

ORDINANCE

**APPROVING A SECOND AMENDMENT TO THE CHAPTER 380
ECONOMIC DEVELOPMENT LOAN AGREEMENT WITH THE
WESTSIDE DEVELOPMENT CORPORATION DBA PROSPER WEST
FOR THE BASILA FROCKS PROJECT LOCATED AT 502 N.
ZARZAMORA IN COUNCIL DISTRICT 5, EXTENDING THE
COMPLETION DATE OF THE PROJECT AND AMENDING THE
TERMS OF LOAN FORGIVENESS.**

* * * * *

WHEREAS, in 2018, Prosper West, requested funding in the amount of \$252,410 in Inner City Incentive Funds for rehabilitation of the Basila Frocks building located at 502 N Zarzamora St. in Council District 5 to protect the historic building from further deterioration; once fully operational, Basila Frocks would provide economic opportunities for creative businesses in the area; and

WHEREAS, the project was originally due to complete real and personal property improvements by December 31, 2021. Due to construction and financing delays, the project was granted an extension in 2022 for the completion date to March 31, 2023; in addition to the ICIF loan, the Westside TIRZ Board and City Council approved awarding \$945,000.00 from the Westside TIRZ to Prosper West to complete the project. and

WHEREAS, due to the COVID pandemic and supply chain issues, Prosper West is requesting an amendment of the commencement and completion dates with a revised commencement date of February 29, 2024, and a revised project completion date of December 31, 2024; and

WHEREAS, the amendment also revises the loan forgiveness terms to align with the TIRZ agreement; twenty percent of the loan will be forgiven each year for five years, so long as the following occupancy rates are met following the completion of the project: 55% of the project space is occupied in Year 1; 70% in Year 2; and 80% in Years 3-5.

NOW THEREFORE:

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

SECTION 1. The City Manager or designee, severally, are authorized to execute a second amendment to the Chapter 380 Economic Development Loan Agreement substantially similar to **Attachment I** with the Westside Development Corporation, doing business as Prosper West, for the Basila Frocks Project located at 502 N. Zarzamora in Council District 5, to extend the completion date of the Project.

VS
11/30/2023
Item No.

SECTION 2. This ordinance becomes effective 10 days after passage, unless it receives the eight votes requisite to immediate effectiveness under San Antonio Municipal Code § 1-15, in which case it becomes effective immediately.

PASSED AND APPROVED this 30th day of November, 2023.

M A Y O R
Ron Nirenberg

ATTEST:

APPROVED AS TO FORM:

Debbie Racca-Sittre, City Clerk

Andrew Segovia, City Attorney

Attachment I

SECOND AMENDMENT TO THE ECONOMIC DEVELOPMENT LOAN AGREEMENT

BETWEEN THE CITY OF SAN ANTONIO
AND
WESTSIDE DEVELOPMENT CORPORATION
DBA PROSPER WEST SAN ANTONIO

This Second Amendment to the Economic Development Loan Agreement ("First Amendment") is entered into by and between the City of San Antonio ("City"), a municipal corporation governed by the laws of the State of Texas, acting by and through its City Manager or designee, and Westside Development Corporation ("WDC") (now doing business as Prosper West San Antonio). Together, City and WDC may be referred to herein as "the Parties."

RECITALS

- A. City and WDC entered into that certain Economic Development Loan Agreement authorized by Chapter 380 of the Texas Local Government Code and executed on or about December 13, 2018, and attached hereto as **Attachment I** wherein, among other obligations, WDC would make real and personal property improvements no later than December 31, 2021; and
- B. City and WDC entered into a First Amendment to the Economic Development Loan Agreement on or about May 16, 2022 ("First Amendment"), attached hereto as **Attachment II**, amending the terms of the original Economic Development Loan Agreement. The Economic Development Loan Agreement and any subsequent amendments shall be collectively referred to as the "Agreement".
- C. The Parties now seek to amend the terms and conditions of the Agreement as stated in this Second Amendment, clarify, and affirm that all other provisions of the Agreement remain in full force and effect.

AMENDMENT

NOW THEREFORE, the Parties hereby agree and amend as follows:

1. **Definitions.** All capitalized terms used in this Second Amendment without definition herein shall have the meanings assigned to such terms in the Agreement.
2. **Amendment.** The Parties hereby mutually agree to amend the Agreement as follows:

Section 2, Paragraph B is amended to:

B. WDC shall invest or cause to be invested approximately THREE MILLION TWO HUNDRED THIRTY-NINE THOUSAND 00/100 DOLLARS (\$3,239,000.00) in real and personal property improvements to the Property,

Attachment I

commencing construction no later than February 29, 2024 and completing construction by December 31, 2024 (.

Section 3, Paragraph H is amended to:

H. Loan Forgiveness.

- 1. Due to the economic nature of the City's loan, WDC shall have the right to reduce or eliminate the amount of the repayment of the loan by twenty percent (20%) annually in accordance with the following:*
 - a) On the first (1st) anniversary of Property occupancy, WDC shall provide evidence that the Property was occupied for at least fifty-five percent (55%) of the preceding twelve (12) months.*
 - b) On the first (2nd) anniversary of Property occupancy, WDC shall provide evidence that the Property was occupied for at least seventy percent (70%) of the preceding twelve (12) months.*
 - c) On the third, fourth, and fifth (3rd, 4th, 5th) anniversary of Property occupancy, WDC shall provide evidence that the Property was occupied for at least eighty percent (80%) of the preceding twelve (12) months.*
 - d) Any Loan Funds not forgiven through this Section 3(H) shall be due and payable to City in accordance with the Sections 3(C) and 3(D).*
- 2. On or before each anniversary following December 31, 2024, WDC shall provide:*
 - a) Evidence that it has paid ad valorem taxes on the Property for the preceding year;*
 - b) A report detailing programming at the Property in the preceding year; and*
 - c) Evidence that WDC is in compliance with any separate agreement with the City.*
- 3. Effective Date.** This First Amendment shall be effective upon execution of this SECOND AMENDMENT by all Parties.
- 4. No Other Changes.** Except as specifically set forth in this Second Amendment, all the terms and conditions of the Agreement shall remain the same and are hereby ratified and confirmed. The Agreement shall continue in full force and effect and with this Second Amendment shall be read and construed as one instrument.
- 5. Choice of Law.** This Second Amendment shall be construed in accordance with and governed by the laws of the State of Texas.
- 6. Counterparts.** This Second Amendment may be executed in any number of counterparts, but all such counterparts shall together constitute but one

Attachment I

instrument.

WITNESS HEREOF, the parties hereto have executed this Second Amendment on the
_____ day of _____, 2023.

CITY OF SAN ANTONIO
a Texas Municipal Corporation

Lori Houston
Assistant City Manager

APPROVED AS TO FORM:

City Attorney

DEVELOPER:
Westside Development Corporation

By: _____

Ramiro Gonzales
President and CEO, Prosper West
(Formerly WDC)