax Units to pay their contributions into the Tax Increment Fund (or to the Trustee, as applicable) shall be limited to those tax payments which have actually been received by each Participating Tax Units. To the extent that a Participating Tax Unit shall receive tax payments after the PTU Payment Date (a "Delinquent Payment"), such Participating Tax Unit shall make its required contribution associated with such Delinquent Payment to the Tax Increment Fund on or before the next succeeding PTU Payment Date. The Zone Board agrees that distribution of contributions from the Tax Increment Fund (or from the Trust, as applicable) shall be made no later than thirty (30) days after the PTU Payment Date. The contribution by each Participating Tax Unit of their respective obligations to the Tax Increment Fund (or to the Trustee for the benefit of the Trust, if applicable) shall constitute the authority for the Tax Increment Fund (or the Trustee, if applicable) to distribute the contributions to the Developer or, if the contributions are made to the Trustee, to such parties as the Developer may direct.

VIII. FURTHER AGREEMENTS REGARDING THE PROJECT

8.1 Intentionally deleted.

8.2 Intentionally Deleted.

8.3 The City acknowledges and agrees that fire flow is currently adequate for all proposed development within the Property and that the Developer will not be required to construct any facilities for additional fire flow, including but not limited to a new elevated water tank.

8.4 Intentionally Deleted.

8.5 The City and the Zone Board acknowledge that initial completion of the Wastewater Plant did not occur prior to wastewater discharge from housing units, and that completion of proposed expansion and upgrades to the Wastewater Plant may not occur prior to wastewater discharge from other housing units. In the event that housing units constructed within the Property discharge wastewater prior to the Wastewater Plant's completion or prior to the Wastewater Plant's expansion, the City agrees to the "pump and haul" (method of wastewater disposal that generally involves a truck/mechanism that pumps waste out of a system and hauls

away the waste to dispose of it) of wastewater from the lift station (or other appropriate site) to the City's sewage treatment plant or to other reasonable alternative treatment plant approved by the City. To the extent that the City or other responsible party does not assume the responsibility and obligation for "pump and haul" costs, any such costs paid by Developer shall be eligible for reimbursement under this Agreement.

8.6 Intentionally deleted.

IX. COMPENSATION TO DEVELOPER

9.1 In the event that the Developer complies with all of the requirements for reimbursement set forth herein, the Developer shall receive up to the Maximum Total Reimbursement as full compensation for the construction of the Project and the conveyance of the Public Improvements to the City. The sole source of the funds to compensate the Developer for satisfactorily completing the Project shall be derived from the Tax Increment collections.

9.2 Tax Increment collections shall be paid to the Developer (or to the Trustee, as applicable) only after (i) the Zone Board's receipt and approval of Contract Progress Payment Requests from Developer in excess of the tax increment collections previously paid to Developer, (ii) previous issuance by the City of Acknowledgement(s) of Completion for Phases (or portions thereof) for which Contract Progress Payment Requests have been submitted and approved, (iii) the conveyance of the Public Improvements to the City which have been completed and for which reimbursement is being made, and (iv) upon written request from the Zone Board, a written representation from the Developer that the Architectural Standards have not been amended, changed or modified, and that they have been consistently enforced and complied with. The amount of such payments shall be based upon the Contract Progress Payment Requests received from the Developer and approved by the Zone Board.

9.3 The approval by the Zone Board of Contract Progress Payment Request(s) shall be prima facie evidence that, as of the date of such approval, (i) that all conditions, obligations, duties, and requirements of Developer under this Agreement have been satisfied, (ii) that there are no Defaults at that time, and (iii) there is no condition which, with the passage of time, giving of notice, or both, would constitute a Default.

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

9.5 If any payment to the Developer is held invalid, ineligible, illegal, or unenforceable under present or future federal, state or local laws, 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 redistributed to the Taxing Units pro rata and that the remainder of this Agreement shall be construed as if such invalid, illegal or unenforceable payment was never contained herein.

X. INSURANCE

10.1 Subject to the Developer's right to maintain reasonable deductibles in such amounts as are approved by the City, the Developer shall obtain and maintain and/or cause its contractors who do work on the Project to obtain and maintain in full force and effect during all Public Improvement construction required by the Project and Financing Plan and this Agreement, at no expense to any Taxing Unit, insurance coverage as specified below written on an occurrence basis (per occurrence), by companies authorized and admitted to do business in the State of Texas and rated "A-" or better by A.M. Best Company and otherwise acceptable to the City and the Zone Board, in the following types and amounts:

	Type	Amount
(a)	Professional Liability (Claims Made Form) [Developer and all contractors]	$1,000,000
(b)	Comprehensive General Liability (including Broad Form Coverage, Contractual Liability, Bodily and Personal [Developer and all contractors]	Combined limits of $1,000,000 per occurrence and $2,000,000 in the aggregate or its equivalent in umbrella or excess liability coverage
(c)	Automobile Liability (any auto, including employer's non-owned and hired auto coverage)	$1,000,000 combined single limit per occurrence.
(d)	Workers' Compensation and Employer's Liability [Contractors only]	Statutory $500,000/$500,000/$500,000

10.2 The City and the Zone Board 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 the City and the Zone Board as set forth in Section 10.1 above, 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 the City or the Zone Board, the Developer shall exercise reasonable efforts to accomplish such changes in policy coverage and shall pay all costs thereof. The County shall be entitled, upon request and without expense, to receive copies of the policies and endorsements and any revisions and modifications thereto.

