

STATE OF TEXAS

§

CITY OF SAN ANTONIO

§

TAX ABATEMENT AGREEMENT

COUNTY OF BEXAR

§

FOR REAL AND PERSONAL PROPERTY

### SECTION 1. PARTIES

THIS AGREEMENT (the "Agreement") is entered into on this \_\_\_ day of \_\_\_\_\_ 2024 (the "Effective Date") by and between the City of San Antonio, a municipal corporation of the State of Texas (hereinafter referred to as the "City"), acting by and through its City Manager under the authority of its City Council and JCB Texas LLC, a Delaware limited liability company (hereinafter referred to as "JCB"), holding a fee interest in the real property described herein and as owner of real property improvements and personal property to be located on said real property.

### SECTION 2. AUTHORIZATION AND FINDINGS

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

1. The Texas Property Redevelopment and Tax Abatement Act of 1987, V.A.T.S. Tax Code, Chapter 312, as amended;
2. CITY COUNCIL RESOLUTION No. 89-07-12, dated the 15th day of February 1989, and most recently revised by Ordinance No. 2022-12-01-0897 on December 1, 2022, together which established the City of San Antonio Guidelines and Criteria for Tax Abatement and Reinvestment Zones, (hereinafter referred to as the "Guidelines and Criteria");
3. This Property is located within an existing Texas Enterprise Zone area, and in accordance with Section 321.2011 of the Texas Tax Code, designation of an area as a Texas Enterprise Zone constitutes designation of the area as a Reinvestment Zone (the "Reinvestment Zone") for tax abatement purposes without further hearing or procedural requirement; and
4. CITY COUNCIL ORDINANCE NO. 2024-04-04-\_\_\_\_\_, dated April 4, 2024, which specifically approved this Agreement and authorized execution hereof.

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

### SECTION 3. PROPERTY

A. JCB is the owner of the real property located at 13610 State Highway 16 S, San Antonio, Texas (the "Property"), legally described in Exhibit A, attached hereto and incorporated herein. The Property is located within a qualifying Reinvestment Zone for the purposes of the Texas Property Redevelopment and Tax Abatement Act of 1987, V.A.T.S. Tax Code, Chapter 312.

- B. JCB will control the Property for the Term of this Agreement and intends to establish an advanced manufacturing facility. At the Property, JCB will engage in the manufacture, assembly, production, and distribution of heavy equipment ("Business Activities"). JCB shall commence performing Business Activities at the Property by January 1, 2029, and shall conduct its Business Activities at the Property for the Term of this Agreement.
- C. JCB will invest a cumulative total of at least **TWO HUNDRED SIXTY-FIVE MILLION SEVEN HUNDRED THOUSAND DOLLARS AND NO CENTS (\$265,700,000.00)** by December 31, 2028, for the purpose of establishing a manufacturing facility within the city limits of the City San Antonio. Of the **TWO HUNDRED SIXTY-FIVE MILLION SEVEN HUNDRED THOUSAND DOLLARS AND NO CENTS (\$265,700,000.00)**, **ONE HUNDRED THIRTY TWO MILLION EIGHT HUNDRED THOUSAND DOLLARS AND NO CENTS (\$132,800,000.00)** will be spent on real property improvements (the "Real Property Improvements") and **ONE HUNDRED THIRTY-TWO MILLION NINE HUNDRED THOUSAND DOLLARS AND NO CENTS (\$132,900,000.00)** will be spent on personal property improvements (the "Personal Property Improvements") to be located on the Property and used for JCB's Business Activities. The Personal Property Improvements shall not be placed on the Property sooner than the Effective Date of this Agreement. The Property, Real Property Improvements, the Personal Property Improvements and JCB's conducting the Business Activities cumulatively are the "Project."
- D. JCB shall establish a separate tax account with the Bexar Appraisal District for the Personal Property Improvements and a separate tax account with the Bexar Appraisal District for the Real Property Improvements as contained herein. JCB shall provide these tax account numbers to the City. The information from such accounts shall be used to determine the value of JCB's investment in the Property. JCB is responsible for filing all necessary documents required by the Bexar Appraisal District or state statute to receive the abatement authorized under this Agreement.

#### **SECTION 4. JCB'S REPRESENTATIONS**

- A. JCB represents it has no knowledge that any interest in the Property is presently owned, held or leased by a member of the San Antonio City Council, Zoning Commission, Planning Commission, the City's Economic Development Department, or any other City officer or employee. JCB further represents that it shall not knowingly sell, lease, or otherwise convey an interest in the Property to a member of the San Antonio City Council, the Zoning Commission, the Planning Commission, the City's Economic Development Department or any other City officer or employee, as long as this Agreement remains in effect.
- B. JCB represents that there is no litigation pending against JCB for any violations under the Occupational Safety and Health Act ("OSHA") in Bexar County. JCB represents that it intends to fully comply with OSHA throughout the term of this Agreement with respect to the Project and that upon notification that it is non-compliant, JCB shall take all necessary steps to rectify any violations.

#### **SECTION 5. JCB'S OBLIGATIONS**

In order for JCB to take advantage of the tax abatement offered by City, JCB will be required to fulfill all of the obligations set forth within this Section 5.

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

1. Own, hold an interest in, or otherwise control the Personal Property Improvements that are the subject of this Agreement; and
2. Invest, or cause to be invested, at least ONE HUNDRED THIRTY-TWO MILLION EIGHT HUNDRED THOUSAND DOLLARS AND NO CENTS (\$132,800,000.00) in Real Property Improvements on or prior to December 31, 2028; and
3. Invest, or cause to be invested, at least ONE HUNDRED THIRTY-TWO MILLION NINE HUNDRED THOUSAND DOLLARS AND NO CENTS (\$132,900,000.00) in Personal Property Improvements on or prior to December 31, 2028; and
4. Following commencement of the Abatement Term, JCB shall maintain a minimum Real Property Improvements value of ONE HUNDRED THIRTY-TWO MILLION EIGHT HUNDRED THOUSAND DOLLARS AND NO CENTS (\$132,800,000.00); and
5. Subject to Force Majeure (as defined herein) and as otherwise permitted by this Agreement, occupy and continuously use the Property for the Business Activities on or before January 1, 2029, and for the Term of the Agreement; and
6. Create not less than ONE THOUSAND FIVE HUNDRED EIGHTY (1,580) New Full-time Jobs (as defined below) prior to December 31, 2028, and once having created the aforementioned New Full-Time Jobs, JCB shall maintain such New Full-Time Jobs until the expiration of the Term.

A New Full-Time Employee is defined as a person who is hired, or relocated, by JCB and Related Organizations on a permanent basis (approximately 2,080 hours per calendar year), after execution of this Agreement in a "New Full-Time Job" associated with the Project Site.

A New Full-Time Job is a position created by JCB and Related Organizations after the execution of this Agreement that is dependent upon the Project. These jobs must not simply relocate current employees from within the San Antonio Metropolitan Statistical Area. A permanently contracted job will not be considered a New Full-Time Job.

7. Comply with all other applicable terms of this Agreement and any other agreements with the City applicable to the Project.

