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STATE OF TEXAS, COUNTY OF BEXAR

I hereby Certify that this instrument was FILED in File Number Sequence on this date and at the time stamped hereon by me and was duly RECORDED in the Official Public Record of Bexar County, Texas on:
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Lucy Adame-Clark
Lucy Adame-Clark
Bexar County Clerk

SAPPHIRE GROVE SPECIAL IMPROVEMENT DISTRICT DEVELOPMENT AGREEMENT

This Development Agreement (this "Agreement") is entered into between the **City of San Antonio**, a Texas home-rule municipal corporation located within Bexar County, Texas (hereinafter, referred to as "City") and **Lennar Homes of Texas Land and Construction, Ltd.**, a Texas limited partnership (hereinafter referred to as "Owner"). City and Owner shall hereafter collectively be referred to as "Parties" or in the singular as "Party".

RECITALS

WHEREAS, Owner has submitted a petition to Bexar County, Texas (the "County") which was filed in the County official public records on June 11, 2021, to create a public improvement district to be named the Sapphire Grove Special Improvement District (the "District") pursuant to Chapter 382 of the Texas Local Government Code, as amended (the "Code"); and

WHEREAS, the District Property (as defined herein) specifically consists of approximately 173.27 acres of land, as more particularly described in **Exhibit "A"** and **Exhibit "B"**, which are attached hereto and fully incorporated herein; and

WHEREAS, Owner owns or controls the District Property, and upon the County's creation of the District, Owner intends to develop the "Project" (as further defined and described herein);

WHEREAS, the Parties acknowledge that the Master Development Plan exhibit attached to this Agreement is preliminary in nature and subject to change as planning for the Project develops;

WHEREAS, in order to provide for the development of the District Property in a manner that promotes uniform, controlled, and sustainable growth and protects the general health, safety, and welfare of persons residing in and adjacent to the City, the Parties desire to enter into this Agreement pursuant to Subchapter G of Chapter 212 of the Code, Section 212.172, et. sec., to reflect that in consideration of Owner's agreement to abide by and comply with the terms of this Agreement and the conditions stated herein, City agrees to consent to: (1) the establishment of the District within the City's extraterritorial jurisdiction ("ETJ") and the inclusion of the District Property therein, (2) the County's delegation to the District the powers granted by Article III, Section 52, and Article XVI, Section 59 of the Texas Constitution and the powers and duties of a road district in accordance with Section 382.101 of the Code, and (3) the County's delegation to the District the power to provide water, wastewater, and drainage facilities in accordance with Section 382.101 of the Code; however the City's consent does not include the powers to exercise eminent domain, annexation, or exclusion of property from the District; and

WHEREAS, it is the Parties' intent that the City enter into a Strategic Partnership Agreement ("SPA") with the District pursuant to Section 43.0751 of the Code, which, in addition to the terms of this Agreement regarding annexation, will govern the terms of limited and full

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purpose annexation of the District Property as well as sales and use taxes to be imposed by the City, a percentage of which will be shared with the District according to the terms of the SPA.

NOW, THEREFORE, in consideration of the mutual covenants and agreements and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties now wish to enter into this Agreement and agree as follows:

I. DEFINITIONS

1.1 "Agreement" shall mean this document executed by the City and Owner which may be amended from time to time, pursuant to the provisions contained herein and shall constitute a "contract" for purposes of Chapter 212 of the Local Government Code.

1.2 "Annexation Area" shall mean the area that the City determines in its sole discretion to annex in accordance with this Agreement up to and including the District Property.

1.3 "City" shall have the meaning specified above.

1.4 "City Code" shall mean the City of San Antonio's Code of Ordinances.

1.5 "City Council" shall mean the City Council of the City of San Antonio, Texas.

1.6 "Code" shall mean the Texas Local Government Code, as amended.

1.7 "County" shall have the meaning specified above.

1.8 "Director" shall mean the Director of the City's Department of Planning.

1.9 "District" shall mean the public improvement district proposed in Owners' petition for the creation of the Sapphire Grove Special Improvement District filed with the County on June 11, 2021, which wholly includes the District Property.

1.10 "District Property" shall mean the real property contained within the District as described and depicted in Exhibits "A-C" attached hereto and incorporated herein for all purposes.

1.11 "Effective Date" shall mean the effective date of the County's order creating the District.

1.12 "Owner" shall have the meaning specified above and include any heirs, successors and assigns.

1.13 "Preliminary Master Development Plan" ("Preliminary MDP") is the proposed plan of development for the Project, as depicted in **Exhibit "C"** attached hereto and incorporated herein for all purposes.

1.14 "Project" shall have the meaning specified in Section 3.1 of this Agreement, which may be amended from time to time in accordance with Section 3.2 of this Agreement.

1.15 "Strategic Partnership Agreement" ("SPA") is the proposed agreement in substantial form between the City and the District, attached hereto as **Exhibit "D"**, entered into pursuant to Section 43.0751 of the Code which will govern the terms of limited and full purpose annexation of the District Property and as detailed in Section 4.4 of this Agreement.

1.16 "Unified Development Code" ("UDC") shall mean the City's Unified Development Code, codified as Chapter 35 of the City Code.

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 AND ACKNOWLEDGEMENTS

2.1 The recitals set forth hereinabove are included here as if set out in full and are part of the conditions of this Agreement and binding on the Parties.

2.2 Owner represents to City that they are the owner of the proposed District Property and have the legal capacity and authority to enter into this Agreement and to perform the requirements of this Agreement.

2.3 Owner acknowledges that any improvements or contributions made to the proposed District Property in anticipation of payment or reimbursement from the District shall not be, nor construed to be, financial obligations of the City and the City is not involved in the creation of the District or is in any other way required or obligated to perform any actions, contribute any funds or resources or otherwise participate in the establishment of the District, except as provided in this Agreement.

2.4 Owner acknowledges that the City's consent, described in Section 4.1 below, is for the boundaries of the District, as described and depicted in **Exhibit "A"** and **Exhibit "B"** that are attached hereto and for the Project.

2.5 Owner acknowledges that they have been provided the Notice Required by Section 212.172 (b-1) of the Code attached hereto as **Exhibit "E"**.

III. THE PROJECT & PUBLIC INFRASTRUCTURE

3.1 The Project consists of certain proposed public infrastructure on the District Property, as further described in the Proposed Infrastructure Improvements Summary and the Preliminary MDP, collectively attached hereto as **Exhibit "C"**.

3.2 The Project may be amended from time to time through any applicable master development plan ("MDP") process currently outlined in the City's UDC with review and approval

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by the Director of the Development Services Department who reserves the right to exercise discretion with respect to any MDP review and approvals afforded under the UDC.

IV. CONSIDERATION AND TERMS

4.1 In exchange for the Owner's agreement to be bound by the terms of this Agreement, the City consents to: (i) the establishment of the District within the City's ETJ and the inclusion of the District Property therein; (ii) the District's exercise of the powers granted by Article III, Section 52 of the Texas Constitution and the powers and duties of a road district in accordance with Section 382.101 of the Code; and (iii) the power to provide water, wastewater, and drainage facilities in accordance with Section 382.101, but the City's consent does not include the powers to exercise eminent domain, annexation or exclusion of property from the District.

4.2 The Parties agree that Owner shall pay the following in consideration of the City's consent to the creation of the District:

4.2.1 a PID application fee in the amount of \$7,500.00.

4.2.2 a Special District Operations Assessment ("Assessment").

4.2.3 The Assessment is due within thirty (30) days of the date of the annual report required in Section 5.4 of this Agreement. The Assessment will be calculated based on the number of residential and multifamily units ("Units") completed the previous year as reflected in the annual report. Staff may verify the number of Units by using resources such as Bexar County Appraisal District parcel information, field inspections, site inspections, or other available means, for each phase of the Project. The amount of the Assessment may be modified based on the final number of Units that have been completed and verified by staff. The final Assessment will be payable to the City within thirty (30) days of the date the annual report is due, and all Units have been verified by staff.

4.2.4 Owner currently estimates the Assessment for the District will be One Hundred Sixty-Five Thousand Seven Hundred Twenty-Five and No/100 (\$165,725.00) U.S. dollars.

4.2.5 The Assessment is based on the amount of One Hundred Seventy-Five Dollars and No/100 (\$175.00) per Unit.

4.2.6 Owner shall reimburse the City for all costs paid by City for recording of this Agreement and related documents in the Bexar County property records.

4.3 The Parties agree that upon creation of the District and subject to approval of qualified voters in the District, the taxes hereby authorized to be levied and imposed within the District and the rates at which they are authorized to be imposed on all property owners within the District are as follows:

Ad Valorem Tax

Not to exceed the City of San Antonio's ad valorem tax rate assessed by the City within the City's municipal boundaries

4.4 Strategic Partnership Agreement. The Parties agree and acknowledge that Owner will cause the District to enter into a SPA for the purpose of providing terms for limited and full purpose annexation and imposing and collecting sales and use taxes within commercial use areas of the District, such SPA is attached to this Agreement in substantial form as **Exhibit "D"**. In the event the District fails to enter into the SPA within eighteen (18) months of execution of this Agreement, Owner agrees that the Owner and/or developer of the District Property will not be entitled to reimbursement by the District for the construction of improvements necessary for the exercise of the District's powers and duties of a road district and the power to provide water, wastewater or drainage facilities conferred under Chapter 382 of the Code and the County order creating the District.

4.4.1 If the SPA is approved, Owner agrees that the District will reimburse the City for costs associated with the limited purpose annexation ("LPA") and implementing the SPA; including recording the SPA in the Real Property Records of Bexar County, publications of public hearings, annexation ordinance, polling location notices for voters in LPA areas; and plan amendment and zoning fees for annexed land.

4.5 Non-annexation. The Parties agree that in exchange for the Owner's agreement to comply with the terms of this Agreement, for the entire term of this Agreement, the City will continue the ETJ status of the District Property and defer annexation of the District Property for the term of this Agreement, which shall not exceed thirty (30) years from the Effective Date of this Agreement.

