



CO# 174584

COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER

PAGE 1 OF

83

DATE:

02/21/17

SUBJECT: APPROVAL OF TAX ABATEMENT WITH 2925 RACE, LLC FOR RACE STREET MIXED-USE DEVELOPMENT, FORT WORTH

COMMISSIONERS COURT ACTION REQUESTED:

It is requested that the Commissioners Court approve the Resolution and Tax Abatement Agreement providing for Tarrant County and Tarrant County Hospital District participation with the City of Fort Worth in the abatement of ad valorem taxes on the eligible real and personal property improvements made by 2925 Race, LLC for the construction of a new multi-family, mixed-use development, for a period of ten (10) years at a maximum abatement percentage of fifty percent (50%) as set forth in the Agreement, and authorize the County Judge or his designee to execute the Agreement.

BACKGROUND:

Criterion Development Partners is proposing construction of a new mixed-use development that will serve as a catalyst in the redevelopment and transformation of Race Street, within the City of Fort Worth's Six Points Neighborhood Empowerment Zone (NEZ). The project includes construction of a minimum of 152 multi-family units with ten (10) live/work units and an estimated 14,000 square feet of office/retail space, at a minimum investment of \$20 million, to be completed by December 31, 2019. The project is projected to provide a minimum of three (3) full-time jobs with an average salary of approximately \$44,000.00. The developer anticipates meeting all construction and supplier/services spending requirements as set forth in the County's tax abatement guidelines for the use of Tarrant County and DBE companies.

The City of Fort Worth has approved a 10-year tax abatement of one hundred percent (100%) of the new value added by the project. The attached Tarrant County Tax Abatement Agreement provides for County and Hospital District tax abatement of up to fifty percent (50%) for a period of 10-years to assist with the project.

FISCAL IMPACT:

The project will provide a minimum \$20,000,000.00 in new investment. Based on current tax rates and the abatement of fifty percent (50%) for all ten (10) years, the project could receive a total ten (10) year tax abatement of up to an estimated \$254,000.00 from the County, and \$227,897.00 from the Hospital District. Over that same period, the County will receive tax revenues of an equal amount from the unabated portion of the new improvements, as well taxes on the current base value of the land and existing improvements.

SUBMITTED BY:	Administrator's Office	PREPARED BY:	Lisa McMillan
		APPROVED BY:	



RESOLUTION

PARTICIPATION IN TAX ABATEMENT WITH 2925 RACE, LLC FOR RACE STREET MIXED-USE DEVELOPMENT, FORT WORTH

WHEREAS, 2925 Race, LLC, a Texas limited liability company acting by and through its authorized officers (hereafter referred to as "Company"), plans to construct a new residential apartment complex and multi-use development on real property under its ownership, more particularly described in the Tax Abatement Agreement attached hereto and incorporated herein by reference ("Real Property"), located in the City of Fort Worth; and

WHEREAS, the Real Property is located within Tarrant County (the "County"), a political subdivision of the State of Texas, which Real Property is located within the City of Fort Worth; and

WHEREAS, the Real Property and all improvements and tangible personal property thereon, whether now existing or hereinafter to be constructed or installed, are subject to ad valorem taxation by the City of Fort Worth and the County; and

WHEREAS, the City Council of the City of Fort Worth has adopted Ordinance No. 22340-08-2016 establishing Tax Abatement Reinvestment Zone No. 93, City of Fort Worth, and has approved and executed a Tax Abatement Agreement as it relates to improvements made on the Real Property; and

WHEREAS, the Tax Abatement Agreement (the "Agreement") between Tarrant County and Company, provides for the construction and installation of certain improvements at an estimated cost of \$20,000,000 to be completed by December 31, 2019; and

WHEREAS, the Agreement with the Company is conditioned upon specific real and personal property improvements, continued operation of the development and the addition of new jobs; and