B. As part of the consideration for the tax abatement provided for in this Agreement, JCB covenants and agrees that it shall pay one hundred percent (100%) of its Full-Time employees (without respect to the number of jobs JCB is required to maintain and hire hereunder) located at the Project Site at least TWENTY DOLLARS AND 54/CENTS (\$20.54) per hour (80% of "Median Wage"), at time of hire, excluding benefits, bonuses, commissions, and shift differentials.

For the purposes of this Agreement, a "Full-Time Job" is defined as the performance by one individual associated with the Project Site on a permanent basis, approximately 2,080 hours per calendar year, excluding shift differential work and overtime.

- C. JCB covenants and agrees that it shall offer all of its full-time employees and their eligible dependents workers' compensation coverage, as well as a healthcare benefits package. The parties acknowledge and agree that the benefits package may change from time to time in accordance with the applicable benefits market and any applicable changes in law. A current copy of JCB's benefits package shall be maintained on-site and shall be made available to the City's Director of Economic Development Department or designee for review during each semi-annual certification period.
- D. Annual Wrap-Around Support. JCB covenants and agrees that it shall, in addition to the obligations set out in this Agreement, each calendar year or partial calendar year commencing on the first year of the Abatement Term, continuing until the termination or expiration of the Agreement, dedicate an equivalent of ten percent (10%) of the yearly abated value into a dedicated spending account ("Dedicated Funds"). All Dedicated Funds must be expended on training, transit, or childcare for JCB employees located at the Project Site. The following items are considered eligible uses of Dedicated Funds:
1. Training: Key elements to developing a strong workforce and meeting employment needs are training and retaining talent. To this end, employers can participate in or support the following:
    - i. TXFAME/TX FAST,
    - ii. DOD SkillBridge Program,
    - iii. Justice-Involved Employee Support,
    - iv. Internal, customized training resulting in industry-recognized credentials,
    - v. Internet and IT equipment training, or
    - vi. Career coaching for transitioning employees.
  2. Childcare Needs: Childcare presents a dual-generation workforce opportunity where the youngest community members receive quality, reliable, early childhood education while allowing parents to establish stable careers. Such efforts can be supported by:
    - i. Providing onsite quality childcare,
    - ii. Providing childcare vouchers, subsidies, or reimbursements for Quality Childcare facilities (TRS or other nationally accredited center),
    - iii. Purchasing slots at a quality childcare facility, or
    - iv. Partnering with Workforce Solutions Alamo for expertise in childcare support mechanisms.
  3. Transportation Needs: Affordable, reliable, and safe modes of transportation improve San Antonio's Workforce's access to employment, education, training, and other services. To support these efforts an employer can:
    - i. Provide or subsidize, VIA passes, or
    - ii. Incentivize alternative modes of transportation (i.e., walking, bikes, scooters, carpools, vanpools).

At least sixty (60) days prior to the first (1<sup>st</sup>) year of the Abatement Term, JCB shall submit plan to include programs and execution timeline for use of 10% of incentive funds to be dedicated to wraparound services so that the City may confirm, in its reasonable discretion, that JCB intends to direct the Dedicated Funds for use in the programs set forth above or any other program deemed acceptable to the City. The City shall, within thirty (30) days after receipt of JCB's plan, approve such plan or, in the alternative, identify in sufficient detail which components of the plan do not comply with the requirements of this Section 5(D). For the avoidance of doubt, the City shall not have the right to direct JCB's expenditure of the Dedicated Funds in any particular program, said discretion be reserved exclusively for JCB. JCB shall be entitled to amend or supplement its plan for Wrap-Around Services, which amendment or supplement shall be subject to the City's review and approval as provided in the second sentence of this paragraph. Wraparound services will be part of Incentive Reporting Form, see Exhibit B attached hereto and incorporated herein, and semi-annual compliance reports.

- E. JCB agrees to that a minimum of ten percent (10%) of all construction costs (both hard and soft) associated with the Project will be paid to certified Small, Minority, Woman, and/or Veteran-Owned Businesses (S/M/W/VBE) with an office in the San Antonio Metropolitan Statistical Area (SAMSA). Once construction is complete, JCB shall submit a report within 90 days demonstrating its achievement of the utilization levels established above. JCB will be required to submit quarterly reports and shall be on the form set forth in, or substantially similar to the form set forth in, Exhibit C (attached hereto and incorporated herein). Such reports shall indicate Contractor's overall S/M/W/VBE utilization levels (payment and percentage), along with each individual S/M/W/VBE firm name listed, their scope of work performed, and payment/percentage. Documentation validating active certification status for each S/M/W/VBE utilized must be provided to EDD. If and to the extent that the City determines that JCB failed to meet the utilization requirement or, in the alternative, obtain an approved good faith effort plan documenting sufficient efforts to meet the utilization requirement, will result in a reduction in the calculation of the maximum abatement 10 percentage points.

Notwithstanding the foregoing, the City acknowledges that a substantial portion of the Capital Investment required to be made under this Agreement consists of highly specialized equipment and machinery and, as such, the number of potential manufacturers, installers, and repair/maintenance providers is strictly limited ("Manufacturer Specific Equipment"). The City acknowledges and agrees that the cost associated with the procurement, installation, and maintenance of Manufacturer Specific Equipment shall be excluded from the total cost of construction of the Project for purposes of determining JCB's compliance with this Section 5(E).

- F. JCB agrees to provide to City the salaries of all employees, including contract employees and employees hired by contractors for construction of Project facilities related to this Agreement for monitoring of general prevailing wage rate. JCB will be required to submit semiannual reports and shall be on the form set forth in, or substantially similar to the form set forth in, Exhibit D (attached hereto and incorporated herein). With respect to contract employees and employees hired by contractors and subcontractors for construction of the Project facilities, JCB shall be entitled to rely on reports and documentation provided by contractors and subcontractors in the preparation of any compliance reporting under this Agreement.