4.6 Voluntary Petition for Annexation. The Parties agree that this Agreement constitutes a voluntary petition to the City for annexation of the District Property for full purposes under the provisions of Subchapter C-3 of Chapter 43 of the Code which shall be deemed submitted to the City on the Effective Date of this Agreement. Subject to Section 4.4 above, the City may exercise its right to annex the District Property or any portion thereof (the "Annexation Area") in its sole discretion upon default of this Agreement by the Owner, subject to the provisions of Section 7.3 and Section 7.4 of this Agreement, or at the end of the term of this Agreement. The Parties further agree that this Agreement does not obligate the City to annex the entire District Property for limited or full purposes at any time.

4.6.1 The Parties agree and acknowledge that Section 4.6 of this Agreement applies only (i) at the end of the term or expiration of this Agreement and (ii) if no SPA covers all or a part of the District Property and the City opts to annex any portion of the proposed District Property pursuant to this Agreement. Section 4.6 shall not apply to any portion of the District Property which is encumbered by a

SPA and no voluntary petition for annexation shall extend to such District Property as long as a SPA exists for such property.

4.7 Owner agrees that this voluntary petition and consent to annexation of the District Property may not be revoked and is intended to be and shall be binding upon the Owner as well as their successors and assigns in ownership of any right, title or interest in and to the District Property or any part thereof. Owner further agrees that the City has the authority to annex the District Property under Chapter 212 of the Code independently of Chapter 43 of the Code and that such authority may be exercised regardless of the procedural requirements of Chapter 43 of the Code.

4.8 Waiver. To the extent authorized by state and local laws, the Parties agree that the City is only obligated to perform those tasks set forth in Subchapter C-3 of Chapter 43 of the Code that are required when annexing property under that subchapter. Owner agrees not to oppose any action taken by the City to annex the Annexation Area under this Agreement or under Subchapter C-3 of Chapter 43 of the Code.

4.9 All covenants, agreements and terms contained herein obligating Owner shall run with the land and shall hereafter bind their successors and assigns and all future owners of properties located within the District Property contained therein, including all parts of the Annexation Area.

4.10 The following language shall be included in each deed or lease of any real property located within the District Property, or by separate document that is recorded, which is executed after the Effective Date of this Agreement:

"This (conveyance or lease, as applicable) is made and accepted subject to that certain voluntary petition for annexation, provided in Section 4.6 of the Sapphire Grove Special Improvement District Development Agreement, executed on _____ and recorded in the Real Property records of Bexar County under Bexar County Document No. [_____] which permits the City of San Antonio to annex the herein described property upon the terms and conditions set forth therein. Acceptance of this conveyance or lease, as applicable, shall evidence your consent and agreement to such annexation by the City and may be relied upon by the City as a beneficiary of your consent and agreement.

Further, this (conveyance or lease, as applicable) is made an accepted subject to the development rules, regulations and ordinances of the City of San Antonio applicable to properties in the City's extraterritorial jurisdiction as described in the Sapphire Grove Special Improvement District Development Agreement. Acceptance of this conveyance or lease, as applicable, shall evidence consent and agreement to such developmental standards, rules and regulations which may be relied upon by the City as a beneficiary of your consent and agreement."

4.11 Subject to Section 5.1 of this Agreement, or unless provided for otherwise in this Agreement, Owner agrees that they will comply with all applicable municipal rules, regulations, orders, ordinances, and other local laws applicable to all properties within the City's ETJ, during all phases of development and construction of the Project during the term of this Agreement.

4.12 As applicable, and subject to Section 5.3 herein, Owner shall comply with the requirements of Section 382.109 of the Code regarding road projects on the District Property, as described by Section 382.109 of the Code to the extent such requirements apply to properties located in the City's ETJ.

4.13 Owner shall provide the City with the proposed language to be placed on the ballot for any election to be held pertaining to the creation or confirmation of the District and the imposition of any taxes to be assessed within the District within ninety (90) days from the date of the election.

V. DEVELOPMENT STANDARDS

5.1 Owner agrees to comply with the development standards on the District Property as follows:

5.1.1 UDC: Except as otherwise provided herein, Owner agrees to comply with the provisions of the UDC applicable to properties in the ETJ, excluding any provisions or building standards triggered by the City's zoning regulations, including but not limited to setbacks, buffers, and parking requirements.

5.1.2 Building Permits: Notwithstanding any provision herein to the contrary, the Parties agree and acknowledge that City building permit applications, fees, and inspections shall not be required for any single-family residential lots within the District Property. In the event of a change in law that provides the City with the right to require building permits, fees, and inspections for properties in the City's ETJ, this section shall no longer apply as of the effective date of that change in law.

5.1.3 Connectivity: Single-family residential subdivisions developed within the District Property will comply with the street connectivity ratio as outlined in the UDC.

5.1.4 Solid Waste Infrastructure Standards: Owner agrees to construct, as applicable, infrastructure within the District Property pursuant to Chapters 14 and 35 of the City Code, including the City's Solid Waste Management Department standards as stated in Development Services Department Informational Bulletin 576. Subject to the provisions herein in Article VI – Written Agreement Regarding Services pertaining to properties in the Annexation Area, nothing in this Agreement shall require Owner to enter into a contract with the City to provide solid waste collection services.

5.1.5 Major Thoroughfare: As per the UDC, Owner may design/construct (or cause to be designed/constructed) roads and rights-of-way shown on the City's Major

Thoroughfare Plan ("MTP"). Owner reserves the right to re-configure, or cause the re-configuration of, roadway alignments as required to develop the District Property, which will be administered through MDP amendment(s) in accordance with Section 3.2 and/or through the City's process for amending the MTP, as applicable.

5.1.6 2010 Tree Ordinance: The requirements of the City's 2010 Tree Ordinance will apply to the development of the District Property.

5.2 Waiver of Vested Right: The Parties agree and acknowledge that this Agreement shall extinguish any vested right acquired prior to the Effective Date of this Agreement, as applicable to the District Property; however, this Agreement shall not adversely affect, alter, or extinguish any vested right that Owner, or Owners' successors and/or assigns, may acquire with respect to the District Property subsequent to the Effective Date of this Agreement, nor shall this Agreement limit the prospective use of any vested right acquired subsequent to the Effective Date of this Agreement.

5.3 Chapter 245 Permit: Notwithstanding any provisions herein to the contrary, and pursuant to Section 5.2, the Parties agree and acknowledge that, in accordance with Section 212.172(g) of the Code, this Development Agreement constitutes a permit under Chapter 245 of the Code.

5.4 Project Annual Update: Owner shall provide annual reports on the progress of the Project no later than January 30th of each year. The updates shall include development activity within the District Property and, if applicable, include the following:

- a. Plat applications for all subdivisions submitted during the previous calendar year;
- b. Development documents and permits required by the UDC;
- c. Built-out percentages for single-family, multifamily, and commercial areas and any recalculations of build-out expectations;
- d. Construction updates (noting percentage completion of infrastructure and improvements);
- e. Number of residential units built to date;
- f. Annual District revenue and expenditures;
- g. All outstanding financial obligations, liabilities and assets.

5.5 Military Protection Areas. For all properties within five (5) miles of a military installation, and if applicable to the District Property as of the Effective Date of this Agreement, Owner shall comply with the UDC regulations for Military Protection Areas.

5.6 If applicable to the District Property as of the Effective Date of this Agreement, Owner shall comply with the uses permitted in the Edwards Recharge Zone District as referenced in Chapter 35 of the City Code.

5.7 If applicable to the District Property as of the Effective Date of this Agreement, Owner shall comply with the San Antonio Recommended Plant List - All Suited to Xeriscape Planting Methods of UDC Appendix E.

5.8 If applicable to the District Property as of the Effective Date of this Agreement, Owner shall comply with the park dedication requirements as set out in the UDC.

5.9 If applicable to the District Property as of the Effective Date of this Agreement, Owner shall protect and preserve any existing historical or archeological buildings, structures, sites, features or places.

5.10 Owner shall comply with Chapter 28 of the City Code – Signs.

5.11 If applicable to the District Property as of the Effective Date of this Agreement, Owner shall comply with Chapter 34 of the City Code, Water & Sewers.

5.12 Owner shall comply with the same streetlight standards applicable to all subdivisions within the City that are listed in Section 35-506(i) of the UDC.

5.13 All public infrastructure, improvements and facilities provided by the District shall be constructed, maintained and operated according to City and SAWS, standards, throughout the term of the Agreement and in accordance with applicable utility service agreements.

5.14 As of the Effective Date of this Agreement, Owner shall comply with the Military Lighting Overlay District regulations set forth in the UDC for all property within the District.

5.15 If applicable to the District Property as of the Effective Date of this Agreement, Owner shall comply with the standards set forth in UDC Chapter VI for Historic Preservation.

VI. WRITTEN AGREEMENT REGARDING SERVICES

6.1 In the event the City annexes the Annexation Area pursuant to the terms of Section 5.3, the Parties agree that this Article VI of this Agreement, shall constitute a Written Agreement Regarding Services required under Chapter 43, section 43.0672 of the Code; shall run with the land; and shall govern all municipal services to be provided to the Annexation Area. The City shall be under no further obligation to negotiate services with any subsequent owners of any property located or developed within the Annexation Area other than the services set forth herein, provided that upon annexation of the Annexation Area, if the municipal services have changed or otherwise include additional services not referenced herein, the City will provide all municipal services to the Annexation Area that apply to other properties located within the City limits within three (3) years after the date of annexation. The Agreement Regarding Services shall survive termination of this Agreement only to the extent the City annexes the Annexation Area pursuant to this Agreement.

In general, this Agreement Regarding Services includes three service components: *(1) Annexation Service Requirements, (2) Additional Services, and (3) a Capital Improvement Program.* The Parties agree that providing services includes having services Development Agreement
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provided by any method or means by which the City extends municipal services to any other area of the City. This may include causing or allowing private utilities, governmental entities and other public and private non-profit service organizations to provide such services by contract in whole or in part. It may also include separate agreements with associations or similar entities. Services shall be provided, and fees shall be assessed in accordance with the City's Code of Ordinances, as may be amended.

6.2 Annexation Service Requirements. The following services will be provided in the Annexation Area commencing on the effective date of the annexation for full purposes, unless otherwise noted.

6.2.1 Police Protection. The San Antonio Police Department ("SAPD") will provide protection and law enforcement services in the Annexation Area within the time frame established in section 6.1.