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

a. Name the City, the County and the Zone Board and its officers, employees, and elected representative as additional insureds;

b. Provide for an endorsement that the "other insurance" clause shall not apply to the City, the County or the Zone Board where the City, the County or the Zone Board is an additional insured shown on the policy;

c. Worker' compensation and Employers' General Liability Policy shall provide a waiver of subrogation in favor of the city, the County and the Zone Board; and

d. Such insurance may not be reduced or cancelled without at least thirty (30) days prior written notice to the City, the County and the Zone Board.

10.4 The Developer agrees that with respect to Workers' Compensation and Employer's General Liability Policy, the following apply:

a. Definitions:

"Certificate of Coverage": A copy of a certificate of insurance, showing required coverage for the duration of the Project.

"Duration of the Project" includes the time from the beginning of the work on the Project until the work on the Project has been completed and accepted by the City.

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

b. The Developer must provide a Certificate of Coverage to the City and the County. If the coverage period shown on the Developer's current Certificate of Coverage ends during the duration of the Project, the Developer must, prior to the end of the coverage period, file a new Certificate of Coverage with the City and the County showing that coverage has been extended.

c. The Developer shall obtain from each person providing services on the Project, and provide to the City and the County:

(1) A Certificate of Coverage, prior to that person beginning work on the Project, so the City and the County will have on file Certificates of Coverage showing coverage for all persons providing services on the Project; and

(2) No later than seven (7) days after receipt by the Developer, a new Certificate of Coverage showing extension of coverage, if the coverage period shown on the current Certificate of Coverage ends during the duration of the Project.

d. The Developer shall retain all required Certificates of Coverage for the duration of the Project and for one year thereafter.

e. The Developer shall notify the City and the County in writing by certified mail or personal delivery, within ten (10) days after the Developer knew or should have known, of any change that materially affects the provision of coverage of any person providing services on the Project.

f. The Developer shall post on each Project site a notice, in the text, form and manner prescribed by the Texas Workers' Compensation Commission (the "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.

g. The Developer shall contractually require each person with whom it contracts to provide services on the Project to:

(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;

(2) provide to the Developer, 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;

(3) provide the Developer, prior to the end of the coverage period, a new Certificate of Coverage showing extension of coverage, if the coverage period shown on the current Certificate of Coverage ends during the duration of the Project;

(4) obtain from each other person with whom it contracts, and provide to the Developer:

(a) a Certificate of Coverage, prior to the other person beginning work on the Project; and

(b) 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;

(5) retain all required Certificates of Coverage on file for the duration of the Project and for one year thereafter;

(6) notify the City and the County in writing by certified mail or personal delivery, within ten (1) 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) contractually require each person with whom it contracts to perform as required by this Subsection 10.4(g), with the Certificates of Coverage to be provided to the person for whom they are providing services.

h. By signing this Agreement or providing or causing to be provided a Certificate of Coverage, the Developer is representing to the City, the County and the Zone Board that, although the Developer may contract for the development of any portion of the Project, neither the Developer nor any of the Developer's employees, representatives or agents will directly provide services on the Project, and that all of Developer's contractors 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 Developer to administrative penalties, criminal penalties, civil penalties, or other civil actions.

i. The Developer's failure to comply with any of these provisions is a breach of this Agreement by the Developer which entitles the City to declare this Agreement void if the Developer does not remedy the breach within ten (10) days after receipt of notice of breach from the City, and allows the County to take action pursuant to Section 11.2.

10.5 The Developer shall notify the City, the County and the Zone Board 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 Coverage. All notices shall be given to the City and the zone Board at the following address:

City of Schertz, Texas
1400 Schertz Parkway
Schertz, Texas 78154
Attn: City Manager

and to the County at the following address

Department of Community Investment
233 N. Pecos, Suite 590
San Antonio, Texas 78207
Attn: Executive Director

10.6 If the Developer fails to maintain the aforementioned insurance, or fails to secure and maintain the aforementioned endorsements, the City or the Zone Board may obtain such insurance, and deduct and retain the amount of the premiums for such insurance from any sums due to the Developer under this Agreement; however, procuring of said insurance by the City or the Zone Board is an alternative to other remedies the City or the Zone Board may have, and is not the exclusive remedy for failure of the Developer to maintain said insurance or secure such endorsements.