- G. JCB agrees to engage in substantive interviewing and selected industry events participation with the City's workforce development programs (described below); provided, however, that in no event shall JCB's failure to participate in industry events or other activities prescribed by the SA: Ready to Work program constitute a default hereunder or otherwise result in a reduction or loss of Abatement. Specifically, JCB:
1. Pledges to participate in the City's SA: Ready to Work workforce development program (<https://forms.office.com/pages/responsepage.aspx?id=TyGwGkqsB0Snxi7x63baxXfH3FMht7ZBhdiSZxmIIEdUMzBDSINRR05ISE0zNIVFV1BINTVRRDhUUCQIQCN0PWcu>)
  2. Agrees to implement a City-approved workforce development program, in which:
    - i. JCB will be a participant and champion of the City's SA: Ready to Work program.
    - ii. JCB develops an apprenticeship or internship program in coordination with the City's Workforce Development Office.
    - iii. Commit to interview Ready to Work participants
- H. JCB covenants and agrees that it shall comply with all applicable federal and state laws governing the employment relationship between employers and employees.
- I. JCB covenants and agrees that it shall conduct its Business Activities (as defined in Section 3(B)) at the Property in accordance with all applicable federal, state and local laws.
- J. Any construction JCB performs or causes to be performed at the Property shall be in accordance with all applicable federal, state, and local laws including, but not limited to, Texas Commission on Environmental Quality regulations, Bexar County and City of San Antonio laws, Building Codes and ordinances, Historic Preservation and Urban Design ordinances, flood, subdivision, building, electrical, plumbing, fire and life safety codes and regulations, current and as amended.
- K. Except as provided herein, JCB covenants and agrees that it shall use the Property only to conduct its Business Activities, including purposes that are designed primarily for the use and benefit of JCB's employees (e.g., on-site childcare or healthcare facilities). Without additional consent or approval by the City Council, a parent, subsidiary or affiliate organization of JCB or new entity created as a result of a merger, acquisition, or other corporate restructure or reorganization of JCB, or any component thereof, including without limitation, JCB, Inc. and JCB Manufacturing Inc. (hereinafter, a "Related Organization") may occupy and use the Property for such Related Organization's normal business activities, so long as such business activities are those of an advanced manufacturing or distribution operation or comparable to the Business Activities of JCB at the Property. To be eligible for the tax abatements as provided in this Agreement, such Related Organization must agree in writing to fully comply with all applicable terms of this Agreement. Except as authorized above, JCB covenants and agrees not to change the principal use of the Property without prior approval by the City Council, as evidenced in a duly approved ordinance.
- L. JCB covenants and agrees that it shall maintain the Property and any constructed improvements in good repair and condition during the Term of this Agreement, normal wear and tear and damage by fire or other casualty not caused as a result of the negligence, intentional act or misconduct of JCB excepted. Provided that the Property and Facilities comply with the requirements of applicable law,

compliance with the maintenance obligations imposed herein shall be presumed if JCB follows its normal and customary maintenance procedures and schedules.

- M. JCB covenants and agrees that, upon five (5) business days prior notice received by it from the City, JCB shall allow designated representatives of the City access to the Property during normal business hours for inspection to determine if the terms and conditions of this Agreement are being met, subject to reasonable safety and security protocols implemented by JCB. This inspection is independent of City's police powers to inspect for purposes of assuring compliance with applicable City Codes and Ordinances. The City's access to JCB's books and records will be limited to information needed to verify that JCB is and has been conducting Business Activities, and to verify the number of full-time employees at the Facility; provided, however, that the City shall not have the ability to obtain copies of JCB's records or remove any information or documents from JCB's files. Should any good faith dispute or question arise as to the validity of the data provided, the City reserves the right to require JCB to obtain an independent firm to verify the information. This certified statement by an independent firm shall be provided at the sole cost of JCB. City representatives may be accompanied by JCB representatives, and such inspections shall be conducted in such a manner as to (a) not unreasonably interfere with the operation of the Property or the Business Activities; and (b) comply with JCB's reasonable safety and security requirements.
- N. During the Term of this Agreement, JCB covenants and agrees to furnish each year, as applicable, the Chief Appraiser of Bexar Appraisal District with information outlined in Chapter 22, V.A.T.S. Tax Code, as amended, as may be necessary for the tax abatement and for appraisal purposes.
- O. JCB covenants and agrees that it shall provide the City's Director of Economic Development Department with a semi-annual certification from an officer of JCB (a "Incentive Reporting Form") on or before January 31st and July 31st of each year during the Term of this Agreement (including the Recapture Period), attesting to, as of the preceding December 31st and June 30th respectively (each a "Reporting Period"): (i) the amount invested as of such date by JCB and/or a Related Organization in Real Property Improvements and Personal Property Improvements; (ii) the number of Full-Time Jobs created and maintained as of such date by JCB or a Related Organization and the hire and termination dates for the Full-Time Jobs, and (iii) the compliance with the requirements of this Agreement with respect to the wages and healthcare benefits offered to all Full-Time Jobs and their respective eligible dependents. JCB shall also submit this information to the City upon request, as deemed necessary at the sole discretion of the City, during the Term of this Agreement; provided, that, any such request shall not exceed three (3) requests per calendar year (inclusive of the required semi-annual Incentive Reporting Forms). The Incentive Reporting Forms provided shall be on the form set forth in, or substantially similar to the form set forth in, Exhibit B (attached hereto and incorporated herein), as amended.
- P. JCB covenants and agrees to notify City in writing at least 30 days prior to any sale, transfer, or lease of the Property during the Term. City shall not unreasonably withhold approval of any requests for assignment of this Agreement by JCB under Section 12 and any new transferee requesting assignment shall be bound by same. Failure to provide the required notification under this Section may render JCB subject to the termination and recapture provisions under Section 8 without benefit of the Cure Period (as defined in Section 8).

- Q. JCB covenants and agrees to notify City in writing at least 30 days prior to Relocating or ceasing its Business Activities (as defined and referenced in Sections 8(A), 8(B) and 8(C)). Failure to provide the required notification may render JCB subject to the termination and recapture provisions under Section 8 without benefit of the Cure Period (as defined in Section (8)).
- R. Subject to Force Majeure, if, during this Agreement JCB fails to comply with any of the provisions of this Section 5, including, but not limited to, the creation and retention , in the aggregate, of at least the minimum number of New Full-Time Jobs required under Section 5(A) of this Agreement, pay at least the minimum wages required under Section 5(B), provide health benefits as required by Section 5(D) of this Agreement for a period of three (3) or more consecutive months, or provide the Dedicated Funds required under Section 5(E), then the termination and recapture provisions of Section 8 of this Agreement shall apply against JCB.
- S. If, during the Term of this Agreement, JCB allows its ad valorem taxes due on either 1) the land or the Property, or 2) the personal property, inventory, and supplies owned by JCB and located at the Property, to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest, such failure may render JCB subject to the termination and recapture provisions under Section 8 if not cured within thirty (30) days following receipt of notice of such delinquency from the Bexar County Tax Assessor.
- T. JCB acknowledges City is subject to The Public Information Act, which applies to information of every "governmental body" as set forth in section 552.003(1)(A) of the Texas Government Code. Public Information means information that is written, produced, collected, assembled, or maintained under a law or ordinance or in connection with the transaction of official business. The Public Information Act requires a governmental body to promptly produce public information for inspection, duplication, or both upon receipt of a written request for information from the public. While the Public Information Act enumerates numerous exceptions to disclosure, JCB acknowledges and agrees to the release of all information submitted by JCB to City pursuant to a request for information; provided, however, that the foregoing shall not be construed as a waiver of JCB's right to independently assert its rights to cause such information to be withheld. To that end, JCB will endeavor to submit only such limited information as is required per the agreement with the City to allow City to verify JCB is meeting its requirements and obligations under this.

## **SECTION 6. TERM**

- A. Unless sooner terminated in accordance with the provisions of this Agreement, the term of this Agreement shall commence on the Effective Date and shall continue in full force and effect, until the expiration of the Abatement Term, as defined in Section 7, Paragraph A (the "Term").

## **SECTION 7. TAX ABATEMENT**

- A. So long as JCB performs all obligations set forth in Section 5 above, the City shall give JCB a SEVENTY PERCENT (70%) tax abatement for the Real Property Improvements and the Personal Property Improvements at the Property during the Abatement Term (as defined in Section 7(B)). Additionally, the Project is (i) a targeted industry (Mobility-Advanced Manufacturing) and (ii) located in a census tract with a score of at least 7 in the City of San Antonio Equity Atlas, qualifying JCB for an additional

TWENTY PERCENT (20%) tax abatement. The total maximum allowable tax abatement for the Real Property Improvement and the Personal Property Improvement at the Property is limited to ninety percent (90%) under the Guidelines and Criteria.