These services include:

- Routine patrols and responses;
- Handling of complaints and incident reports;
- Special units, such as traffic enforcement, criminal investigations, covert operations, K-9 Unit, Family Assistance Crisis Teams, Bomb Squad, and Special Weapons and Tactics Team; and
- Any other services or programs provided to the citizens of San Antonio at the time of annexation.

The Annexation Area will become part of an existing patrol district based upon factors such as the size of the area, population, and the expected number of calls for service. These factors will also determine the need for hiring additional patrol officers to ensure all patrol districts are adequately staffed twenty-four (24) hours a day, seven (7) days a week, and to maintain an average response time. SAPD San Antonio Fear Free Environment Unit officers will be available to meet as requested to discuss police issues.

Police Substations are responsible for a Patrol "Service Area," under the command of a Captain. These Service Areas are divided into Patrol Sections. The Patrol Sections, with supervisory responsibilities assigned to Sergeants, are divided into "Patrol Districts." The "Patrol Districts" are geographically defined areas established for several reasons, including but not limited to:

- Serving as a manpower distribution tool based on call volume, population, area size, and geographic variables;
- Providing a means of establishing primary responsibility to individual officers, during their tour of duty, for various activities within a specific geographic area; and
- Providing an efficient and effective means of assigning, identifying, and locating officers, within a generalized area, using currently available technology.

The Annexation Area will be served by the substation assigned to that geographic area. There is no specific number of officers that can be assigned to a patrol district. Patrol districts are staffed with at least one officer, twenty-four (24) hours a day, seven (7) days a week. Many times, multiple officers are assigned to single districts.

Police services are initiated by on-sight officer activity, citizen requests, and any other means available. The most common means by which officers receive their assignments is through direct supervisory command and radio/computer transmissions by police dispatchers.

6.2.2 Fire Protection and Emergency Medical Service ("EMS"). The San Antonio Fire Department ("SAFD") will provide fire protection services and EMS service. Service will be provided through the use of fire engines, ladder trucks, full-time and peak period EMS ambulances, Medical Officers, and Chief Officers. SAFD will be providing fire protection and EMS from the station assigned to that geographic area.

6.2.3 Solid Waste Collection Services. Solid Waste Collection services are provided, and fees are assessed in accordance with Chapter 14 of the City' Code of Ordinances, as may be amended. Fees for services are assessed monthly on CPS Energy Utility bills. If private collection services are used, the City solid waste fees will not be assessed.

6.2.3.1 Commercial Solid Waste Services. The City's Commercial collection for garbage are available on a case by case basis for qualifying businesses in a manner similar to residential services. Bulky item, brush and bagged leaf collections are not provided to businesses. If the City-provided commercial service is not desired, businesses may utilize private service providers.

6.2.4 Operation and Maintenance of Water and Wastewater Facilities. If, at the time of annexation, the Annexation Area is not being provided with water and wastewater service, the San Antonio Water System ("SAWS") will extend water and wastewater service to the Annexation Area at the request of a resident pursuant to SAWS policies regarding extensions of service. SAWS will provide water and wastewater service in accordance with standard SAWS policies and procedures.

6.2.5 Operation and Maintenance of Roads and Streets, including Street Lighting. The Transportation and Capital Improvements Department ("TCI") is responsible for the maintenance and repair of streets, bridges, alleys, and related infrastructure within the City's jurisdiction. Curbs, sidewalks, driveway approaches, curb ramps, and other street infrastructures are constructed in accordance with the City and the Americans with Disability Act standards. Service requests or community concerns for TCI's response, such as pothole and base and pavement repairs are initiated through the City's 311 call center or online services. These services include:

- Emergency Pavement Repair;
- Street Base and Pavement Repair;

- Preventative Street Maintenance;
- Guard Post and Guard Rail Maintenance;
- De-icing and Snow Removal Services;
- Neighborhood Access and Mobility Program;
- Emergency Street Closure Services; and
- Street Re-striping and Marking Services

Infrastructure Management Program (IMP) is a five (5) year rolling program, which focuses on the maintenance of the City infrastructure. Service needs are identified city-wide and are scheduled for street maintenance, alley maintenance, drainage maintenance, sidewalks, traffic signals, pavement marking, and Advance Transportation District (ATD) projects. The IMP provides the City a structured program schedule, potential for additional multiple year contract awards and improved utility coordination. During the budget process for each fiscal year of the City, the IMP is presented to City Council for approval. Amendments may occur throughout the year due to coordination with utilities or unforeseen conditions, such as inclement weather. The goal of the IMP is to provide the best possible maintenance for the City.

6.2.6 Transportation Systems Management & Operations. If necessary, TCI will provide regulatory signage services. Traffic signal stop and all other regulatory studies are conducted in conjunction with growth of traffic volumes. Traffic signs, signals, and markings are installed in conformance with the Texas Manual on Uniform Traffic Control Devices. Faded, vandalized, or missing signs are replaced as needed. "Call back" service is provided twenty-four (24) hours a day, three hundred sixty-five (365) days a year for emergency repair of critical regulatory signs. Requests for signage should be called into the City's 311 Call Center.

6.2.7 Storm Water Utility. The Storm Water Utility is housed within the TCI Department. The Storm Water Utility is responsible for drainage services as well as the installation, operation, and maintenance of drainage infrastructure throughout San Antonio.

The Storm Water Utility Fee is intended to cover capital and maintenance expenses associated with drainage projects and fund operational services related to the Municipal Separate Storm Sewer System (MS4) Permit as required by Federal regulations.

The Storm Water Utility Fee is billed by SAWS on behalf of the City. Services are currently provided by the SAWS, in accordance with the SAWS's approved business plan and as limited by applicable codes, laws, ordinances, and special agreements. Storm Water Utility Fees will be assessed for the subject property.

6.2.8 Street Lighting. The planning of public streetlights is coordinated by the City's Development Services Department ("DSD"). CPS Energy will maintain public street lighting in accordance with City's policies. The City assumes the cost of electricity for public streetlights.

6.2.9 Operation and Maintenance of Parks, Playgrounds and Swimming Pools. Maintenance responsibilities for municipally owned parks, playgrounds, and swimming pools are the responsibility of the City. Any proposed or existing privately-owned parks, playgrounds, swimming pools, recreational facilities, and common spaces in the Annexation Area are the responsibility of the property owner(s).

6.2.10 Operation and Maintenance of Any Other Publicly Owned Facility, Building, or Service. Should the City acquire any other facilities, buildings, or services necessary for municipal services for the Annexation Area, an appropriate City department will provide maintenance services for them.

6.3 Additional Services. Certain services, in addition to the above services, will be provided within the Annexation Area commencing on the effective date of the annexation for full purposes, unless otherwise noted. They are as follows:

6.3.1 Code Compliance. The Code Compliance Division of DSD enforces the City codes and regulations to protect the health, safety and general welfare of the community. Current enforcement is provided to the following and is not limited to:

- Vacant dangerous premises and structures;
- Junked vehicles;
- Weeded vacant lots;
- Zoning UDC;
- Property maintenance;
- Minimum housing, including unsanitary premises;
- Front yard parking;
- Alley and right-of-way violations;
- Monthly inspections of salvage/junk yards;
- Monitoring and enforcing materials received at salvage/junk yards;
- Enforcement of garage sale permits; and
- The Code and ordinances enforced by DSD are subject to changes by the City Council.

6.3.2 Building and Other Permits. Incomplete construction must obtain building permits from DSD in accordance with the City codes. Incomplete construction implies that final inspections have not been conducted and approved. For new commercial construction, incomplete construction indicates approved final inspections for building, mechanical, plumbing, electric, fire, traffic, drainage, sidewalks, irrigation inspections have not been obtained. Other field inspections may be applicable for new commercial construction depending on the specific use and/or location of the Project. Any required permits, including, but not limited to, building, trade, and sign permits may be applied for at the Cliff Morton Development and Business Services Center located at 1901 South Alamo Street, San Antonio, Texas. In addition, as part of the permitting process, applicant will be required to adhere to the City's Tree and Landscape requirements. A one-stop

development service counter has been created to assist the public with any development questions that relate to building, planning and TCI issues.

6.3.3 Certificate of Occupancy. New and existing businesses must obtain a Certificate of Occupancy and related inspections required by the City code from DSD and San Antonio Metropolitan Health District. In accordance with the adopted Building Code, no person may occupy a building or a space without first obtaining a Certificate of Occupancy. Certificates of Occupancy may be applied for at the Cliff Morton Development and Business Services Center located at 1901 South Alamo Street, San Antonio, Texas.

6.3.4 Library Services. The nearest library services to the Annexation Area can be identified through the City's Public Library website. The San Antonio Public Library locations provide the following services:

- Library materials for adults, young adults and children including books, periodicals, compact disks, DVD, videos, audio books, and electronic books;
- Programming for adults, young adults and children such as regularly scheduled story time;
- Book discussion groups and other topics of interest to the community; and
- Access to the website, databases and other computer programs, is available seven days a week through the web address www.mysapl.org/digital.

Professional staff is available to assist library customers with reference and reader's advisory questions and public meeting room space are available. More information is available at the San Antonio Public Library Website: www.mysapl.org.

6.3.5 Health Department Services. The San Antonio Metropolitan Health District ("SAMHD") currently provides certain public health services, including dental screening and treatment, communicable disease control, emergency preparedness and response, and health education to persons residing in the Annexation Area through an inter-local agreement with Bexar County-University Health Systems. Upon full purpose annexation the following additional services will become available:

- Investigation of public health related complaints including food borne illness, recreational water quality, and public swimming pools and spas, and investigation of toxic exposures;
- Permitting and routine sanitation inspections of food establishments, schools, day cares, swimming pools and mobile living parks;
- Enforcement of the City's smoking ordinance in public places;
- Investigation of reported elevated Blood Lead Levels in children;
- Access to community health clinics; and
- Medical Assistance Program benefits.

SAMHD will provide additional services for oversight of day care centers, semi-public swimming pools, air quality permits, and livestock issues.

6.3.6 Animal Care Services. The Annexation Area will receive the same level of service as within the City Limits of the City. These services include, but may not be

limited to, animal enforcement and control, educational and public outreach, low cost animal related resources such as microchips and spay/neuter services, and community cat program services.

6.3.7 Other Services. The City Departments with jurisdiction in the Annexation Area will provide services according to City policy and procedures.