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

XI. DEFAULT AND REMEDIES

11.1 The occurrence of any of the following shall be an "Event of Default" by the Developer or a "Developer Default":

a. the failure of the Developer to perform or observe any of the obligations, covenants or agreements to be performed or observed by the Developer under this Agreement and the continuation of such failure for a period of sixty (60) days (or shorter period if permitted by another provision of this Agreement) after notice from the City, the County or the Zone Board of such failure; provided however, if such default is incapable of effective cure during such cure period, then, in that event, Developer shall not be in default if Developer undertakes to cure such default during such cure period and diligently prosecutes the cure to completion;

b. the breach by the Developer of any of its representations hereunder; and/or

c. if the Developer files a voluntary petition in bankruptcy or insolvency or for reorganization or arrangement under the Bankruptcy Code of the United States (the "Bankruptcy Code") or under any insolvency act of any state, or voluntarily takes advantage of any such law or act by answer or otherwise or is dissolved or admits its bankruptcy or insolvency or an inability to satisfy its creditors or makes a general assignment for the benefit of creditors; or if all or substantially all of the assets of the Developer are attached, seized, subjected to a writ or distress warrant or are levied upon, or come in to the possession of any receiver, trustee, custodian, or assignee for the benefit of creditors, and such proceeding or action is not vacated,

stayed, dismissed, set aside or otherwise remedied within ninety (90) days after the occurrence thereof; or if the Developer shall assign or attempt to assign this Agreement in a manner prohibited by this Agreement.

11.2 Upon the occurrence of an Event of Default hereunder, and after the expiration of any applicable cure period and subject to Section 11.3 below, the City may terminate this Agreement, the County may terminate its participation in the Zone, and/or the City, the County and the Zone Board may collectively or severally seek such remedies as may be available at law or in equity.

11.3 In the event that the City and or Zone Board terminates this Agreement pursuant to Section 11.2 above, the maximum reimbursement to Developer shall be capped at the Current Approved Reimbursement Amount (the "Default Reimbursement Cap"). The Taxing Entities shall continue to make the contributions called for hereunder up to the amount of the Default Reimbursement Cap and those provisions of this Agreement which govern the receipt and distribution of contributions shall be deemed to remain in effect until the contributions made by the Participating Tax Units are equal to the Default Reimbursement Cap. Thereafter the obligations of the Participating Tax Units to make any contributions shall cease and the obligations of the parties hereunder shall terminate as if this Agreement had expired according to its terms. Notwithstanding anything to the contrary set forth in this Section 11.3, nothing herein shall limit any additional remedies that the City, the County and the Zone Board may have available at law or in equity.

11.4 The City, the County or the Zone Board shall collectively or severally be entitled to seek injunctive relief prohibiting or mandating action by the Developer, including specific performance, in accordance with this Agreement, or declaratory relief with respect to any matter under this Agreement. The Parties hereby agree and irrevocably stipulate that (i) the rights of the Parties to injunctive relief pursuant to this Agreement shall not constitute a "claim" pursuant to Section 101(5) of the Bankruptcy Code and shall not be subject to discharge or restraint of any nature in any bankruptcy proceeding, and (ii) this Agreement is not an "executory contract" as contemplated by Section 365 of the Bankruptcy Code.

11.5 The rights provided to the City, the County and the Zone Board in Section 11.2. 11.3, and 11.4 of this Agreement shall be in addition to and cumulative of all other rights and remedies available to such Parties upon an Event of Default by the Developer, and the City, the County and the Zone Board shall have the right to pursue all such other or additional remedies, whether the same be remedies at law and/or equitable remedies.

11.6 Failure by City, County, or Zone Board to timely and substantially comply with any performance requirement, duty, or obligation specified herein shall be considered an act of Default if uncured within sixty (60) days of receiving written notice from the other Party.

XII. ADDITIONAL COUNTY REMEDIES

12.1 If (i) the City sends notice as provided for herein, or (ii) the County determines that the Developer has abandoned the Project, or materially failed to perform any other obligation,

covenant, condition or agreement pursuant to the Project and Financing Plan or any other term of this Agreement including an Event of Default as described herein which impairs the utility of the Public Improvements, or (iii) the Developer, its principal or participant, initiates, pursues or otherwise engages in litigation or any type of adversarial proceeding related to the Zone and against or involving the County (other than a proceeding to enforce its rights under this Agreement), the County may terminate its participation in the Zone. A principal or participant includes the Developer and the Developer's partners, affiliates, sponsors, payroll employees, or relatives of the first degree of consanguinity. Prior to terminating its participation in the Zone, the County shall provide written notice to the Developer, the City and the Zone Board (with a copy to any other Taxing Unit still contributing to the Zone) stating its intent to terminate its participation in the Zone and detailing its objection(s) or concern(s). If the objection and/or concern as set out in the notice is not resolved within ninety (90) calendar days from the date of such notice, County's participation in the Zone shall automatically terminate effective as of the date such notice is sent and the County will send the Developer a second notice stating that payment is due pursuant to Section 12.2. The County may extend the ninety (90) day cure period under this Agreement in its own discretion.