- B. **TERM.** The Parties agree to defer the commencement of the tax abatement period. The term of The tax abatement period shall be ten (10) years commencing on the earlier to occur of (a) January 1<sup>st</sup> of the year following the year in which JCB satisfies (i) the capital investment requirements under Sections 5(A)(2)-(3), (ii) the job creation requirements under Section 5(A)(6), or (b) January 1, 2029 (the "Abatement Term"). The value of the Real Property Improvements and Personal Property Improvements existing and located upon the Property prior to the effective date of this Agreement shall be January 1, 2024 (the "Base Year"). The "Base Year Value" of the Property, real property and personal property not covered by this Agreement shall be its assessed value (determined by the Bexar Appraisal District), as of the Base Year. This Agreement only provides for the abatement of taxes on the value above the Base Year Value on any real property improvements constructed or installed after the Effective Date of this Agreement and tangible personal property brought onto the site after execution of this Agreement.
- C. At the commencement of the Abatement Term, JCB shall lease, own, have an interest in, or otherwise control the Property and shall be conducting its Business Activities on a daily basis and continuously throughout the Term of this Agreement.
- D. Provided that JCB has invested or caused to be invested the minimum amounts in Real Property Improvements and Personal Property Improvements (as described in Section 5(A)) of this Agreement by December 31, 2028, has hired and retained the number of employees specified in Section 5(A), pays at least the minimum wages required under Section 5(B), offers all full-time employees an opportunity to participate in a healthcare benefits package (as described in Section 5(D)), uses the Property for its Business Activities, and is otherwise in compliance with the conditions of this Agreement, then NINETY PERCENT (90%) of the ad valorem taxes for the Real Property Improvements and Personal Property Improvements above the Base Year Value, shall be abated for the Abatement Term of this Agreement. There shall be no abatement of taxes for the underlying land value or any real property improvements existing at the date of this Agreement.
- E. JCB acknowledges and agrees that the Base Year Value of the Real Property Improvements and Personal Property Improvements and the tax levy based on said Base Year Value of the Real Property Improvements and Personal Property Improvements in the Reinvestment Zone shall not decrease, but taxes may increase and that the amount of property taxes paid by JCB to the City attributable to the Property during the Abatement Term shall not be less than the amount of taxes attributable to the Property paid to the City for the Base Year tax year, if any, except in the event of casualty or condemnation of the Real Property Improvements and Personal Property Improvements in the Reinvestment Zone. Notwithstanding the foregoing, the City acknowledges that the amount of property taxes paid by JCB with respect to personal property may be subject to reduction as a result of depreciation of such personal property in accordance with schedules and methods approved by Bexar Assessment District in its reasonably discretion.

- F. JCB shall have the right to protest appraisals of the Property, real or personal, or any portion thereof, over and above the Base Year Value as applicable. JCB shall provide City written notice of such protest and of the final amount assessed by the Bexar County Appraisal District.

**SECTION 8. DEFAULT/TERMINATION/RECAPTURE**

- A. For purposes of this section, "Relocation" or "Relocate" shall mean JCB, or a Related Organization which has taken the place of JCB, transferring substantially all Business Activities to a location outside the Reinvestment Zone.
- B. Should JCB occupy and use the Property for its Business Activities and subsequently Relocate (as defined in Section 8(A)) during the Term, unless such Relocation is caused by a Force Majeure, as defined in Section 8, then City shall have the right to terminate this Agreement. Said termination shall be effective for the calendar year during which the Relocation occurred. Unless JCB presents credible evidence to clearly indicate a date of Relocation, City's determination shall be final and conclusive.

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

- C. If JCB occupies and uses the Property for its Business Activities and subsequently ceases conducting Business Activities (or a substantial portion thereof) at the site for a continuous period of three (3) months during the Term of this Agreement for any reason, except if such cessation is caused by Force Majeure as defined in Section 9, then the City shall have the right to terminate this Agreement. Said terminations shall be effective for the calendar year during which the Property was no longer used for the required purposes stated herein. Unless JCB presents credible evidence to clearly indicate a date of cessation, City's determination of a date of cessation shall be final and conclusive.

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

- D. If JCB fails to maintain the minimum number of permanent Full-Time Jobs as required in Section 5(A) at the Project Site and minimum real and personal property value for any given year during the Abatement Term, as determined by the most current certification, then for each such calendar year of noncompliance, the tax abatement for the Real property Improvements and the Personal Property Improvements shall be reduced in the following tax year by the same percentage as the deficiency in the number of permanent Full-Time Jobs. For example, if JCB hires and retains ninety percent (90%) of the minimum number of Full-Time employees in a given year, JCB shall be entitled to ninety percent (90%) of the tax abatement for the Real Property Improvements and the Personal Property Improvements for that following year. Failure to maintain the minimum number of jobs required in Section 5(A) for two (2) consecutive years resulting in a tax abatement reduction shall constitute a default and the City shall have the right to terminate this Agreement.

Should JCB fail to hire and retain at least one thousand (1,000) Full-Time Jobs in a given year, then the tax abatement for the Real Property Improvements and the Personal Property Improvements shall be forfeited in the following tax year and shall constitute a default and the City shall have the right to terminate this Agreement. Said termination shall be effective for the calendar year during which the number of permanent Full-Time Jobs stated herein have not been filled or maintained as required.

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

- E. Subject to Section 7(D), during the Term, City may declare a default if JCB fails to comply with any of the terms of this Agreement. Should City determine JCB is in default under any of the terms of this Agreement; City will notify JCB in writing at the address below in Section 9. If said default is not cured within sixty (60) calendar days from the date of such notice (hereinafter the "Cure Period"), subject to Force Majeure, then City shall have the right to terminate this Agreement. City may, in its sole discretion, extend the Cure Period if JCB commences the cure within the Cure Period and JCB is diligently pursuing such cure.
- F. Recapture. If the Agreement is terminated as a result of default, all taxes abated shall be due for the tax year during which the termination occurred and shall accrue without further abatements for all tax years thereafter; in addition, City shall have the right to recapture from JCB all previously abated property taxes under this Agreement, and said taxes shall be paid by JCB within sixty (60) calendar days of receiving City's written notification of recapture.
- G. Other Remedies Available. Unless otherwise stated herein, City shall have the right to seek any remedy at law to which it may be entitled, in addition to termination and/or recapture) if JCB defaults under the terms of this Agreement. However, such termination and/or recapture shall be subject to any and all lawful offsets, settlements, deductions or credits to which JCB may be entitled. The termination and/or recapture of taxes provided in this Section 8 are not applicable to situations involving minor changes to the description of the Property, or changes in ownership or in management thereof, so long as JCB, a Related Organization or its City-approved successor or assignee continues conducting Business Activities or other authorized activities at the Property as provided hereinabove.
- H. The Director of the Economic Development Department shall have the authority to terminate this Agreement in accordance with the terms of this Agreement without requiring further City Council action.