6.4 Capital Improvements Program. The City will initiate the construction of capital improvements as may be necessary for providing municipal services. The timing for the construction of capital projects that may be necessary for the delivery of municipal services will be done in accordance with the requirements of Subchapter C of Chapter 43, of the Code.

Each component of the Capital Improvement Program is subject to the City providing the related service directly. In the event that the related service is provided through a contract service provider, the capital improvement may not be constructed or acquired by the City but may be provided by the contract provider. The City may also lease buildings in lieu of construction of any necessary buildings.

6.4.1 Police Protection. No capital improvements are necessary at this time to provide police services.

6.4.2 Fire Protection. No capital improvements are necessary at this time to provide fire services.

6.4.3 Emergency Medical Service. No capital improvements are necessary at this time to provide EMS services.

6.4.4 Solid Waste Collection. No capital improvements are necessary at this time to provide solid waste collection services.

6.4.5 Roads and Streets. No newly constructed road or street related capital improvements are necessary at this time to provide services. The City will assume maintenance responsibilities for all public streets.

6.4.6 Parks, Playgrounds and Swimming Pools. No capital improvements are necessary at this time to provide parks and recreation services.

6.4.7 Library Services. No capital improvements are necessary at this time.

6.4.8 Capital Improvements Planning. The Annexation Area will be included with other territory within the municipality in connection with planning for new or expanded facilities and/or services. All other capital improvements will be considered through the 6-Year Capital Budget that represents the City's long-range physical infrastructure development and improve plan. Major funding sources are General Obligation Bonds, Certificates of Obligation, Storm Water Revenue Bonds, and

Community Development Block Grants as applicable. Capital projects are placed in inventory by the City Council representative through input from community and neighborhood associations, other public processes, and comprehensive planning processes.

6.5 This Article VI in no way prohibits the City from amending any or modifying any of the above programs or services in accordance with the police, legislative, and regulatory power of the City. Any such changes in services that apply to all properties for which the above services are provided shall apply to all property annexed pursuant to this Agreement.

VII. DEFAULT

7.1 Subject to Sections 7.3 and 7.4 below, Owner shall be declared in "Default" of this Agreement if Owner violates or causes a violation of any rules, regulations, orders, ordinances, or other laws that are applicable to the District Property, as described herein, during the term of this Agreement.

7.2 Subject to Section 7.3 and Section 7.4 below, a Party shall be declared in "Default" if a material breach occurs of any covenant, obligation, or provisions of this Agreement.

7.3 Notwithstanding any provision to the contrary, no Party shall be declared in Default, under this Agreement and subject to the remedies available to the non-defaulting party, as set forth herein, until written notice of Default has been given to the defaulting Party (which notice shall set forth in reasonable detail the nature of the Default) and until such Party has been given, from and after the receipt of such written notice, ninety (90) calendar days to cure the Default (the "Cure Period"). Additionally, no Party shall be declared in Default, under this Agreement, if, within the Cure Period, the defaulting Party has commenced in a commercially reasonable manner to remove or cure such alleged default, provided that, in the event the alleged default cannot reasonably be removed or cured within the Cure Period, the defaulting Party shall provide the non-defaulting party a commercially reasonable written timeline for removing or curing such alleged default and the Parties shall thereafter enter into a written agreement extending the Cure Period to a timeframe consistent with such timeline; such written agreement shall be subject to the administrative approval of the City Manager's designee and shall not be unreasonably withheld, conditioned, or delayed by either Party. The Cure Period may be additionally extended by written agreement of the Parties and shall be subject to approval of the City Council.

7.4 The duties of a Party to observe or perform any of the provisions of this Agreement, on its part to be performed or observed, shall be excused for a period equal to the period of prevention, delay, or stoppage due to causes beyond the control of the applicable Party, including reason of pandemic, epidemic, strikes, civil riots, war, invasion, fire or other casualty, or Acts of God.

VIII. REMEDIES

8.1 Upon the occurrence of Default by Owner, the defaulting party shall be subject to the enforcement provisions set forth in UDC Section 35-491, as amended, of the City's Code as well as all civil remedies provided by law.

8.2 Upon the occurrence of Default by Owner, the City may exercise its right to annex the District Property as set forth in Section 4.6 of this Agreement.

8.3 Upon the occurrence of Default by a Party, the non-defaulting Party may seek all remedies available to it at law or in equity, including, without limitation, termination, injunctive relief, mandamus, and specific performance. Additionally, upon the occurrence of Default by Owner (subject however to all notice and cure provisions provided herein), the City may proceed with voluntary annexation of the District Property as provided in this Agreement.

8.4 No remedy herein conferred upon or reserved to the Parties is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute.

8.5 The Parties hereto expressly agree that, in the event of litigation, each Party hereby waives its right to payment of attorneys' fees.

IX. NON-WAIVER

9.1 No course of dealing on the of the Parties nor any failure or delay by the Parties 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.

X. ASSIGNMENT

10.1 All covenants and agreements contained herein by the City shall bind its successors and assigns and shall inure to the benefit of Owner and their successors and assigns.

10.2 This Agreement (including the duties, rights and obligations set forth herein) may not be assigned by Owner except for assignments to (a) related entities and subsidiaries of Owner, (b) home builders and their related entities, (c) individual single lot owners, and (d) as described in section 10.3 below, without the prior written consent of City and subject to approval by the City Council, as evidenced by passage of an ordinance. Any subsequent assignment by Owner, except for assignments to related entities and subsidiaries of Owner, home builders, individual single lot owners, and as described in section 10.3 below, shall only be done with the written consent of the City as evidenced by action of the City Council by ordinance.

10.3 Notwithstanding Section 10.2, after the Project has been completed and the District Property has been developed, without prior written consent of the City and approval by City

Council, (a) all rights relating under this Agreement, including (without implied limitation) the right of non-annexation, shall run with the land and any subsequent owner, mortgagee, lessee or other party with an interest therein shall enjoy such rights; (b) if Owner possess or acquire any rights or entitlements with respect to the development of the Property and the construction of improvements thereon which run with all or a part the land, any subsequent owner, mortgagee, lessee, or other party with an interest therein shall automatically be a beneficiary of such rights and entitlements to the extent of such interest in such Property or portion thereof; and (c) Owner may collaterally assign their rights and obligations hereunder to any lender to which such party has granted a lien encumbering all or part of such Property.

XI. ENTIRE AGREEMENT

11.1 This written Agreement embodies the final and entire agreement between the Parties hereto and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the Parties.

11.2 The exhibits attached to this Agreement are incorporated herein and shall be considered a part of this Agreement for the purposes stated herein. Notwithstanding the foregoing however, the exhibits shall not constitute any binding commitment regarding, but not limited to, the final location of boundaries and improvements and infrastructure, such being of approximate location that may be amended from time to time by the Parties.

XII. AMENDMENTS

12.1 Except where the terms of this Agreement expressly provide otherwise, any alterations, additions, or deletions to the terms hereof, shall be affected only by amendment, in writing, executed by the Parties, and subject to approval by the City Council, as evidenced by passage of an ordinance.

XIII. SEVERABILITY

13.1 If any clause or provision of this Agreement is held invalid, illegal, or unenforceable under present or future federal, state, or local laws, including but not limited to the charter, code, or, ordinances of the City, then and in that event it is the intent of 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 intent of 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 this 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.

XIV. INDEPENDENT CONTRACTORS

14.1 Owner covenants and agrees that they are an independent contractor and are not an officer, agent, servant or employee of the City; that Owner shall have exclusive control of and

exclusive rights to control the details of the work performed hereunder and all persons performing same, and shall be responsible for the acts and omissions of each party's officers, agents, employees, contractors, subcontractors, and consultants, except as where the City may enforce the provisions of the City's Code of Ordinances; that the doctrine of "respondent superior" shall not apply as between the City and Owner, all officers, agents, employees, contractors, subcontractors, and consultants of Owner, and nothing herein shall be construed as creating the relationship of employer-employee, principal-agent, partners, or joint ventures between the City and Owner. 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 the performance by Owner under this Agreement and that the Owner have no authority to bind the City.

XV. LEGAL AUTHORITY

15.1 The person(s) executing this Agreement on behalf of the respective Parties, represent, warrant, assure, and guarantee that they have full legal authority to (1) execute this Agreement on behalf of the respective Party, and (2) to bind the respective Party to all of the terms, conditions, provisions, and obligations herein contained.

XVI. VENUE AND GOVERNING LAW

16.1 THIS AGREEMENT SHALL BE CONSTRUED UNDER AND IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

16.2 Any legal action or proceeding brought or maintained, directly or indirectly, as a result of this Agreement shall be heard and determined in the County.

XVII. PARTIES' REPRESENTATIONS

17.1 This Agreement has been jointly negotiated between the Parties and shall not be construed against a Party because that Party may have primarily assumed responsibility for the drafting of this Agreement.

XVIII. NOTICE

18.1 All notices, demands or other communications given in connection with or required under this Agreement must be in writing and delivered to the person to whom it is directed and may be given by (1) overnight delivery using a nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) business day after deposit with such courier; (2) sent by email with a PDF attachment with an original copy thereof transmitted to the recipient by one of the means described in clauses (a), (c) or (d), in which case notice shall be deemed delivered on the date of transmittal of the email with PDF attachment; (3) personal delivery, in which case notice shall be deemed delivered upon receipt or refusal of delivery; or (4) United States certified mail, return receipt requested, postage prepaid, addressed to the addressee, in which case notice shall be deemed delivered three business days after deposit of such notice, postage prepaid, in a mailbox under the care, custody or control of the United States Postal Service. All notices, demands, and

other communications shall be given to the Parties at the addresses set forth below, or at any other addresses that they have theretofore specified by written notice delivered in accordance herewith:

City: City of San Antonio
Attention: Bridgett White or
Director of the Department of Planning
P.O. Box 839966
San Antonio, Texas 78283-3966

Owner: Lennar Homes of Texas Land and Construction Ltd.
Attention: Brian Barron
1922 Dry Creek Way, Suite 101
San Antonio, TX, 78259

With copies to: Brown & Ortiz, PC
Attention: Daniel Ortiz
112 E. Pecan Suite 1360
San Antonio, Texas, 78205

18.2 Each Party may change its address by written notice in accordance with this Article.

XIX. CAPTIONS

19.1 All captions used herein are only for the convenience of reference and shall not be construed to have any effect or meaning as to the Agreement between Parties hereto.