WHEREAS, the Commissioners Court has been requested by the Company to take the steps required pursuant to the Code to permit tax abatement with respect to that portion of the Real Property and the improvements thereon which are subject to the taxing jurisdiction of the County, and has further requested that the County enter in the Agreement; and

WHEREAS, the County has approved the Tarrant County Tax Abatement Policy Statement Guidelines and Criteria for granting tax abatement in reinvestment zones in Tarrant County;

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Commissioners Court of Tarrant County, Texas:

1. That all recitals set forth in the preamble are hereby found to be true and correct;
2. That the Commissioners Court shall have prudently reviewed each tax abatement agreement approved by a municipality having taxing jurisdiction with respect to property located in the County and within a reinvestment zone designated by such municipality or the state; and according to the here adopted guidelines and criteria for tax abatement of the County, shall prudently review and consider each proposed County tax abatement agreement providing participation in tax abatement with a municipality; and shall, solely at its discretion, approve those tax abatement agreements that it finds meet all constitutional and statutory criteria and requirements, and which it finds to be in the best interest of the taxpayers and citizens of the County; and
3. That the Commissioners Court hereby finds that the terms and conditions of the Agreement substantially meet its guidelines and criteria; that the Agreement for the abatement of certain Tarrant County taxes be and is hereby approved; that the County and its Commissioners Court hereby agree to enter into the Agreements as a party thereto; and the County Judge of the County be and is hereby authorized and directed to execute and deliver said Agreement on behalf of the County and its Commissioners Court, substantially in the form attached hereto, and carry out the terms thereof at the appropriate time(s).

PASSED AND APPROVED, IN OPEN COURT, this 21st day of February, 2017, through Court Order No. _____.

B. Glen Whitley, County Judge

Roy C. Brooks
Commissioner, Precinct 1

Andy H. Nguyen
Commissioner, Precinct 2

Gary Fickes
Commissioner, Precinct 3

J.D. Johnson
Commissioner, Precinct 4

THE STATE OF TEXAS §

COUNTY OF TARRANT §

Tax Abatement Agreement

THIS Agreement is executed by and between 2925 RACE, LLC, a Texas limited liability company, acting by and through its authorized officer (hereafter referred to as "COMPANY"), and TARRANT COUNTY, TEXAS, acting by and through its County Judge or his designee, (hereafter referred to as "COUNTY").

WITNESSETH:

- WHEREAS, the Tarrant County Commissioners Court has resolved that the COUNTY may elect to participate in tax abatement; and
- WHEREAS, the Commissioners Court has adopted a Policy Statement for Tax Abatement, herein contained as Exhibit "E", which constitutes appropriate guidelines and criteria governing tax abatement agreements to be entered into by the COUNTY; and
- WHEREAS, the City Council of the City of Fort Worth, on April 5, 2011, adopted Ordinance No. 19641 establishing Neighborhood Empowerment Reinvestment Zone No. 38, City of Fort Worth, Texas, which was re-adopted through Ordinance No. 22285 on June 21, 2016, and adopted Resolution No. 3981 establishing the Six Points area as a Neighborhood Empowerment Zone; and
- WHEREAS, the Premises (as hereafter defined) is, and the Eligible Property (as hereafter defined) will be, located in Reinvestment Zone No. 93 in the City of Fort Worth, Texas, established by Ordinance No. 22340-08-2016 (the "Ordinance") adopted on August 2, 2016, and further described in Exhibit "A", being a commercial reinvestment zone for the purpose of tax abatement as authorized by Chapter 312 of the Texas Tax Code, as amended (the "Zone"); and
- WHEREAS, the City Council of the City of Fort Worth has approved and authorized the execution and delivery of a Tax Abatement Agreement as to the Eligible Property thereon, attached hereto as Exhibit "B"; and
- WHEREAS, COMPANY submitted an application for tax abatement to the County concerning the contemplated Improvements to the Premises (the "Application for Tax Abatement"), attached hereto and incorporated herein as Exhibit "C"; and
- WHEREAS, COMPANY is the owner of real property located within the Zone, more specifically described in Exhibit "A", on which it plans to construct a new residential apartment complex and multi-use development; and
- WHEREAS, the Commissioners Court finds that the contemplated use of the Premises, the Eligible Property and the terms of this Agreement are consistent with encouraging development within the Zone;