#### **SECTION 9. AUTHORIZED RELIEF FROM PERFORMANCE (Force Majeure)**

- A. For purposes of this Agreement, "Force Majeure" is defined as (i) an act of God, natural disaster, or pandemic, (ii) the outbreak of war, political unrest or a labor strikes (in jurisdictions and/or industries related to the supply chain or labor force required for JCB to conduct its Business Activities), (iii) explosion or other casualty or accident which is not the result of negligence, intentional act or misconduct on the part of JCB, or (iv) other events which are beyond the reasonable control of the

JCB and which have a direct adverse impact on its Business Activities. In addition to relief expressly granted in this Agreement, City may grant a waiver from performance of the obligations of this Agreement if JCB is prevented from compliance and performance by an event of Force Majeure. The burden of proof for the need for such relief shall rest upon JCB. To obtain relief based upon this Section 9, JCB must file a written request with the City's Economic Development Department for processing and decision by the Economic Development Department.

**SECTION 10. NOTICE**

- A. Except where the terms of this Agreement expressly provide otherwise, any election, notice, or communication required or permitted to be given under this Agreement shall be in writing and deemed to have been duly given if and when delivered to the addresses set forth below the communication is:
- delivered personally (with receipt acknowledged);
  - three (3) days after depositing same in the U.S. mail, first class, with proper postage prepaid;
  - upon receipt if sending the same by certified mail, return receipt requested;
  - upon receipt when sent by a commercial courier service (such as Federal Express or DHL Worldwide Express) for expedited delivery to be confirmed in writing by such courier; or
  - by electronic mail ("email") to the email address listed below. Electronic service is deemed given on the date such email is sent; service after 5:00 p.m. local time of recipient shall be deemed served on the following business day in the case of service by email.

From time to time, either Party may designate another address for all purposes under this Agreement by giving the other Party no less than ten (10) calendar days advance written notice of such change of address in accordance with the provisions hereof.

TO CITY:

City of San Antonio  
Attn: Economic Development  
P.O. Box 839966  
San Antonio, Texas 78283-3966  
Email:

TO JCB:

JCB Texas, LLC  
\_\_\_\_\_  
Attn: \_\_\_\_\_  
Email: \_\_\_\_\_

**SECTION 11. CONDITION**

- A. This Agreement is conditioned entirely upon the approval of the San Antonio City Council, as evidenced by duly approved Ordinance Number 2024-04-04-\_\_\_\_\_, dated April 4, 2024.

**SECTION 12. ASSIGNMENT**

- A. Except as otherwise expressly provided herein, this Agreement may be assigned or otherwise transferred only with City Council's prior approval (which approval shall not be unreasonably withheld), as reflected in a duly adopted ordinance. JCB must submit a written request to City for approval of the proposed assignment or other transfer at least thirty (30) days prior to the effective

date of the assignment or transfer of any part of its interest in the Property; however, no City Council consent is required for an assignment or transfer to a parent of JCB, a subsidiary of JCB, an affiliate entity of JCB, or to any new entity created as a result of a merger, acquisition or other corporate restructure or reorganization of JCB or a related organization. However, JCB shall give City prior written notice of all assignments or other transfers that do not require City Council consent, as required under the Agreement. All future assignees shall be bound by all terms and/or provisions and representations of this Agreement. Pursuant to the City's 312 Tax Abatement Guidelines, any Project that requires an assignment of an existing Agreement will be required to pay a fee of \$2,500 to the City of San Antonio.

### **SECTION 13. GENERAL PROVISIONS**

- A. None of the property improvements described in this Agreement are financed by tax increment bonds.
- B. This Agreement is entered into subject to the rights of the holders of outstanding bonds of the CITY related to this project. No bonds for which the CITY is liable have been used to finance this project.
- C. No amendment, modification, or alteration of the terms hereof shall be binding unless in writing dated subsequent to the date of this Agreement and duly authorized by the parties. The Director of the Economic Development Department, or any successor City department, shall have the ability, without further City Council approval, to execute amendments for minor changes to this Agreement and to implement the remedies made available to City hereunder. Any substantial changes to this Agreement shall require City Council approval. Pursuant to the City's 312 Tax Abatement Guidelines, any Project that requires an amendment to an existing Agreement will be required to pay a fee of \$2,500 to the City of San Antonio.

### **SECTION 14. SEVERABILITY**

- A. In the event any section, subsection, paragraph, subparagraph, sentence, phrase or work herein is held invalid, illegal or unenforceable, the balance of this Agreement shall stand, shall be enforceable and shall be read as if the parties intended at all times to delete said invalid section, subsection, paragraph, subparagraph, sentence, phrase or word. In such event there shall be substituted for such deleted provisions a provision as similar as possible in terms and in effect to such deleted provision that is valid, legal and enforceable.

### **SECTION 15. ESTOPPEL CERTIFICATE**

- A. Any party hereto may request an estoppel certificate related to this project (hereafter referred to as "Certificate") from another party hereto so long as the Certificate is requested in connection with a bona fide business purpose. The Certificate, which if requested, will be addressed to a subsequent purchaser or assignee of JCB or other party designated by JCB which shall include, but not necessarily be limited to, statements that this Agreement is in full force and effect without default, if such is the case, the remaining Term of this Agreement, the levels of tax abatement in effect, and such other matters reasonably requested by the party(ies) to receive the Certificate.

**SECTION 16. OWNER STANDING**

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

**SECTION 17. INCORPORATION OF EXHIBITS**

Each of the Exhibits and Attachments listed below is an essential part of the Agreement, which governs the rights and duties of the Parties, and shall be interpreted in the order of priority as appears below:

- Exhibit A - Project Site Legal Description
- Exhibit B – Incentive Reporting Form
- Exhibit C – S/M/W/VBE Construction Spend (Hard and Soft Costs) Form
- Exhibit D – Pre-Construction Phase Reporting Form

**SECTION 18. APPLICABLE LAW**

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

**SECTION 19. CONFLICTS OF INTEREST**

- A. JCB shall use reasonable business efforts to ensure that no employee, officer, or individual agent of JCB shall participate in the selection, award or administration of a subcontract supported by funds provided hereunder if a conflict of interest, real or apparent, would be involved. Such conflict of interest would arise when: (1) the employee, officer, or individual agent; (2) any member of his or her immediate family; (3) his or her partner; or, (4) any organization which employs, or is about to employ any of the above, has a financial or other interest in the firm or person selected to perform the subcontract and the relationship calls for payments to be made to such subcontractor on terms which are greater than those which are customary in the industry for similar services conducted on similar terms. JCB shall comply with Chapter 171, Texas Local Government Code as well as the City's Code of Ethics.

**SECTION 20. DUPLICATE ORIGINALS**

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

**SECTION 21. ENTIRE AGREEMENT**

- A. This Agreement (with all referenced exhibits, attachments, and provisions incorporated by reference) embodies the entire agreement of both parties, superseding all oral or written previous and

contemporary agreements between the parties relating to matters set forth in this Agreement. Except as otherwise provided elsewhere in this Agreement, this Agreement.

WHEREFORE, the Parties hereto have executed this Agreement and have agreed to the terms and conditions states above as of the Effective Date.