12.2 If the County terminates its participation in the Zone under Section 12.1, Developer shall repay the County the following amounts: 1) if the breach occurs during a construction Phase, the Developer shall repay County an amount equal to the County TIF funds utilized to reimburse Developer for costs incurred during that specific Phase, or 2) if the breach occurs after all construction Phases are completed, the Developer shall repay County an amount equal to the funds the County paid into the TIF Fund during the twelve months preceding the date notice of breach is sent pursuant to Section 12.1.

12.3 Funds which become due and owing under this provision shall be paid to the County within ninety (90) calendar days after Developer receives the second notice form the County under Section 12.1. The County shall look only to the Developer and to the TIF Fund (but only to the extent of any Tax Increment in the TIF Fund that has been contributed by the County) for any reimbursement, contractual claim, damages, or payment of any type. Under no circumstances shall the available Tax Increment funds received under this Agreement ever be used, either directly or indirectly, to pay costs or attorney fees incurred in any adversarial proceeding regarding this Agreement again the County.

XIII. INDEMNIFICATION

13.1 THE DEVELOPER COVENANTS AND AGREES TO FULLY INDEMNIFY AND HOLD HARMLESS THE CITY (AND THE ELECTED OFFICALS, EMPLOYEES, OFFICERS, DIRECTORS, AND REPRESENTATIVES THEREOF), THE ZONE BOARD (AND THE OFFICIALS, EMPLOYEES, OFFICERS, DIRECTORS, AND REPRESENTATIVES OF THE ZONE BOARD), AND ALL OTHER TAXING UNITS PARTICIPATING IN THE 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 THE CITY, THE ZONE BOARD, AND/OR UPON ANY OF THE TAXING UNITS PARTICIPATING IN THE ZONE DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM OR RELATED TO THE DEVELOPER'S NEGLIGENCE, WILLFUL MISCONDUCT OR CRIMINAL CONDUCT IN ITS ACTIVITES UNDER THIS AGREEMENT, INCLUDING ANY SUCH ACTS OR OMISSIONS OF THE DEVELOPER, ANY AGENT, OFFICER, DIRECTOR, REPRESENTATIVE, EMPLOYEE, CONSULTANT OR SUBCONSULTANTS, OR CONTRACTORS OR SUBCONTRACTORS OF THE 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 THE CITY, THE ZONE BOARD, AND/OR THE OTHER TAXING ENTITIES PARTICIPATING IN THE 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. THE DEVELOPER SHALL PROMPTLY ADVISE THE CITY, THE ZONE BOARD, AND THE OTHER TAXING UNITS PARTICIPATING IN THE ZONE IN WRITING OF ANY CLAIM OR DEMAND AGAINST THE CITY, THE ZONE BOARD, AND/OR ANY OTHER TAXING UNITS PARTICIPATING IN THE ZONE KNOWN TO THE DEVELOPER RELATED TO OR ARISING OUT OF THE DEVELOPER'S ACTIVITIES UNDER THIS AGREEMENT AND SHALL SEE TO THE INVESTIGATION AND DEFENSE OF SUCH CLAIM OR DEMAND AT DEVELOPER'S COST TO THE EXTENT REQUIRED UNDER THE INDEMNITY IN THIS SECTION. THE CITY, THE ZONE BOARD, AND/OR ANY OTHER TAXING UNITS PARTICPATING IN THE ZONE SHALL HAVE THE RIGHT, AT THEIR OPTION AND AT THEIR OWN EXPENSE, TO PARTICIPATE IN SUCH DEFENSE WITHOUT RELIEVING THE DEVELOPER OF ANY OF ITS OBLIGATIONS UNDER THIS PARAGRAPH.

13.2 IT IS THE EXPRESS INTENT OF THE PARTIES TO THIS AGREEMENT THAT THE INDEMNITY PROVIDED FOR IN THIS SECTION IS AN INDEMNITY EXTENDED BY THE DEVELOPER TO INDEMNIFY, PROTECT AND HOLD HARMLESS THE CITY, THE ZONE BOARD, AND THE OTHER TAXING UNITS PARTICIPATING IN THE ZONE FROM THE CONSEQUENCES OF THE CITY'S OWN NEGLIGENCE AND/OR NEGLIGENCE OF THE OTHER TAXING UNITS PARTICIPATING IN THE ZONE; HOWEVER, THE INDEMNITY PROVIDED FOR IN THIS SECTION SHALL APPLY ONLY WHEN THE NEGLIGENT ACT OF THE CITY, THE ZONE BOARD, OR OF ANY OTHER TAXING UNITS PARTICIPATING IN THE ZONE IS A CONTRIBUTORY CAUSE OF THE RESULTANT INJURY, DEATH, OR DAMAGE, AND SHALL HAVE NO APPLICATION WHEN THE NEGLIGENT ACT OF THE CITY, THE ZONE BOARD, OR OF ANY OTHER TAXING UNITS PARTICIPATING IN THE ZONE IS THE SOLE CAUSE OF THE RESULTANT INJURY, DEATH, OR DAMAGE. THE DEVELOPER FURTHER AGREES TO DEFEND, AT ITS OWN EXPENSE AND ON BEHALF OF THE CITY (AND IN THE NAME OF THE CITY), THE ZONE BOARD (AND IN THE NAME OF THE ZONE BOARD), AND