NOW THEREFORE, the COUNTY and COMPANY, for and in consideration of the mutual premises and promises contained herein, do hereby agree, covenant and contract as set forth below:

I.
Definitions

- A. "Added Market Value" is defined as the market value of Eligible Property on the Premises above the Base Year Value.
- B. "Base Year Value" is defined as the tax year 2016 taxable value of real and personal property located on the Premises in City of Fort Worth Reinvestment Zone No. 93 on January 1, 2016, as finally determined by the Tarrant Appraisal District.
- C. "Construction Costs" are defined as site development (including demolition and environmental abatement) and building costs, including, without limitation, actual construction costs; signage costs; contractor fees; the costs of supplies and materials; the streetscape, paving and landscape improvements to Plumwood Street; construction interest during construction until issuance of certificate of occupancy for dwelling units; engineering fees; architectural fees; other professional costs (including legal and costs associated with financing of the project, but not including loan interest or legal fees associated with this agreement); and development and permitting fees expended directly in connection with the construction of the Real Property Improvements.
- D. "DBE Companies" are defined as companies who are a Disadvantage Business Enterprise (DBE), and the term "DBE" shall mean:
- i. a corporation formed for the purpose of making a profit and at least 51 percent of all classes of the shares of stock or other equitable securities of which are owned by one or more persons who are socially or economically disadvantaged because of their identification as members of certain groups that have been subject to racial or ethnic prejudice or cultural bias without regard to their qualities as individuals or capabilities as a business, and whose ability to compete in the free enterprise system is impaired due to diminished opportunities to obtain capital and credit as compared to others in the same line of business who are not socially disadvantaged. "DBE" includes the State of Texas definition of historically underutilized businesses (HUBs) as defined in Section 2161.001 of the Texas Government Code, and as it may be updated.
 - ii. a sole proprietorship formed for the purpose of making a profit that is owned, operated, and controlled exclusively by one or more persons described in D.i. above.
 - iii. a partnership that is formed for the purpose of making a profit in which 51 percent of the assets and interest in the partnership is owned by one or more persons described by D.i. above, and in which minority or women partners have proportionate interest in the control, operation, and management of the partnership affairs.
 - iv. a limited liability company that is formed for the purpose of making a profit in which 51 percent of the assets and interest in the company is owned by one or more persons described by D.i. above.

- E. "Effective Date" is defined as the date as of which both the County and Company have executed this Agreement.
- F. "Eligible Property" is defined as Real Property Improvements and Personal Property Improvements made for construction and operation of new dwelling units and ancillary development, constructed, delivered to, installed or placed on the Premises through December 31, 2019.
- G. "Job" is defined as a permanent, full-time employment position with COMPANY or its third party management company on the Premises that results in employment of at least forty-hours per week per position. Part-time positions shall not be included in this definition.
- H. "Personal Property Improvements" are defined as tangible personal property (except inventory or supplies) delivered to, installed or located on the Premises.
- I. "Premises" are defined as the real property (land and improvements) as described in Exhibit "A" which existed on January 1, 2016 within City of Fort Worth Reinvestment Zone No. 93, that are owned and/or operated by COMPANY.
- J. "Real Property Improvements" are defined as improvements to the Premises, and shall include structures or fixtures erected or affixed to the Premises.
- K. "Supply and Service Expenditures" are defined as those local discretionary expenditures made by COMPANY directly for the operation and maintenance of Premises and any improvements thereon, excluding utility service costs.
- L. "Tarrant County Companies" are defined as any corporation, partnership, limited liability company or sole proprietorship maintaining an addressed office location within Tarrant County from which such entity conducts all or a substantial part of its business operations within Tarrant County.
- M. "Zone" as used herein is defined as the real property located in City of Fort Worth Reinvestment Zone No. 93 and described by City of Fort Worth Ordinance No. 22340-08-2016, substantially in the form included within Exhibit "A".