**CITY OF SAN ANTONIO,  
a Texas Municipal Corporation**

**JCB TEXAS, LLC**

\_\_\_\_\_  
**Erik Walsh**  
City Manager

*Richard Fox-Marrs*  
\_\_\_\_\_  
**Richard Fox-Marrs**  
President

Approved as to Form:

\_\_\_\_\_  
Assistant City Attorney

EXHIBIT A: PROPERTY DESCRIPTION<sup>1</sup>

Appended at the end of the Agreement

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<sup>1</sup> City acknowledges and agrees that the legal description above is expected to change as a result of a replat of the Land, and which may reflect the dedication of easements and rights-of-way in favor of various governmental entities and utility providers. A change in legal description as a result of a re-plat of the property shall not affect JCB's rights hereunder.

EXHIBIT B: INCENTIVE REPORTING FORM

**City of San Antonio  
Economic Development Department  
Incentive Reporting Form**

Company Name: \_\_\_\_\_

Reporting Period: \_\_\_\_\_

Name/Phone/Email of Person Preparing Report: \_\_\_\_\_

<b>Real Property: Expenditures associated with real property improvements during reporting period (Verification may include AIA forms, receipts, invoices, request for payment from contractor, etc.)</b>	
1. Real Property improvements reported at the Project Site facility as of the previous reporting period	\$
2. Real Property improvements made at the Project Site Facility since the end of the previous reporting period <i>(Attach supporting documents.)</i>	\$
3. Total cumulative Real Property improvements made under the Agreement as of the end of this reporting period	\$
4. Is the company compliant with its Real Property Investment Requirement? Yes / No / Completed / Not Applicable.	
<b>Personal Property: Expenditures associated with personal property improvements during reporting period (Verification may include receipts, invoices, requests for payment, etc.)</b>	
5. Personal Property improvements reported at the Project Site facility as of the previous reporting period	\$
6. Personal Property improvements made at the Project Site facility since the end of the previous reporting period <i>(Attach supporting documents.)</i>	\$
7. Total cumulative Personal Property improvements made as of the end of this reporting period	\$
8. Is the Company compliant with its Personal Property Investment Requirement? Yes / No / Completed / Not Applicable.	
<b>Inventory/Supplies (if applicable): (Verification may include receipts, invoices, requests for payment, etc.)</b>	
9. Inventory and Supplies improvements reported at the Project Site facility as of the previous reporting period	\$
10. Inventory and Supplies improvements made at the Project Site facility since the end of the previous reporting period <i>(Attach supporting documents.)</i>	\$
11. Total cumulative Inventory and Supplies investment made at the Project Site facility as of the end of this reporting period	\$
12. Is the Company compliant with its Inventory Requirement? Yes / No / Completed / Not Applicable	
<b>Jobs: Full-time (2,080 straight-time paid hours) jobs created during reporting period (Verification: payroll registers with total number of employees, dates of hire, hourly wages, etc). Note: jobs reported below must meet eligibility requirements per the incentive agreement to include job location and wage requirements.</b>	
13. Total number of jobs reported at the facility/project site as of the previous reporting period	
14. Total number of jobs reported at the Project Site facility at the end of this reporting period	

15. Are any of the jobs reported above working remotely? If yes, what is the number of jobs working remotely?	
16. Has your company changed its business model to have jobs that previously reported to the Project Site permanently work remotely?	
17. Is the Company compliant with its Job Creation/Maintenance Requirement this period?	Yes / No
<b>Wages: Please refer to your company's Agreement(s) for specific wage requirements.</b>	
18. What is the minimum hourly wage paid at the Project Site facility (For supporting documents, see above.)	
19. At time of hire, are one hundred percent (100%) of New Full-Time Employees at the Project Site receiving wages of at least \$20.54 per hour or 80% of "Median Wage", whichever is higher? (For supporting documents, see above.) Note: Median wage for San Antonio will be updated yearly at the time of the release of the annual U.S. Census Bureau American Community Survey 5-year estimates.)	Yes / No
<b>Additional Contractual Obligations (As applicable per your Agreement)</b>	
20. Regarding wrap-around support, please attach separate sheet demonstrating compliance with your agreement. (Ongoing reporting to commence after plan approval by EDD, see Agreement)	
21. Regarding employee benefits, please attach separate sheet demonstrating compliance with your agreement.	
22. Workforce efforts: Internships, Apprenticeships, Job Fairs (Please elaborate on separate sheet)	
<b>Certification</b>	
<i>I certify that the information provided in this report and the attached documents is correct to the best of my knowledge, and that the company has complied with all terms and conditions of its agreement with the City of San Antonio.</i>	

Signature of Company Certifying Officer or Designee:

Date:

Printed Name:

Title:

For questions regarding this report, please contact Economic Development Department, Special Projects Manager, at 210/207-0567 or e-mail: [monitoringandops@sanantonio.gov](mailto:monitoringandops@sanantonio.gov).



EXHIBIT D: PRE-CONSTRUCTION/CONSTRUCTION PHASE REPORTING FORM

**City of San Antonio  
Economic Development Department  
Pre-Construction/Construction Phase Prevailing Wage Reporting Form**

Company Name: \_\_\_\_\_

Reporting Period: \_\_\_\_\_

Contact Information: \_\_\_\_\_

**Pre-Construction/Construction Phase Jobs and Wages:**

1. Total number of contractor and subcontractor jobs reported at the facility last reporting period.	
2. Number of employees on the Project hired directly and hired through a third party.	
3. Percentage of total contractor and subcontractor jobs paid prevailing wage.	
Additional items:	

Table of Wages and benefits of workers on the Project by classification (occupation and wage brackets and indicate percentage at or above prevailing wage) for both existing and new jobs)

Percentage at prevailing wage	
Percentage at or 10% above prevailing wage	
11% -25% above prevailing wage	
26% -50% above prevailing wage	
Above 50% prevailing wage	

**Certification:**

*I certify that the information provided in this report and the attached documents is correct to the best of knowledge, and that the company has complied with all terms and conditions of its agreement with the City of San Antonio.*

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_ Title: \_\_\_\_\_

**EXHIBIT "A"**  
Legal Description

A 227.772 acre, or 9,921,728 square feet more or less, tract of land being all of that called 227.283 acre tract described in deed recorded in Volume 9985, Page 1522 of the Official Public Records of Bexar County, Texas, conveyed to Trustee of The Curtis Harry Mahla Revocable Trust, out of the Fernando Rodriguez, Survey No. 16, Abstract No. 15, County Block 4005, in the City of San Antonio, Bexar County, Texas. Said 227.772 acre tract being more fully described as follows, with bearings based on the Texas Coordinate System established for the South Central Zone from the North American Datum of 1983 NAD 83 (NA2011) epoch 2010.00:

**BEGINNING:** A found concrete monument marked "SWB" at a northeast corner of said 227.283 acre tract and the northwest corner of a 2.066 acre tract described in Volume 7055, Page 163 of the Deed Records of Bexar County, Texas, on the south right-of-way line of Walsh Road, a variable width public right-of-way, from which a found ½" iron rod at the northeast corner of said 2.066 acre tract and the northwest corner of a remainder portion of a 172.645 acre tract described in Document No. 20220062298 of the said Official Public Records, bears S 79°31'35" E, a distance of 300.30 feet;