ANY OTHER TAXING UNITS PARTICIPATING IN THE ZONE (AND IN THE NAME OF ANY OTHER TAXING UNITS PARTICIPTING IN THE ZONE) ANY CLAIM OR LIGITATION BROUGHT AGAINST THE CITY (AND ITS ELECTED OFFICIALS, EMPLOYEES, OFFICERS, DIRECTOR AND REPRESENTATIVES), THE ZONE BOARD (AND ITS OFFICIALS, EMPLOYEES, OFFICERS, DIRECTORS AND REPRESENTATIVES), AND/OR ANY OTHER TAXING UNITS PARTICIPATING IN THE ZONE (AND 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.

13.3 The Developer shall also require each of its contractors and subcontractors working on this Project to indemnify the City, the County, the Zone Board, and all other Taxing Units participating in the 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. The Developer shall provide proof of such further indemnity upon request of the City, the County, the Zone Board, or the other Taxing Units.

13.4 Upon the assertion of any claim or litigation requiring indemnification pursuant to Section 13.1 and 13.2, the Developer shall assume and take exclusive control of the defense, negotiation, and/or settlement of such claim; however, if the representation of all Parties by the Developer would be inappropriate due to actual or potential conflicts of interest between them, then the Developer shall not assume such defense. In the event of a conflict of interest or dispute, as determined by the City, the County, the Zone Board or the other Taxing Units, the City, the County, the Zone Board, and all other Taxing Units participating in the Zone, and their respective officials and employees shall have the right to select counsel, with the reasonable cost of such counsel paid by the Developer. The Parties acknowledge that, with respect to claims for which insurance is available, the rights of the Parties to select counsel for the defense of such claims shall be subject to such approval rights as the insurance company providing coverage may have.

XIV. INSPECTIONS AND EXAMINATION OF RECORDS

14.1 The Developer shall allow the City, the County and/or the Zone Board reasonable access to the Project site for inspections during and upon completion of construction of the Project upon twenty-four (24) hour notice, and upon reasonable notice, but in no case less than seventy-two (72) hours' notice, to documents and records necessary for the City, the County and/or the Zone Board to assess the Developer's compliance with this Agreement.

14.2 The City and the County each reserves the right to conduct reasonable examinations, during regular business hours and following seven (7) days' notice to the Zone Board and the Developer by the City or the County, of the books and records related to this Agreement (including such items as contracts, paper, correspondence, copy, books, accounts, billings and other information related to the performance of the Zone Board and/or the Developer's services hereunder) no matter where books and records are located. The City and the County also reserve the right to perform any and all additional audit reviews and tests relating to the Zone Board and/or the Developer's services, provided that such audit review or test is related to those

services performed by the Zone Board and/or the Developer for the City. These examinations shall be conducted at the offices maintained by the City and/or the Developer.

14.3 All applicable records and accounts of the Zone Board and/or the Developer, together with all supporting documentation, shall be preserved by the Zone Board and/or Developer throughout the term of this Agreement and for twelve (12) months after the termination of this Agreement, with copies then transferred to the City, at the Developer's expense, for retention. During this time, the records will be accessible by the County, and the City may require that any or all of such records and accounts be submitted for audit to the City or to a certified public accountant selected by the City. In the event the Zone Board and/or the Developer fails to furnish the City or the County any documentation required or requested hereunder within thirty (30) days following the written request for same, then the Zone Board and/or the Developer shall be in default of this Agreement.

14.4 Should the City or County discover errors in internal controls or in record keeping associated with this Agreement, the Zone Board and/or the 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 the City to the Zone Board and/or the Developer of such discrepancies and any overcharges shall be immediately refunded to the Tax Increment Fund together with interest of seven percent (7%) per annum from the date of overpayment to the date of refund. The Zone Board and/or the Developer shall inform the City and County in writing of the action taken to correct such audit discrepancies.

XV. ASSIGNMENT AND SUBCONTRACTING

15.1 All covenants and agreements contained herein by the City, the County, the Zone Board, and/or the Developer shall bind their successors and assigns and shall inure to the benefit of the other Parties, their successors and assigns.