II.
General Provisions

- A. The Premises are not in an improvement project financed by tax increment bonds.
- B. Neither the Premises nor any of the Improvements covered by this Agreement are owned or leased by any member of the Commissioners Court, or any member of the governing body of any taxing units joining in or adopting this Agreement.

III.
Improvement Conditions and Requirements

- A. COMPANY shall improve the Premises by completing the Eligible Real and Personal Property Improvements in accordance with this Agreement.

- B. COMPANY shall provide for the completion of the Eligible Real Property Improvements consisting of a minimum of 151,800 square feet of development consisting of (i.) a minimum of 138,000 square feet of residential rental space containing at least 152 dwelling units, (ii.) a minimum 13,800 square feet of office, restaurant, entertainment, retails sales and services uses, and/or live/work space, and (iii.) a multi-level parking garage to accommodate the residential residents and retail/office customers, as further described in Exhibit "D", no later than December 31, 2019, having a minimum Construction Cost upon completion of not less than Twenty Million Dollars (\$20,000,000).
- C. COMPANY shall expend or cause to be expended at least fifteen percent (15%) of all Construction Costs of Eligible Real Property Improvements with DBE Companies.
- D. COMPANY shall expend or cause to be expended at least twenty-five percent (25%) of all Construction Costs of Eligible Real Property Improvements with Tarrant County companies.
- E. COMPANY or its third party management company will provide for and maintain employment of a least three (3) Jobs on the Premises not later than December 31, 2019.
- F. COMPANY shall operate and maintain on the Premises the Eligible Property as a mixed-use rental space for residential/commercial/retail development for the duration of this Agreement.
- G. All proposed Eligible Property shall conform to the applicable building codes, zoning ordinances and all other ordinances and regulations of the City of Fort Worth and/or Tarrant County.
- H. The Premises and all Improvements must conform to all applicable state and federal laws and regulations to air pollution and air quality.

**IV.
Abatement Allowed**

- A. As set forth in this section, tax abatement allowed herein shall be for Tarrant County and Tarrant County Hospital District ad valorem real property and personal property taxes, relative to Added Market Value of the Eligible Property located on the Premises, subject to the following terms and conditions.
- B. If the Improvement Conditions and Requirements set forth in Section III herein are met, COUNTY agrees to exempt from taxation up to fifty percent (50%) of the Added Market Value of the Eligible Property in accordance with the various requirements established by terms of this Agreement and to be calculated as set forth below. The abatement period shall be from tax year beginning January 1, 2020 through and including tax year January 1, 2029.
 - 1. Base Abatement - If COMPANY (i.) improves the Premises and adds the required Eligible Property to the Premises as set forth in Section III A., B., C., and D., (ii.) adds employment as set forth in Section III E., (iii.) employs Tarrant County residents for a minimum twenty-five percent (25%) of all Jobs, (iv.)

spends a minimum of fifteen percent (15%) of annual Supply and Service Expenditures with DBE Companies, and (v.) spends a minimum of twenty-five percent (25%) of annual Supply and Service Expenditures with Tarrant County Companies, then COUNTY shall exempt from taxation fifty percent (50%) of the Added Market Value of the Eligible Property.

Dollars spent with DBE Companies may also count as dollars spent with Tarrant County Companies, and vice versa, for the purposes of this Section if the DBE Company is also a Tarrant County Company as defined herein.

Failure to meet the minimum cost requirements set forth in Section III. B is a condition of Default and shall result in the termination of this Agreement in accordance with Section VII. Failure to meet the requirements for Jobs, Tarrant County resident employment, and use of DBE and Tarrant County Companies for Construction and Supply and Service Expenditures, as set for in Section III, shall be cause for a reduction in the percentage abatement for any year in which the requirements are not met, as set forth in Section IV.B.2.