**THENCE:** S 10°28'25" W, departing the south right-of-way line of Walsh Road, along and with the common line of said 227.283 acre tract and said 2.066 acre tract, a distance of 300.00 feet to a set ½" iron rod with a cap marked "Pape-Dawson" at the southwest corner of said 2.066 acre tract, a reentrant corner of said 227.283 acre tract;

**THENCE:** S 79°31'35" E, continuing along and with the said common line, a distance of 300.30 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson" at the southeast corner of said 2.066 acre tract and a northeast corner of said 227.283 acre tract, on the west line of said remainder portion of 172.645 acre tract, from which a found ½" iron rod at the northeast corner of said 2.066 acre, bears N 10°28'25" E, a distance of 300.00 feet;

**THENCE:** S 20°17'23" W, along and with the common line of said 227.283 acre tract and said remainder portion of 172.645 acre tract, a distance of 3065.34 feet to a found ½" iron rod at an angle point of said 227.283 acre tract and at the northwest corner of a Two acre tract described in Volume 9964, Page 451 of the said Official Public Records;

**THENCE:** S 10°39'27" W, along and with the common line of said 227.283 acre tract and said Two acre tract, a distance of 295.05 feet to a found ½" iron rod at the southwest corner of said Two acre tract and a reentrant corner of said 227.283 acre tract;

**THENCE:** S 79°33'21" E, continuing along and with the said common line, a distance of 295.40 feet to a found ½" iron rod at the southeast corner of said Two acre tract, an angle point of said 227.283 acre tract and an angle point of said remainder portion of 172.645 acre tract;

**THENCE:** S 66°02'23" E, along and with the common line of said remainder portion of 172.645 acre tract and said 227.283 acre tract, a distance 125.67 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

**THENCE:** S 62°18'33" E, continuing along and with the common line of said remainder portion of 172.645 acre tract and said 227.283 acre tract, at a distance of 395.07 feet passing a found ½" iron rod with a yellow cap marked "Pape-Dawson", and continuing for a total distance of a distance of 457.80 feet to a point in the center line of Leon Creek;

**THENCE:** Along and with the center line of said Leon Creek and the south line of said 227.283 acre tract, the following bearings and distances

S 69°45'04" W, a distance of 119.51 feet to a point;

S 77°40'05" W, a distance of 145.58 feet to a point;

S 46°34'29" W, a distance of 154.24 feet to a point;

S 37°22'07" W, a distance of 256.12 feet to a point;

S 26°23'08" W, a distance of 149.64 feet to a point;

S 43°02'40" W, a distance of 309.29 feet to a point;

**EXHIBIT "A"**  
Legal Description

S 38°34'09" W, a distance of 165.73 feet to a point;  
S 52°50'53" W, a distance of 376.41 feet to a point;  
S 70°17'57" W, a distance of 262.50 feet to a point;  
S 64°52'53" W, a distance of 107.90 feet to a point;  
S 31°19'29" W, a distance of 99.41 feet to a point;  
S 52°00'51" W, a distance of 57.31 feet to a point;  
S 07°33'44" W, a distance of 56.86 feet to a point;  
S 15°53'15" E, a distance of 44.95 feet to a point;  
S 51°08'38" E, a distance of 94.57 feet to a point;  
S 08°43'53" E, a distance of 75.56 feet to a point;  
S 42°51'07" E, a distance of 48.48 feet to a point;  
S 04°43'20" E, a distance of 100.81 feet to a point;  
S 22°01'17" W, a distance of 69.47 feet to a point;  
S 31°00'20" W, a distance of 115.45 feet to a point;  
S 38°24'19" W, a distance of 206.17 feet to a point;  
S 85°21'28" W, a distance of 155.31 feet to a point;  
N 53°37'41" W, a distance of 65.54 feet to a point;  
N 41°31'21" W, a distance of 264.10 feet to a point;  
N 51°07'45" W, a distance of 171.98 feet to a point;  
N 46°01'56" W, a distance of 379.86 feet to a point;  
N 47°26'12" W, a distance of 306.39 feet to a point;  
N 54°12'33" W, a distance of 143.68 feet to a point;  
N 53°44'26" W, a distance of 147.73 feet to a point;  
N 26°26'54" W, a distance of 240.59 feet to a point;  
N 43°43'13" W, a distance of 106.05 feet to a point;  
N 08°35'25" W, a distance of 138.79 feet to a point;  
N 03°12'34" E, a distance of 283.52 feet to a point;  
N 12°40'56" W, a distance of 94.97 feet to a point;

**EXHIBIT "A"**  
Legal Description

N 34°38'01" W, a distance of 78.44 feet to a point;

N 38°14'55" W, a distance of 116.09 feet to a point;

N 37°32'48" W, a distance of 123.24 feet to a point;

N 19°21'22" W, a distance of 122.51 feet to a point;

N 10°09'00" W, a distance of 103.34 feet to a point on the east right-of-way line of Palo Alto Road, Highway 16, a 230-foot wide public right-of-way;

THENCE: Along and with the east right-of-way line of said Palo Alto Road, the following bearings and distances:

N 49°48'05" E, a distance of 1662.46 feet to a point from which a found TxDOT monument (Type I), bears S 55°05'50" W, a distance of 0.59 feet;

Northeasterly, along a tangent curve to the left, said curve with a radius of 2979.93 feet, a central angle of 41°14'00", a chord bearing and distance of N 29°11'05" E, 2098.55 feet, for an arch length of 2144.53 feet to a point from which a found TxDOT monument (Type I), bears S 24°43'53" W, a distance of 0.44 feet;

THENCE: N 08°34'05" E, a distance of 824.80 feet to a point at the south end of the cutback line at the southeast corner of the intersection of said Palo Alto Road and Zarzamora Road, a 100-foot wide public right-of-way, from which a found TxDOT monument (Type I), bears N 15°10'04" E, a distance of 0.56 feet;

THENCE: N 54°18'35" E, along and with said cutback line, a distance of 87.22 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson" at the north end of said cutback line;

THENCE: S 79°55'29" E, along and with the south right-of-way line of said Zarzamora Road and the north line of said 227.283 acre tract, a distance of 358.16 feet to a found ½" iron rod with a yellow cap marked "Pape-Dawson";

THENCE: Southeasterly, continuing along and with the south right-of-way line of said Zarzamora Road and the north line of said 227.283 acre tract, along a non-tangent curve to the left, said curve having a radius of 1195.93 feet, a central angle of 14°40'42", a chord bearing and distance of S 87°15'50" E, 305.54 feet, for an arc length of 306.38 feet to found ½" iron rod with a yellow cap marked "Pape-Dawson";

THENCE: S 79°44'48" E, continuing along and with the south right-of-way line of said Zarzamora Road, the south right-of-way line of said Walsh Road and the north line of said 227.283 acre tract, a distance of 361.78 feet to the POINT OF BEGINNING and containing 227.772 acres in the City of San Antonio, Bexar County, Texas. Said tract being described in conjunction with a survey made on the ground and a survey map prepared under job number 12804-00 by Pape-Dawson Engineers, Inc.