15.2 The city, the County and/or the Zone Board may assign their rights and obligations under this Agreement to any governmental entity without prior consent of the Developer.

15.3 The Developer may sell or transfer its rights and obligations under this Agreement only with written consent of the City, which consent shall not be unreasonably withheld, conditioned, or delayed, as evidenced by the passage of an ordinance, with approval from the Zone Board (with approval not being unreasonably withheld, conditioned, or delayed) when a qualified purchaser or assignee specifically agrees to assume all of the obligations of the Developer under this Agreement. In the event that a prospective assignee proposes to only assume a portion of the obligations of the Developer under this Agreement (e.g., limited to (i) a portion of the Project Area, (ii) a certain product type, etc.), then, in that event the Zone Board may approve or deny such request in its sole and absolute discretion and the Zone Board may also require that such prospective assignee enter into a separate development agreement with such additional requirements, conditions, and obligations as the Zone Board may elect in its sole and absolute discretion. Such purchaser or assignee must be qualified from a financial and experience

standpoint and shall be subject to the prior written approval by Zone Board. Notwithstanding the above, this section shall not prevent the Developer from assigning proceeds receivable by it under this Agreement to (i) a lending institution in order to obtain financing for the Project, or (ii) to a Trustee as set forth in Section 7.6 above. In no event, however, shall the City or any other Taxing Unit be obligated in any way to the Developer's lender or be obligated to approve any proposed successor to the Developer; except that the City, as administrator of the TIF fund, will honor an assignment of proceeds from the Developer to its lender directing to whom such proceeds will be paid, or to a Trustee as otherwise contemplated herein.

15.4 Any work or services subcontracted herein shall be subcontracted only by written contract or agreement and, unless the City grants specific waiver in writing with a copy of such waiver to County, shall be subject by its terms, insofar as any obligation of the City is concerned, to each and every provision of this Agreement. Compliance by the Developer's subcontractors with this Agreement shall be the sole responsibility of the Developer, except that City shall require that Developer's subcontractors meet the minimum requirements pursuant to any applicable federal, state, or local law.

15.5 The City, the County and/or Zone Board shall in no event be obligated to any third party, including any subcontractor or consultant of the Developer, for performance of work or services under this Agreement.

15.6 Each transfer or assignment to which there has been consent, pursuant to Section 15.3, shall be by instrument in writing, in a form reasonably satisfactory to the City, and shall be executed by the transferee or assignee who shall agree in writing for the benefit of the City 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 the City. Failure to first obtain in writing the City's consent, or failure to comply with the provisions herein contained, shall operate to prevent any such transfer or assignment from becoming effective, and such attempted improper transfer of assignment shall be a Developer Default hereunder.

15.7 The receipt by the City of services from an assignee of the Developer shall not be deemed a waiver of the covenant in this Agreement against assignment or an acceptance of the assignee as the Developer or a release of the Developer from further observance or performance by the Developer of the covenants contained in this Agreement. No provision of this Agreement shall be deemed to have been waived by the City unless such waiver is in writing, and approved by City Council in the form of a duly adopted ordinance.

XVI. INDEPENDENT CONTRACTORS

16.1 It is expressly understood and agreed by all Parties hereto that, in performing their services hereunder, the Zone Board and the Developer at all times shall be acting as independent contractors contracted by the City. Any consultants or subcontractors engaged by either the Zone Board or by the Developer respectively, shall be deemed independent contractors of the party who engaged such consultant or subcontractor (i.e., the Zone Board and/or the Developer). The Parties hereto understand and agree that the City shall not be liable for any claims which may be asserted by any third party occurring in connection with services performed by the Zone Board and/or by

the Developer respectively, under this Agreement unless any such claims are due to the fault of the City.

16.2 The Parties hereto further understand and agree that no Party hereto has the authority to bind the other party hereto or to hold out to third Parties that it has the authority to bind the other party to this Agreement and nothing herein shall be deemed or construed by the Parties hereto, or by any third party as creating the relationship of principal and agent, partners, joint ventures or any other similar such relationship between the parties.

16.3 All personnel supplied or used by the Developer in the performance of this Agreement shall be deemed employees or subcontractors of the Developer and shall not be considered employees, agents or subcontractors of the City, the Zone Board, or of any other Taxing Unit participating in the Zone for any purpose whatsoever. The Developer shall be solely responsible for the compensation of all such personnel.

XVII. EMPLOYMENT PRACTICES

17.1 The Developer agrees that it 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.

17.2 The Developer shall ensure that wages paid on work done on Public Improvements are not less than the minimum wage s required by federal and state statutes to persons employed conducting the work, including but not limited to, Chapter 2258 of the Texas Government Code. The Developer shall also ensure that, for Public Improvements being reimbursed from the TIF fund by Tax Increment contributed from the County, the wages paid shall meet or exceed the Fair Minimum Wage Rate.