XX. UNINTENDED OMISSION

20.1 If any punctuation, word, clause, sentence, or provisions necessary to give meaning, validity, or effect to any other word, clause, sentence, or provision of this Agreement is omitted, then it is hereby declared that such omission was unintentional and that the omitted punctuation, word, clause, sentence, or provision shall be supplied by inference.

XXI. COUNTERPARTS

21.1 This Agreement may be executed in counterparts. Each of the counterparts shall be deemed an original instrument, but all of the counterparts shall constitute one and the same instrument. This Agreement may be executed in any number of counterparts and by different Parties in separate counterparts, each of which when so executed and delivered, shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or electronic mail shall be as effective as delivery of a manually executed counterpart of this Agreement, except that any Party delivering an executed counterpart of this Agreement by

Development Agreement
Sapphire Grove

facsimile or electronic mail also must deliver a manually executed counterpart of this Agreement. Notwithstanding the foregoing, failure to deliver a manually executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

XXII. RECORDATION

22.1 This Agreement shall be recorded in the Real Property Records of the County.

XXIII. TERM

23.1 The term of this Agreement shall commence on the Effective Date and terminate thirty (30) years from the Effective Date. The term may be extended upon mutual consent and written agreement between the Parties and subject to approval by the City Council, as evidenced by passage of an ordinance. The Parties agree to institute best efforts to renegotiate new provisions, as necessary, in the event the Agreement is extended beyond the initial thirty (30) year term. Notwithstanding any provision herein to the contrary, in the event the District is dissolved within one (1) year from the Effective Date, this Agreement automatically terminates upon the effective date of the District's dissolution, without any further action from the Parties and the Parties are relieved of any further rights and obligations under this Agreement.

XXIV. FORCE MAJURE

24.1 If either Party is rendered unable, wholly or in part, by force majeure to carry out any of its obligations under this Agreement, then the obligations of either Party to the extent affected by such force majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused to the extent provided but for no longer period. Such cause, as far as possible, shall be remedied with all reasonable diligence. The term "force majeure", as used herein, shall include, without limitation of the generality thereof, acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy (including domestic and foreign terrorism), orders of any kind of the Government of the United States or of the State of Texas or any civil or military authority, insurrections, riots, epidemics, pandemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery pipelines or canals, partial or entire failure of water necessary for operation of the sewer system, or of the District to receive waste, and any other incapacities of either Party, whether similar to those enumerated or otherwise, which are not within the control of either Party, which either Party could not have avoided by the exercise of due diligence and care. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of either Party, and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demand of the opposing Party or Parties when such settlement is unfavorable to it in the judgment of the affected Party.

-Signatures on the Following Pages-

Development Agreement
Sapphire Grove

IN WITNESS THEREOF, the Parties hereto have executed this Agreement to be effective as of the Effective Date.

CITY:

CITY OF SAN ANTONIO, TEXAS

By: [Signature]
Name: Roderick Sanchez
Title: Asst City Manager
Date: 4/22/2022

ATTEST/SEAL

By: [Signature]
Name: Debbie Rocco S. Hre
Title: Interim City Clerk
Date: 4-25-2022

APPROVED AS TO LEGAL FORM:

By: [Signature]
Name: Jameene Williams
Title: City Attorney
Date: 4/19/2022

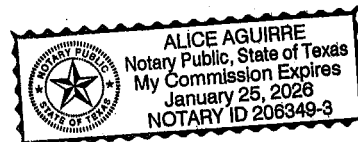


ACKNOWLEDGEMENT

STATE OF TEXAS §
§
COUNTY OF BEXAR §

This instrument was acknowledged before me on this 22 day of April, 2022 by Roderick Sanchez Asst City Manager of the City of San Antonio, a Texas home rule municipality, on behalf of said municipality.

Date: 4/22/22
[Signature]
Notary Public State of Texas
My Commission Expires: 1-25-26




Development Agreement
Sapphire Grove

OWNER:

LENNAR HOMES OF TEXAS LAND AND CONSTRUCTION, LTD.,
a Texas limited partnership

By: **LENNAR TEXAS HOLDING COMPANY**
its General Partner

By: 

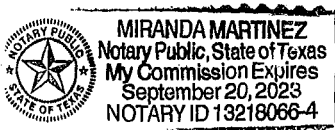
Brian Barron
Division President

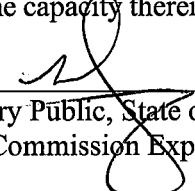
Date: 2/10/22

ACKNOWLEDGEMENT

STATE OF TEXAS §
 §
COUNTY OF BEXAR §

The foregoing instrument was acknowledged before me on the 10 day of February, 2022, by Brian Barron, on behalf of Lennar Homes of Texas Land and Construction, Ltd., a Texas limited partnership, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed, on behalf of said company, in the capacity therein stated.





Notary Public, State of Texas
My Commission Expires: _____

Development Agreement
Sapphire Grove



**DESCRIPTION FOR
A 173.27 ACRE TRACT**

A 173.27 acre tract of land situated in the Miguel Gortari Survey No. 5, Abstract 252, Bexar County, Texas, and being all of that called 70.00 acre tract of land as conveyed to Guillermo T. Reynoso and spouse Emilce A. Reynoso and recorded August 18, 2014 in Volume 16823, Page 846 in the Official Public Records of Bexar County, Texas (O.P.R.), all of that called 71.08 acre tract of land as conveyed to Guillermo T. Reynoso and spouse Emilce A. Reynoso and recorded February 11, 2015 in Volume 17085, Page 162 in the O.P.R., and all of that called 33.790 acre tract of land as conveyed to Guillermo T. Reynoso and spouse Emilce A. Reynoso and recorded February 22, 2017 in Volume 18368, Page 321 in the O.P.R., said 173.27 acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a ½" iron rod with illegible cap found in the southerly right-of-way of New Sulphur Springs Road, (a 86' R.O.W. at this point) for the northeast corner of said 70.00 acre tract and the tract described herein, and for the northwest corner of the remainder of that called 41.27 acre tract of land as conveyed to Francis Moravits and recorded September 3, 2004 in Volume 10956, Page 2252 in the O.P.R., and from which point a ½" iron rod with cap stamped BLS 2024 found for the southwesterly end of a cutback line at the intersection of the northerly right-of-way of New Sulphur Springs Road with the westerly right-of-way of Beck Road bears N 13°23'35" E, a distance of 85.78 feet, and thence S 76°36'25" E, a distance of 12.25 feet;

THENCE: S 13°54'42" W, along and with the easterly line of said 70.00 acre tract and the westerly line of said 41.27 acre tract, passing at an approximate distance of 1765.38 feet the northwest corner of that called 11.89 acre tract of land as conveyed to Dale G. Smith and spouse Cynthia K. Smith and recorded February 5, 2007 in Volume 12677, Page 1467 in the O.P.R., and continuing for a total distance of **2432.00 feet** to a ½" iron rod found in the northerly line of said 33.790 acre tract for the southwest corner of said 11.89 acre tract and for the southeast corner of said 70.00 acre tract;

THENCE: S 76°17'12" E, along and with the northerly line of said 33.790 acre tract and the southerly line of said 11.89 acre tract, a distance of **158.00 feet** to a fence corner post found for the easterly corner of said 33.790 acre tract and for an exterior angle point in the northerly line of the remainder of that called 127.057 acre tract of land as conveyed to Margaret Frances Schwartzkopf and recorded September 24, 2019 in Document Number 20190191334 in the O.P.R. (description is recorded in Volume 13839, Page 699 in the O.P.R.) for the most easterly corner of the tract described herein;

THENCE: S 88°28'42" W, along and with the northerly line of said 127.057 acre tract and the southerly line of said 33.790 acre tract, a distance of **3205.01 feet** to a ½" iron rod with plastic cap stamped KFW SURVEYING (hereinafter referred to as SET KFW) set in the easterly right-of-way of Gardner Road (apparent 50' wide R.O.W.) for the northwest corner of said 127.057 acre tract and the southwest corner of said 33.790 acre tract and the tract described herein, and from which point a ½" iron rod found in the westerly right-of-way of Gardner Road bears S 87°30'35" W, a distance of 52.66 feet;

THENCE: N 21°20'28" W, along and with the easterly right-of-way of Gardner Road, a distance of **44.68 feet** to a fence corner post found for the southwest corner of that called 1.781 acre tract of land a conveyed to Travis Pawlik and wife April Pawlik and recorded April 27, 2009 in Volume 13953, Page 2090 in the O.P.R.;

THENCE: along and with the common lines of said 1.781 acre tract and said 33.790 acre tract, the following three (3) courses:

1. **N 88°46'02" E**, a distance of **473.61 feet** to a fence corner post found for the southeast corner of said 1.781 acre tract;
2. **N 20°16'35" W**, a distance of **174.98 feet** to a ½" iron rod with cap stamped GCE found for the northeast corner of said 1.781 acre tract;
3. **S 88°29'08" W**, a distance of **476.22 feet** to a fence corner post found in the easterly right-of-way of Gardner Road for the northwest corner of said 1.781 acre tract;

THENCE: N 21°20'28" W, along and with the easterly right-of-way of Gardner Road, a distance of **772.72 feet** to a SET KFW for the northwest corner of said 33.790 acre tract and for the southwest corner of the remainder of that called 25.00 acre tract of land as conveyed to Philip Syma and Melanie Syma and recorded September 10, 1997 in Volume 7191, Page 667 in the O.P.R., and from which point a ½" iron rod with cap stamped KJ BROWN 4966 found at an angle point in the westerly right-of-way of Gardner Road bears N 71°45'25" W, a distance of 64.90 feet;

THENCE: S 76°44'08" E, along and with the southerly line of said 25.00 acre tract and the northerly line of said 33.790 acre tract, a distance of **1447.43 feet** to a fence corner post found for the southeast corner of said 25.00 acre tract and for the southwest corner of said 71.08 acre tract;