Note: The Company is prohibited from insuring the area or quantity of the Land. Any statement in the legal description contained in Schedule A as to area or quantity of land is not a representation that such area or quantity is correct but is for informal identification purposes and does not override Item 2 of Schedule B hereof.

**EXHIBIT "A"**  
Legal Description

A 173.654 acre, or 7,564,378 square feet more or less, tract of land being all of the remaining portion of that called 172.645 acre tract conveyed to SA 2, Ltd. by deed recorded in Document No. 20220062298 of the Official Public Records of Bexar County, Texas, and all of that called 2-Acre tract conveyed to SA 2, Ltd. by deed recorded in Document No. 20230154533 of the Official Public Records of Bexar County, Texas, out of the Fernando Rodriguez, Survey No. 16, Abstract 15, County Block 4005, in the City of San Antonio, Bexar County, Texas. Said 173.654 acre tract being more fully described as follows, with bearings based on the Texas Coordinate System established for the South Central Zone from the North American Datum of 1983 NAD 83 (NA2011) epoch 2010.00:

BEGINNING: At a found ½" iron rod at the northeast corner of said called 172.645 acre tract, at the intersection of the south right-of-way line of Walsh Road, a variable width public right-of-way, with the west right-of-way line of Applewhite Road, a variable width public right-of-way;

THENCE: Along and with the east line of said called 172.645 acre tract, the west right-of-way line of said Applewhite Road, the following bearings and distances:

S 08°48'34" W, a distance of 377.24 feet to a set ½" iron rod with a yellow cap stamped "Pape-Dawson";

S 05°43'53" W, a distance of 438.48 feet to a set ½" iron rod with a yellow cap stamped "Pape-Dawson";

S 04°41'55" W, a distance of 55.66 feet to a set ½" iron rod with a yellow cap stamped "Pape-Dawson";

S 00°00'01" W, a distance of 501.90 feet to a set ½" iron rod with a yellow cap stamped "Pape-Dawson";

S 00°13'55" E, a distance of 43.00 feet to a set ½" iron rod with a yellow cap stamped "Pape-Dawson";

S 02°39'06" W, a distance of 393.94 feet to a found ½" iron rod;

S 05°17'28" W, a distance of 55.05 feet to a set ½" iron rod with a yellow cap stamped "Pape-Dawson";

S 14°50'32" W, a distance of 142.15 feet to a found ½" iron rod;

S 15°54'02" W, a distance of 400.72 feet to a set ½" iron rod with a yellow cap stamped "Pape-Dawson";

S 18°08'15" W, a distance of 86.73 feet to a found ½" iron rod;

S 29°05'28" W, a distance of 89.42 feet to a set ½" iron rod with a yellow cap stamped "Pape-Dawson";

S 17°04'28" W, a distance of 155.81 feet to a found ½" iron rod;

S 19°27'31" W, a distance of 160.65 feet to a found ½" iron rod;

S 15°40'13" W, a distance of 260.25 feet to a found ½" iron rod;

S 22°38'19" W, a distance of 134.22 feet to a found ½" iron rod;

S 11°54'45" W, a distance of 224.13 feet to a point in the center line of Leon Creek;

THENCE: Along and with the meanders of the center line of Leon Creek, the following bearings and distances:

N 66°09'51" W, a distance of 7.66 feet to a point;

N 79°29'11" W, a distance of 33.39 feet to a point;

S 82°12'48" W, a distance of 44.96 feet to a point;

N 69°47'16" W, a distance of 47.47 feet to a point;

**EXHIBIT "A"**  
Legal Description

S 85°43'10" W, a distance of 87.67 feet to a point;  
N 86°10'02" W, a distance of 84.13 feet to a point;  
S 74°46'32" W, a distance of 86.15 feet to a point;  
S 32°21'55" W, a distance of 31.63 feet to a point;  
S 66°37'50" W, a distance of 90.68 feet to a point;  
S 69°17'34" W, a distance of 79.77 feet to a point;  
N 88°57'10" W, a distance of 48.72 feet to a point;  
N 55°55'20" W, a distance of 32.42 feet to a point;  
N 77°53'24" W, a distance of 73.04 feet to a point;  
N 55°51'54" W, a distance of 97.28 feet to a point;  
N 65°27'11" W, a distance of 73.77 feet to a point;  
S 84°56'28" W, a distance of 152.05 feet to a point;  
S 81°26'50" W, a distance of 236.11 feet to a point;  
S 85°00'09" W, a distance of 201.89 feet to a point;

THENCE: Departing the center line of said Leon Creek, along and with a south line of said called 172.645 acre tract, a north line of a called 227.283 acre tract conveyed to Curtis Harry Mahla, Trustee of the Curtis Harry Mahla Revocable Trust by deed recorded in Volume 9985, Page 1522 of the Official Public Records of Bexar County, Texas, the following bearings and distances:

N 62°18'33" W, at a distance of 62.73 feet passing a found ½" iron rod with a yellow cap stamped "Pape-Dawson" and continuing for a total distance of 457.80 feet to a found ½" iron rod with a yellow cap stamped "Pape-Dawson";

N 66°02'23" W, a distance of 125.67 feet to a found ½" iron rod at the southeast corner of said called 2-acre tract;

THENCE: N 79°33'21" W, along and with the south line of said called 2-acre tract, a north line of said called 227.283 acre tract, a distance of 295.40 feet to a found ½" iron rod at the southwest corner of said called 2-acre tract, an interior corner of said called 227.283 acre tract;

THENCE: N 10°39'27" E, along and with the west line of said called 2-acre tract, an east line of said called 227.283 acre tract, a distance of 295.05 feet to a found ½" iron rod at the northeast corner of said called 2-acre tract;

THENCE: N 20°17'23" E, along and with the east line of said called 227.283 acre tract, the west line of said called 172.645 acre tract, a distance of 3065.34 feet to a found ½" iron rod with a yellow cap stamped "Pape-Dawson" at the southeast corner of a called 2.066 acre tract conveyed to Southwestern Bell Telephone Company by deed recorded in Volume 7055, Page 163 of the Deed Records of Bexar County, Texas, a northeast corner of said called 227.283 acre tract;

THENCE: N 10°28'25" E, along and with the east line of said called 2.066 acre tract, the west line of said called 172.645 acre tract, a distance of 300.00 feet to a found ½" iron rod at the northeast corner of said called 2.066 acre tract, the northwest corner of said called 172.645 acre tract, on the south right-of-way line of said Walsh Road;

THENCE: S 79°55'03" E, along and with the north line of said called 172.645 acre tract, the south right-of-way line of said Walsh Road, a distance of 1717.49 feet to the POINT OF BEGINNING and containing 173.654 acres in the City of San

**EXHIBIT "A"**  
Legal Description

Antonio, Bexar County, Texas. Said tract being described in conjunction with a survey made on the ground and a survey map prepared under job number 13148-01 by Pape-Dawson Engineers.

NOTE: The Company is prohibited from insuring the area or quantity of the land described herein. Any statement in the above legal description of the area or quantity of land is not a representation that such area or quantity is correct, but is made only for informational and/or identification purposes and does not override Item 2 of Schedule B hereof.