XVIII. TAXES

The Developer shall pay, on or before their respective due dates to the appropriate collecting authority, all federal, state, and local taxes and fees which are now or may hereafter be levied upon the Property or use of the Property (which implies personalty and realty), or upon the Developer or upon the business conducted on the Property, or upon any of the 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 the Developer. A material failure, as determined by the City, to comply with the foregoing provisions shall constitute, at the City's discretion, grounds for termination of this Agreement in accordance with Article XI of this Agreement by the City. If the County determines that Developer has failed to comply with the foregoing provisions, such failure shall constitute, at the County's discretion, grounds for terminating County's participation in the Zone in accordance with Section 11.2.

XIX. NOTICE

19.1 All notices, demands, and requests required hereunder shall be in writing and shall be deemed to have been properly delivered and received (i) as of the date of delivery to the addressees set forth below if personally delivered or delivered by facsimile machine, with confirmation of delivery (in the event a facsimile is sent after 5:00p.m. Schertz time, it shall be deemed to have been received on the next day); (ii) three (3) business days after deposit in a regularly maintained receptacle for the United States mail, certified mail, return receipt requested and postage prepaid; or (iii) one (1) business day after deposit with Federal Express or comparable overnight delivery system for overnight delivery with all costs prepaid. All notices, demands and requests hereunder shall be addressed as follows:

If to the City:

City of Schertz, Texas
1400 Schertz Parkway
Schertz, Texas 78154
Attn: City Manager
Fax: 210/659-3204

With a copy to:

Denton, Navarro, Rocha, Bernal, Hyde & Zech, PC
2517 North Main Ave.
San Antonio, Texas 78212
Attn: Habib H. Erkan
Fax: 210/225-4481

If to the County:

County Judge
Bexar County Courthouse
100 Dolorosa Street, #120
San Antonio, Texas 78205
Fax: 210/335-2926

With a copy to:

District Attorney, Civil Division
Bexar County Courthouse
100 Dolorosa Street, #120
San Antonio, Texas 78205
Fax: 210/335-6755

and to:

Executive Director
Department of Community Investment
233 N. Pecos, Suite 590
San Antonio, Texas 78207
Fax: 210/335-6755

If to the Developer:

Schertz 1518 Ltd.
314 East Commerce, Suite 600
San Antonio, Texas 78205
Attn: Chris Price
Phone: 210/226.6843

With a copy to:

Brown & Ortiz, PC
112 E. Pecan, Suite 1360
San Antonio, Texas 78205
Attn: James McKnight
Fax: 210/299-4731

If to the Zone:

Reinvestment Zone Number Two,
City of Schertz, Texas

With a copy to:

Denton Navarro Rocha Bernal & Zech, PC
2517 North Main Ave.

1400 Schertz Parkway
Schertz, Texas 78154
Attn: City Manager
Fax: 210/659-3204

San Antonio, Texas 78212
Attn: Habib H. Erkan
Fax: 210/225-4481

19.2 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 or actually received by an officer of the Party to whom the communication is properly addressed.

XX. CHANGES AND AMENDMENTS

20.1 Except when the terms of this Agreement expressly provide otherwise, any alterations, additions, deletions or waivers to the terms hereof shall be by amendment in writing executed by the City, the County, the Zone Board and the Developer.

20.2 It is understood and agreed by the Parties hereto that changes in local, state and federal rules, regulations or laws applicable to the Zone Board's and the Developer's services hereunder may occur during the terms 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.

XXI. MISCELLANEOUS

21.1 **Effective Date and Term**. This Agreement shall become effective from the Effective Date for a period terminating on the earlier of (i) the date the Developer receives the final payment due pursuant to the terms of this Agreement for completing all Phases of the Project; or (ii) the date of a termination by default pursuant to Article XI (subject to the continuing obligations of the Zone under Sections 11.2 and 11.3 set forth above to make payments associated with previously approved Contract Progress Payment Requests); provided that all existing warranties on the Project shall survive termination of this Agreement pursuant to the terms and subject to the limitations contained in Section 21.8; or (iii) expiration of the Zone as provided for in the Interlocal Agreement. It is acknowledged by the parties hereto the Interlocal Agreement provides for the expiration of the Zone on December 31, 2041. For the purposes hereof, the expiration of the Zone shall mean that Developer may and shall receive the final contributions from the Participating Tax Units associated with ad valorem tax payments for the tax year of 2041 (which will occur after the expiration of the Zone).

21.2 **Parties' Representations**. This Agreement has been jointly negotiated by the City, the County, the Zone Board, and the Developer and shall not be construed against a Party hereto because that Party may have primarily assumed responsibility for the drafting of this Agreement.