THENCE: N 14°28'37" E, along and with the easterly line of said 25.00 acre tract and a westerly line of said 71.08 acre tract, passing at a distance of 447.23 feet a ½" iron rod found for the northeast corner of said 25.00 acre tract and for the southeast corner of that called 4.00 acre tract of land as conveyed to Scott Allen Zunker, et al, and recorded May 21, 2018 in Document Number 20180096063 in the O.P.R., and continuing for a total distance of **743.89 feet** to a ½" iron rod found for the northeast corner of said 4.00 acre tract and for an interior angle point for said 71.08 acre tract;

THENCE: N 76°45'48" W, along and with the northerly line of said 4.00 acre tract and a southerly line of said 71.08 acre tract, a distance of **1469.87 feet** to a ½" iron rod found in the easterly right-of-way of Gardner Road for an exterior corner of said 71.08 acre tract and for the northwest corner of said 4.00 acre tract;

THENCE: N 13°55'46" E, along and with the easterly right-of-way of Gardner Road, a distance of **670.12 feet** to a ½" iron rod found for the most westerly northwest corner of said 71.08 acre tract and for the southwest corner of that called 1.877 acre tract of land as conveyed to David A. Coble and recorded October 19, 2007 in Volume 13175, Page 2214 in the O.P.R.;

THENCE: S 76°39'09" E, along and with a northerly line of said 71.08 acre tract and the southerly line of said 1.877 acre tract, passing at a distance of 206.41 feet a ½" iron rod found for the southeast corner of said 1.877 acre tract and for the southwest corner of that called 4.000 acre tract of land as conveyed to Thomas William Hatch, Jr. and recorded August 27, 1982 in Volume 2657, Page 1696 in the O.P.R., and continuing along and with the southerly line of said 4.000 acre tract and also the southerly line of that tract of land called P-27A as conveyed to Thomas W. Hatch, Jr., and recorded

June 20, 2007 in Volume 12939, Page 992 in the O.P.R., and also the southerly line of that called 2.2830 acre tract of land as conveyed to Thomas W. and Glenda Hatch and recorded April 23, 2018 in Document Number 20180075399 in the O.P.R., and passing at a distance of 643.23 feet a ½" iron rod found for the southeast corner of said 2.2830 acre tract and for the southwest corner of that called 7.523 acre tract of land as conveyed to Jason Lee Wright and recorded June 16, 2017 in Volume 18574, Page 301 in the O.P.R., and continuing along and with the southerly line of said 7.523 acre tract for a total distance of **939.44 feet** to a found ½" iron rod;

THENCE: S 76°39'17" E, along and with the southerly line of said 7.523 acre tract and a northerly line of said 71.08 acre tract, passing at a distance of 15.84 feet the southeast corner of said 7.523 acre tract and the southwest corner of the remainder of that called 8.63 acre tract of land as conveyed to James Baer and recorded March 30, 1975 in Volume 7611, Page 535 in the Deed Records of Bexar County, and continuing along and with southerly line of said 8.63 acre tract and a northerly line of said 71.08 acre tract for a total distance of **387.56 feet** to a fence corner post found for the southeast corner of said 8.63 acre tract;

THENCE: N 12°57'09" E, along and with the easterly line of said 8.63 acre tract and a westerly line of said 71.08 acre tract, a distance of **1029.11 feet** to a SET KFW in the southerly right-of-way of New Sulphur Springs Road for the northeast corner of said 8.63 acre tract and the most northerly northwest corner of said 71.08 acre tract, and from which point a ½" iron rod found bears N12°57'09"E, a distance of 11.00 feet;

THENCE: S 76°36'25" E, along and with the southerly right-of-way of New Sulphur Springs Road, a distance of **2208.73 feet** to the **POINT OF BEGINNING** and containing **173.27 acres of land**, more or less, in Bexar County, Texas, and being described in accordance with a survey prepared by KFW Surveying. Bearings are based on NAD83 Texas State Plane South Central Zone.

Job No.: 20-073
Prepared by: KFW Surveying
Date: October 20, 2020
File

S:\Draw 2020\20-073 New Sulphur Springs Road Tract\DOCS\20-073 173.27 AC DESC TCP 102020.doc

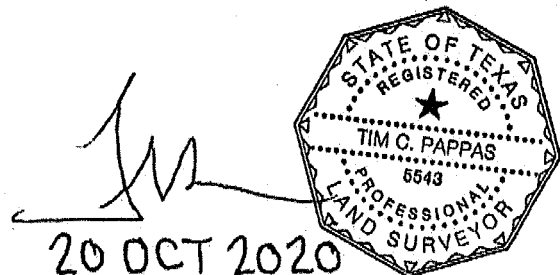


EXHIBIT "B"
SURVEY MAP

EXHIBIT "C"
PRELIMINARY MASTER DEVELOPMENT PLAN

EXHIBIT "D"
STRATEGIC PARTNERSHIP AGREEMENT

STRATEGIC PARTNERSHIP AGREEMENT
BETWEEN THE CITY OF SAN ANTONIO, TEXAS AND
THE SAPPHIRE GROVE SPECIAL IMPROVEMENT DISTRICT

STATE OF TEXAS §
 §
COUNTY OF BEXAR §

This Strategic Partnership Agreement (this "Agreement") is entered into by and between the City of San Antonio, Texas (the "City") and the Sapphire Grove Special Improvement District (the "District").

RECITALS

WHEREAS, the City is a home-rule municipal corporation created and existing under the laws of the State of Texas and situated primarily in Bexar County, Texas; and

WHEREAS, the District is a public improvement district created under and subject to the authority, conditions, and restrictions of Section 52, Article III, and Section 59, Article XVI, of the Texas Constitution and Chapter 382 of the Texas Local Government Code, as amended, and operating under Chapter 49 of the Texas Water Code, as amended; and

WHEREAS, the City and the District are individually referred to as a "Party" and collectively as the "Parties"; and

WHEREAS, Section 43.0751 of the Texas Local Government Code (the "Act") authorizes the City and the District to negotiate and enter this Agreement; and

WHEREAS, the District encompasses approximately 173.27 acres, more or less, located within the extraterritorial jurisdiction of the City as depicted on **Exhibit A** and more fully described on **Exhibit B** attached to this Agreement (the "Development"); and

WHEREAS, the City and the District are authorized and desire to enter into this Agreement to establish the terms and conditions upon which (i) the City will annex the land within the District for limited and full purposes, and (ii) limitations on the District's ability to incur debt, liabilities, or obligations without prior approval of the municipality; and

WHEREAS, certain areas within the Development may be developed for commercial uses; and

WHEREAS, the City desires to annex the commercial use areas of the Development for the purpose of imposing and collecting sales and use taxes within such areas; and

WHEREAS, subject to the terms and conditions of this Agreement, the District consents to the City's limited purpose annexation of the commercial use areas of the Development for the purpose of imposing and collecting sales and use taxes within such areas; and

WHEREAS, the District provided notice of two public hearings in accordance with all applicable laws; and

WHEREAS, the board of directors of the District (the "Board") conducted two public hearings in accordance with all applicable laws at which members of the public who wished to present testimony or evidence regarding this Agreement were given the opportunity to do so; and

WHEREAS, the Board has obtained all necessary consent required from Bexar County to allow the District to adopt this Agreement; and

WHEREAS, the Board approved and adopted this Agreement on _____, 20____, in open session at a meeting held in accordance with all applicable laws; and

WHEREAS, the City provided notice of two public hearings in accordance with all applicable laws; including Section 43.0751 and Section 43.9051(c) of the Texas Local Government Code.

WHEREAS, the City Council of the City (the "City Council") conducted two public hearings in accordance with all applicable laws at which members of the public who wished to present testimony or evidence were given the opportunity to do so; and

WHEREAS, the City Council approved and adopted this Agreement on _____, 20____, in open session in accordance with all applicable laws, which approval and adoption occurred after the Board approved and adopted this Agreement; and

WHEREAS, all notices, hearings and other procedural requirements imposed by law for the adoption of this Agreement have been met; and

WHEREAS, in accordance with the requirements of Subsection (p)(1) of the Act, this Agreement does not require the District to provide revenue to the City solely for the purpose of obtaining an agreement with the City to forego annexation of the District; and

NOW THEREFORE, for and in consideration of the mutual agreements contained in this Agreement, and for the good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the District and the City agree as follows:

ARTICLE I. RECITALS AND DEFINITIONS

Section 1.1 The recitals set forth above are true and correct and are incorporated herein and made a part hereof as findings for all purposes;

Section 1.2 In addition to the terms defined elsewhere in this Agreement, when used in this Agreement, each of the following terms will have the meaning indicated below:

Agreement means this Strategic Partnership Agreement between the City and the District.

Board means the Board of Directors of the District.

City Council means the City Council of the City.

City Manager means the City Manager of the City or designee

Conversion Date means the date upon which the City Council adopts an ordinance that includes the Land within the full-purpose boundary limits of the City.

Director means the City's Director of Planning or successor.

District means the Sapphire Grove Special Improvement District.

Drainage Facilities means any drainage improvements designed and constructed to serve the Project, or that naturally receive and convey drainage through the Project, including water quality and flood mitigation facilities, storm drain systems, drainage ditches, open waterways, and other related facilities that convey or receive drainage.

Effective Date means the date the City ordinance approving this Agreement is effective, which date is _____, 202_

Full Purpose Annexation Date means the Conversion Date.

Land means the land within the District's boundaries, as those boundaries may be modified from time to time with the consent of the City.

Limited Purpose Annexation means annexation by the City for the limited purposes of planning and zoning, and for the purpose of imposing and collecting sales and use taxes within such areas in accordance with the Act.

Original Limited Purpose Property means that Land designated as commercial on the Preliminary Master Development Plan as depicted on **Exhibit C** attached to this Agreement.

Service Plan means the service plan attached as **Exhibit D** which specifies the municipal services to be provided by the City after the City's full annexation of land within the District.

ARTICLE II. ADOPTION OF AGREEMENT AND LIMITED PURPOSE ANNEXATION OF PROPERTY

Section 2.1 Public Hearings. The Parties acknowledge and agree that prior to the execution of this Agreement, the Board and the City Council conducted public hearings to consider the adoption of this Agreement and that such hearings were noticed and conducted in accordance with all applicable laws.

Section 2.2 Effective Date. The effective date of this Agreement (the "Effective Date") is the date it is approved and adopted by the City Council.

Section 2.3 Filing in Property Records. This Agreement shall be filed in the Real Property Records of Bexar County, Texas.

Section 2.4 Limited Purpose Annexation of Original Limited Purpose Property. The Parties agree that the City may annex the Original Limited Purpose Property for the sole and limited purpose of collecting sales and use taxes authorized by Chapter 321 of the Texas Tax Code (the "Tax Code") to be imposed by the City on sales consummated within the Original Limited Purpose Property. The District acknowledges and agrees that the City Council may adopt a limited purpose annexation ordinance applicable to the Original Limited Purpose Property at a meeting conducted in accordance with Chapter 551 of the Texas Government Code and that no further notices, hearings, or other procedures shall be required to adopt such limited purpose annexation ordinance. The City may commence limited purpose annexation of the Original Limited Purpose Property following the first plat application for property within the area identified as commercial on **Exhibit C**. The District shall notify the City within 10 days of filing the first plat application for commercial property. Moreover, within 10 days of filing a plat application for commercial property, the District shall provide the City with a metes and bounds legal description of the commercial property the subject of the plat application.

Section 2.5 Limited Purpose Annexation of Additional Commercial Property. If in the future any non-commercial land within the District as of the Effective Date is converted to any commercial use that contains eligible commercial activities for purposes of imposing sales and use taxes as allowed by the Tax Code, the Parties agree that the City may annex such additional commercial land (the "Additional Limited Purpose Property") for the sole and exclusive purpose of imposing sales and use taxes pursuant to the Agreement. The District acknowledges and agrees that the City Council may adopt a limited purpose annexation ordinance applicable to the Additional Limited Purpose Property at a meeting conducted in accordance with Chapter 551 of the Texas Government Code and that no further notices, hearings, or other procedures shall be required to adopt such limited purpose annexation ordinance. The District shall notify the Director within 10 days of amending **Exhibit C**.

Section 2.6 Limited Purpose Property and Sales and Use Tax Revenues. For purposes of this Agreement, the Original Limited Purpose Property and Additional Limited Purpose Property, shall collectively be referred to as the "Limited Purpose Property"; and the sales and use taxes collected within the Limited Purpose Property shall be referred to as the "Sales and Use Tax Revenues".

Section 2.7 Consent to Limited Purpose Annexation. The District hereby requests that the City annex the Limited Purpose Property solely for the purposes provided in this agreement. The District consents to such annexations, from time to time, and to the collection of sales and use tax revenues by the City within the Limited Purpose Property. Such consent shall bind the District.

Section 2.8 Voting. Pursuant to Section 43.130(a) of the Texas Local Government Code, the qualified voters of an area annexed for limited purposes are entitled to vote in municipal

elections regarding the election or recall of members of the governing body of the municipality, the election or recall of the controller, if the office of controller is an elective position of the municipality, and the amendment of the municipal charter. The voters may not vote in any municipal bond election.

ARTICLE III. TAXATION

Section 3.1 Collection of Sales and Use Tax Revenues. The City may impose a sales and use tax within the Limited Purpose Property pursuant to Subsection (k) of the Act. The sales and use tax may be imposed on all eligible commercial activities at the rate allowed under the Tax Code. Collection of Sales and Use Tax Revenues shall take effect on the date described in Section 321.102 of the Tax Code. The District agrees not to impose a sales and use tax within the Limited Purpose Property.

Section 3.2 Payment of Sales and Use Tax. The City shall pay to the District an amount equal to 25% of the Sales and Use Tax Revenues collected within the Limited Purpose Property (the "District Share") commencing upon the effective date of the limited purpose annexation of the Limited Purpose Property and terminating upon the full purpose annexation or disannexation of the Limited Purpose Property. The City shall pay the District Share within 30 days after the City receives the sales tax report reflecting such revenues from the Comptroller of Public Accounts of the State of Texas (the "Comptroller"). Any payment of the District Share not made within such 30-day period shall bear interest calculated in accordance with Section 2251.025 of the Texas Government Code. The City shall retain all Sales and Use Tax Revenues that do not constitute the District Share (the "City Share").

Section 3.3 Use of the Sales and Use Tax Revenues. The District may use the District Share for the following purposes and in the following order of priority: (i) FIRST, to pay for police, fire, and EMS services within the District; (ii) SECOND, to reimburse owners and developers of land within the District for the cost to design and construct improvements that are otherwise eligible for reimbursement through the issuance of District bonds ("Infrastructure"); (iii) THIRD, to pay for the operation, maintenance, repair, and replacement of Infrastructure; and (iv) LAST, for the retirement of District bonds after the 10th anniversary of issuance. The City may use the City share for any lawful purpose.

Section 3.4 Delivery of Sales Tax Reports to District. The City shall include with each payment of the District Share a condensed version of each sales tax report provided by the Comptroller relating to Sales and Use Tax Revenues within 30 days of the City's receipt of such sales tax report.

Section 3.5 Notification of Comptroller. The City shall send notice of this Agreement, together with other required documentation, to the Comptroller in the manner provided by Tax Code, Section 321.102, after the City Council annexes the Limited Purpose Property for limited purposes.

Section 3.6 Termination of Sales and Use Tax Sharing. Upon termination of this Agreement, the City shall have no further financial obligation to the District pursuant to this Agreement, and all Sales and Use Tax Revenues shall be retained by the City.

Section 3.7 City Records and District Audit Rights. The District may audit the Sales and Use Tax Revenues to determine whether the District Share has been paid in accordance with this Agreement. The City shall provide reasonable accommodations for the District to perform the audit. Any audit shall be made at the District's sole cost and expense and may be performed at any time during the City's regular business hours on 30 days Notice. For purposes of any such audits, the City shall maintain and make available to the District's representatives all books, records, documents and other evidence of accounting procedures or practices to reflect the amount of Sales and Use Tax Revenues received by the City from within the Limited Purpose Property.

Section 3.8 Commercial Activity Quarterly Reports. The District shall provide four (4) reports ("Quarterly Reports") each year to the City on the status of commercial business operation(s) in the Limited Purpose Property to facilitate budgetary planning in connection with anticipated Sales and Use Tax Revenues. Quarterly Reports shall include any changes to any commercial operation(s) during the previous quarter and details including business location, use/type and name.

The District's Quarterly Reports shall be submitted to the Director of the City's Planning Department and shall begin the quarter following the first plat application for property within the area identified as commercial on **Exhibit C**. Thereafter, Quarterly Reports shall be submitted to the Director of the City's Planning Department as follows:

- (1) for the period from January 1 to March 31, such Quarterly Report shall be due on or before May 1;
- (2) for the period from April 1 to June 30, such Quarterly Report shall be due on or before July 31;
- (3) for the period from July 1 to September 30, such Quarterly Report shall be due on or before October 31; and
- (4) for the period from October 1 to December 31, such Quarterly Report shall be due on or before January 31 of the following year.

ARTICLE IV. FULL PURPOSE ANNEXATION

Section 4.1 The City agrees that it will not annex or attempt to annex the District property for full purposes until on or after December 31, 2052. When the land located within the District is annexed for full purpose annexation status in accordance with this Agreement and as provided by 43.0751 of the Texas Local Government Code, the conversion may be effected by City Council adoption of an ordinance incorporating the Land within full purpose city limits. Except as set out in this Agreement, no additional procedural or substantive requirements of State or local annexation law will apply to such annexation or to the annexation ordinance.

Section 4.2 The District acknowledges that the City may annex the District property for full purposes on or after the Full Purpose Annexation Date pursuant to the terms of the Agreement without the need for further action by the governing body of the municipality, including the procedures prescribed by Subchapters C-3, C-4, and C-5 of Chapter 43 of the Texas Local Government Code.

Section 4.3 The District consents to noncontiguous annexation of the District property by the City.

Section 4.4 Conversion Date-Full Purpose Annexation. Pursuant to Subsection (h) of the Act, the Limited Purpose Property shall be deemed to be within the full-purpose boundary limits of the City upon the Conversion Date without any further action by the City Council. For purposes of this Section 4.4, the Conversion Date is the date upon which the City Council adopts an ordinance that annexes for full purpose the Land within the District, including the Limited Purpose Property. The City may exercise its right to annex the District Property or any portion thereof (the "Annexation Area") in its sole discretion upon default of this Agreement or at the end of the term of this Agreement. The Parties further agree that this Agreement does not obligate the City to annex the entire or any part of the District Property or Annexation Area for limited or full purposes at any time.

Section 4.5 Service Plan. Following the Conversion Date, the City will provide additional municipal services within the District in accordance with the Service Plan attached in **Exhibit D** which will be the Service Plan for the District. The District affirms that the Service Plan is sufficient, and no further negotiations or public hearings are required for the adoption of the Service Plan. The District agrees that it will not contest the Service Plan.

Section 4.6 Authority of the City Upon Full Purpose Annexation. Upon the Conversion Date, the City will have all of the authority and power within the Land that the City has in all other areas within the City's incorporated city limits, including the power to levy and collect ad valorem property taxes and sales taxes.

Section 4.7 Rights of District Residents upon Full Purpose Annexation. Following the Conversion Date, the residents of the Land will be citizens of the City for all purposes and will have all of the rights, privileges, and responsibilities accorded to citizens residing in all other areas within the City's incorporated city limits.

ARTICLE V. TERM

Section 5.1 This Agreement commences and binds the Parties on the Effective Date and continues until such time the City has annexed the Land for full purposes and the District is dissolved in accordance with Section 382.201(b) of the Local Government Code; or the City may unilaterally terminate this Agreement for convenience, with 90 days' notice to the District.

Section 5.2 On the Effective Date, the City will record this Agreement in the Official Public Records of Bexar County, Texas, and the terms of this Agreement will constitute covenants running with the land and will become binding on each current and future owner of any real property included within the Land. If, in the future, additional property is annexed to the District, then, upon the effective date of such annexation, the terms of this Agreement will become applicable to that additional property in the same manner and to the same extent as if the additional property had originally been included within the Land.

ARTICLE VI. DISTRICT ASSETS, LIABILITIES, AND OBLIGATIONS

Section 6.1. Upon the Conversion Date the City shall assume all of the District's assets, but the City will not be liable for the District's debt or other obligations pursuant to Section 382.201(a) of the Texas Local Government Code.