21.3 Legal Authority. The City, the County, the Zone Board, and the Developer, as signers of this Agreement, represent, warrant, assure and guarantee that they have full legal authority to execute this Agreement on behalf of the City, the County, the Zone, and/or the Developer, respectively, and to bind the City, the County, the Zone, and/or Developer to all of the terms, conditions, provisions and obligations herein contained.

21.4 Entire Agreement. This written Agreement embodies the final and entire agreement among the Parties hereto as to the subject matter hereof and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the Parties. 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.

21.5 Changes and Amendments. 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 the City, the County, the Zone Board and the Developer.

21.6 Non-Waiver. No course of dealing on the part of the City, the County, the Zone Board or the Developer nor any failure or delay by the City, the County, the Zone Board or the Developer in exercising any right, power, or privilege under this Agreement shall operate as a waiver of any right, power or privilege owing under this Agreement.

21.7 Severability. If any clause or provision of this Agreement is held invalid, illegal or unenforceable under present or future federal, state or local laws, including but not limited to the City Charter or ordinances of the City, 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.

21.8 Survival. Each and every indemnification obligation, warranty, representation, covenant and agreement of the Developer, the City, the County and the Zone Board contained herein shall survive the execution, delivery and termination of this Agreement for a period of two (2) years from and after the date of termination of this Agreement, and shall not be merged into any document executed and delivered, but shall expressly survive and be binding thereafter on the Developer, the City, the County and the Zone Board, respectively. No inspections or examinations of the Project or the books, records, or information relative thereto by the City, the County or the Zone Board shall diminish or otherwise affect the Developer's indemnification obligations, representations, warranties, covenants and agreements relative thereto, and the City, the County or the Zone Board may continue to rely thereon.

21.9 Venue and Governing Law. THIS AGREEMENT SHALL BE CONSTRUED UNDER AND IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS. ANY

LEGAL ACTION OR PROCEEDING BROUGHT OR MAINTAINED, DIRECTLY OR INDIRECTLY, AS A RESULT OF THIS AGREEMENT SHALL BE HEARD AND DETERMINED IN BEXAR COUNTY, TEXAS.

21.10 Recitals. The Recitals are herein incorporated for all purposes.

21.11 Captions. 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.

21.12 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all such counterparts together shall constitute one and the same instrument.

21.13 Effectiveness of Agreement. The City, the County, the Zone Board, and the Developer agree that this Agreement shall have no force or effect unless and until the applicable Interlocal Agreement for the Project is executed between the City, the County, the Authority, and the Zone.

21.14 Enforcement by County. In any provision of this Agreement where the County is not specifically named, the County is deemed by the other Parties to be a third party beneficiary of this Agreement with the ability to enforce this Agreement on the same terms and conditions as the City; provided, the County may not enforce an exclusive right of City if the City has affirmatively chosen not to enforce such right. In addition to enforcement rights equal to that of the City, it is the understanding and intent of the Parties to this Agreement that the County's right, as an independent Taxing Unit, to terminate its participation hereunder as provided herein and/or recapture funds as described herein, is not dependent on the consent, approval, or endorsement, of any other party or Taxing Unit.

21.15 Attorney's Fees. Each Party to this Agreement shall bear its own costs, including, but not limited to, attorneys' fees, for any action at law or in equity brought to enforce or interpret any provision of this Agreement. Notwithstanding the foregoing, nothing contained in this Section shall impact or otherwise affect the indemnity provisions contained in Sections 13.1 and 13.2 hereinabove.

IN WITNESS THEREOF, the Parties hereto have caused this instrument to be duly executed and dated effective as of the Effective Date.

[*Signatures of Parties on following page*]

DEVELOPER
SCHERTZ 1518 LTD., a Texas limited partnership
By: MTR-Schertz 1518 Management Company, LLC, a Texas limited liability company, its general partner

_____
Christopher K. Price, President

CITY
CITY OF SCHERTZ, TEXAS

_____
Mark Browne
City Manager

APPROVED AS TO FORM

_____
City Attorney

ZONE BOARD
REINVESTMENT ZONE NUMBER TWO, CITY OF SCHERTZ, TEXAS

_____
Chris Price
Chairperson

[*Signatures continued on next page*]

COUNTY
BEXAR COUNTY, TEXAS

Nelson W. Wolff
County Judge

ATTEST/SEAL

_____
County Clerk

APPROVED AS TO FINANCIAL CONTENT
BY BEXAR COUNTY, TEXAS

_____, Budget Officer and
Executive Director of Planning and
Resource Management

_____
County Auditor

APPROVED AS TO LEGAL FORM

_____
Bexar County Criminal District Attorney

By: _____
Assistant Criminal District Attorney

EXHIBIT A

PROJECT AND FINANCING PLAN: REINVESTMENT ZONE #2 (SEDONA AND THE CROSSVINE)

EXHIBIT B
APPROVED "PDD": ZONING MASTER PLAN AND MASTER DEVELOPMENT PLANS FOR SEDONA AND THE CROSSVINE