Section 6.2. Transfer of Certain Easements and Real Property to City. Within 90 days after the Conversion Date, the District will convey to the City, at no cost to the City, any real property and/or easements owned or held by the District. All conveyances will be by appropriate instrument, acceptable in form and substance to the City and the District. If any necessary transfer of title is not accomplished, for any reason, by the Conversion Date, the District agrees that the City will be authorized to finalize such conveyances as the District's successor-in-interest.

Section 6.3 Limitation on Debt. The District may not incur any debt, liability, or other obligation that extends past December 31, 2050, or sell or otherwise transfer property, without the prior approval of the City.

ARTICLE VII. BREACH, NOTICE AND REMEDIES

Section 7.1 Notification of Breach. If either Party commits a breach of this Agreement, the non-breaching Party shall give Notice, as detailed in Section 8.2 of this Agreement, to the breaching Party that describes the breach in reasonable detail.

Section 7.2 Cure of Breach. The breaching Party shall commence curing the breach within 15 calendar days after receipt of the Notice of the breach and shall complete the cure within 30 days from the date of commencement of the cure; however, if the breach is not reasonably susceptible to cure within such 30-day period, the non-breaching Party shall not bring any action so long as the breaching Party has commenced to cure within such 30-day period and diligently completes the work within a reasonable time without unreasonable cessation.

Section 7.3 Remedies for Breach. If the breaching Party does not substantially cure the breach within the stated period of time, the non-breaching Party may, in its sole discretion, and without prejudice to any other right under this Agreement, law, or equity, seek any relief available at law or in equity, including, but not limited to, an action under the Uniform Declaratory Judgment Act, specific performance, mandamus and injunctive relief; provided, however, that the non-

breaching Party shall not be entitled to terminate this Agreement. Damages, if any, to which any non-breaching Party may be entitled shall be limited to actual damages and shall not include special or consequential damages.

ARTICLE VIII. ADDITIONAL PROVISIONS

Section 8.2 Notices. Any notices, certifications, approvals, or other communications (a "Notice") required to be given by one Party to another under this Agreement shall be given in writing addressed to the Party to be notified at the address set forth below and shall be deemed given: (i) when the Notice is delivered in person to the person to whose attention the Notice is addressed; (ii) 10 business days after the Notice is deposited in the United States Mail, certified or registered mail, return receipt requested, postage prepaid; (iii) when the Notice is delivered by Federal Express, UPS, or another nationally recognized courier service with evidence of delivery signed by any person at the delivery address; or (iv) 10 business days after the Notice is sent by FAX (with electronic confirmation by the sending FAX machine) with a confirming copy sent by United States mail within 48 hours after the FAX is sent. If any date or period provided in this Agreement ends on a Saturday, Sunday, or legal holiday, the applicable period for calculating the Notice shall be extended to the first business day following the Saturday, Sunday, or legal holiday. For the purpose of giving any Notice, the addresses of the Parties are set forth below. The Parties may change the information set forth below by sending Notice of such change to the other Party as provided in this Section 8.2.

To the City: City of San Antonio
 Attn: Director of the Department of Planning
 P.O. Box 839966
 San Antonio, Texas 78283-3966

To the District: Sapphire Grove Special Improvement District
 Attn: _____

Section 8.3 No Waiver. Any failure by a Party to insist upon strict performance by the other Party of any provision of this Agreement shall not be deemed a waiver thereof, and the Party shall have the right at any time thereafter to insist upon strict performance of any and all of the provisions of this Agreement. No provision of this Agreement may be waived except by writing signed by the Party waiving such provision. Any waiver shall be limited to the specific purpose for which it is given. No waiver by any Party of any term or condition of this Agreement shall be deemed or construed to be a waiver of any other term or condition or subsequent waiver of the same term or condition.

Section 8.4 Governing Law and Venue. This Agreement shall be construed and enforced in accordance with the laws of the State of Texas, as they apply to contracts performed within the State of Texas and without regard to any choice of law rules or principles to the contrary. The Parties acknowledge that this Agreement is performable in Bexar County, Texas and hereby

submit to the jurisdiction of the courts of Bexar County, Texas and hereby agree that any such court shall be a proper forum for the determination of any dispute arising hereunder.

Section 8.5 Authority to Execute. The City represents and warrants to the District that the execution of this Agreement has been duly authorized by the City Council and that the person executing this Agreement on behalf of the City has been duly authorized to do so by the City Council. The District represents and warrants to the City that the execution of this Agreement has been duly authorized by the Board and that the person executing this Agreement on behalf of the District has been duly authorized to do so by the Board.

Section 8.6 Severability. The provisions of this Agreement are severable and, in the event any word, phrase, clause, sentence, paragraph, section, or other provision of this Agreement, or the application thereof to any person or circumstance, shall ever be held or determined to be invalid, illegal, or unenforceable for any reason, and the extent of such invalidity or unenforceability does not cause substantial deviation from the underlying intent of the Parties as expressed in this Agreement, then such provision shall be deemed severed from this Agreement with respect to such person, entity or circumstance, without invalidating the remainder of this Agreement or the application of such provision to other persons, entities or circumstances, and a new provision shall be deemed substituted in lieu of the provision so severed which new provision shall, to the extent possible, accomplish the intent of the Parties as evidenced by the provision so severed.

Section 8.7 Changes in State or Federal Laws. If any state or federal law changes so as to make it impossible for the City or the District to perform its obligations under this Agreement, the parties will cooperate to amend this Agreement in such a manner that is most consistent with the original intent of this Agreement as legally possible.

Section 8.8 Additional Documents and Acts. The Parties agree that at any time after execution of this Agreement, they will, upon request of the other Party, execute and/or exchange any other documents necessary to effectuate the terms of this Agreement and perform any further acts or things as the other Party may reasonably request to effectuate the terms of this Agreement.

Section 8.9 Assignment. This Agreement shall not be assignable without the other Party's written consent. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective representatives, successors, and assigns as permitted by this Agreement.

Section 8.10 Amendment. This Agreement may be amended only with the written consent of the Parties and with approval of the governing bodies of the City and the District.

Section 8.11 Interpretation. This Agreement has been negotiated by the Parties, each of which has been represented by counsel; consequently, the rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

Section 8.12 No Third Party Beneficiaries. This Agreement is solely for the benefit of the City and the District, and neither the City nor the District intends by any provision of this Agreement to create any rights in any third-party beneficiaries or to confer any benefit or enforceable rights under this Agreement or otherwise upon anyone other than the City and the District.

Section 8.13 Governmental Powers. Neither Party waives or surrenders any of its respective governmental powers, immunities or rights, except as specifically waived pursuant in this Section 9.13. Each Party waives its respective governmental immunity from suit and liability only as to any action brought by the other party to pursue the remedies available under this Agreement. Nothing in this Section 9.13 shall waive any claims, defenses, or immunities that either Party has with respect to suits against them by persons or entities not a party to this Agreement.

Section 8.14 Incorporation of Exhibits by References. All exhibits attached to this Agreement are incorporated into this Agreement by reference for the purposes set forth herein, as follows:

Exhibit A	Depiction of the Development
Exhibit B	Legal Description of the Development
Exhibit C	Depiction of the Limited Purpose Property
Exhibit D	Service Plan

Section 8.15 Counterpart Originals. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original.

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APPROVED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF THE CITY
OF SAN ANTONIO ON _____, 20__.

ATTEST:

CITY OF SAN ANTONIO

City Clerk

By: _____
Printed Name: _____
Title: _____

**APPROVED AS TO FORM AND
LEGALITY:**

City Attorney

STATE OF TEXAS §
 §
COUNTY OF BEXAR §

This instrument was acknowledged before me on _____, 20__
by _____, the _____ of the City of San Antonio,
Texas, on behalf of the City.

Notary Public, State of Texas

APPROVED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE SAPPHIRE GROVE SPECIAL IMPROVEMENT DISTRICT ON _____, 20__.

SAPPHIRE GROVE SPECIAL IMPROVEMENT DISTRICT

By: _____

Printed Name: _____

Title: President, Sapphire Grove Special Improvement District Board of Directors

STATE OF TEXAS §

§

COUNTY OF BEXAR §

This instrument was acknowledged before me on _____, 20__
by _____, President, Board of Directors of the Sapphire Grove Special Improvement District on behalf of the District.

Notary Public, State of Texas

Exhibit A to Strategic Partnership Agreement

Depiction of the Development

DRAFT

DRAFT

Exhibit B to Strategic Partnership Agreement

Legal Description of the Development

DRAFT

DRAFT

Exhibit C to Strategic Partnership Agreement

Depiction of the Limited Purpose Property

DRAFT

Exhibit C to Strategic Partnership Agreement Depiction of the Limited and Full Purpose
Property— Page 1

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Exhibit D to Strategic Partnership Agreement

Service Plan

DRAFT

DRAFT

EXHIBIT "E"
NOTICE REQUIRED BY TEXAS LOCAL GOVERNMENT CODE §212.172(B-1)

EXHIBIT "E"

Notice Required by Texas Local Government Code, Section 212.172 (b-1)

1. Owners are not required to enter into this Agreement
2. At the termination of this Agreement or in the event of a default of the Agreement by Owners, the City may annex the Property within the District pursuant to section 212.172 of the Texas Local Government Code, as amended, and the terms provided in this Agreement.
3. The Property may also be annexed for limited or full purposes by the City pursuant to a Strategic Partnership Agreement (SPA) entered into between the City and the District in accordance with the terms of the SPA and the authority under section 43.0751 of the Local Government Code, as amended.
4. In the event of annexation of the Property by the City, the procedures for the annexation shall be as follows:
 - a. The City will notify the Owners and/or the District's Board of Directors that the City is exercising its rights under the Agreement and/or the SPA to annex the Property.
 - b. The City will schedule a public hearing on the City's annexation of the Property.
 - c. The City will adopt an ordinance annexing the Property and set an effective date for the annexation.
 - d. Services to be provided within the areas annexed by the City shall be in accordance with the terms of the Agreement and SPA.
5. The authority to annex the Property and the procedures for the annexation shall be deemed to be with the consent of the Owners, District and individual lot owners within the District, pursuant to the terms of the Agreement and SPA. The City will not be required or obligated to obtain further consent of the Owners, District or individual lot owners within the District in order to annex the Property.
6. Pursuant to section 212.172 (i) of the Local Government Code, the City's immunity from suit is waived for the purpose of adjudicating a claim for breach of contract with respect to the Agreement.