2. Reduction to Abatement

a. Employment and Spending Deficiencies

In any year that employment and spending levels do not meet the minimum requirements set forth in Section IV.B.1., the COUNTY shall reduce the Base Abatement percentage for that year as set forth below. Each reduction is separate and individual and may be cumulative in any year.

- i. If the actual number of Jobs falls below the minimum Jobs requirement of three (3) Jobs, the Base Abatement percentage will be reduced by one percent (1%) for each one (1) Job deficiency, for that year.

(Example: Total Jobs of 2, would provide a 1% reduction in abatement for that year.)

- ii. If less than twenty-five percent (25%) of all Jobs are filled by Tarrant County residents, COMPANY will receive a five percent (5%) reduction for that year.
- iii. If spending with DBE Companies is less than fifteen percent (15%) of total Construction Costs, COMPANY will receive a reduction of one percent (1%) from the Base Abatement for each one percent (1%) spending deficiency, up to a maximum reduction of five percent (5%), for the life of the abatement.
- iv. If spending with Tarrant County Companies is less than twenty-five percent (25%) of total Construction Costs, COMPANY will receive a reduction of one percent (1%) from the Base Abatement for each one percent (1%) spending deficiency, up to a maximum reduction of five percent (5%), for the life of the abatement.

- v. If spending with Tarrant County or DBE Companies for annual Supply and Services Expenditures is less than the minimum requirements set forth in Section IV.B.1.(iv.) and (v.), COMPANY will receive a one percent (1%) reduction in the Base Abatement percentage for each one percent (1%) deficiency from the minimum requirement, for that year .

V.

Reports, Audits and Inspections

- A. **Annual Certification and Reports** - Pursuant to state law, COMPANY shall certify annually to taxing units that COMPANY is in compliance with the terms of the tax abatement agreement, and shall provide taxing units with reports and records reasonably necessary to support each year of the agreement, as follows:
1. **Certification** - COMPANY shall complete and certify a Tax Abatement Evaluation Report to be provided by COUNTY for each year of the tax abatement agreement, to be due annually not later than April 30. This certification shall include information supporting job creation and retention requirements, reports on Eligible Property values, costs, and spending on construction and supply and services, a narrative description of the project's progress, and other submittals required by the tax abatement agreement.
 2. **Eligible Property Reports** - At a minimum, COMPANY shall make available upon request the following information annually on all Eligible Property for which COMPANY will seek tax abatement:
 - a. Property description;
 - b. Asset number/description;
 - c. Payment date for property located on Premises; and
 - d. Cost.
 3. **Eligible Property Reports for Projects in Progress** - COMPANY shall provide County, upon request, information on projects in progress for which fixed asset numbers have not been assigned. The report shall provide information in sufficient detail to identify the Eligible Property to be installed on the Premises. At a minimum, this information shall include:
 - a. Description of materials, machinery and equipment;
 - b. Vendor name, invoice date, invoice number and invoice amount; and
 - c. Payment date for property to be located on Premises.
 4. **Reports on Equipment Replaced or Removed** - Additionally, COMPANY agrees to provide COUNTY, upon request, information on Eligible Property for which COMPANY has received tax abatement and which has been replaced or removed from the Premises. At a minimum, this information shall include:
 - a. Property description;
 - b. Asset number/description; and
 - c. Approximate date of disposal.

5. Report Upon Project Completion - Within one-hundred eighty (180) days of completion of the Eligible Property, COMPANY shall provide COUNTY with a final Eligible Property Report that shall describe all Eligible Property for which the Company is granted tax abatement. The report may contemplate a reconciliation of the general ledger to the personal property rendition to satisfy this requirement.
 6. Additional Reports - Additionally, throughout the term of this agreement, COMPANY shall furnish COUNTY any additional records and information reasonably requested to support the reports required by this agreement.
- B. Right to Audit Books and Records - COUNTY shall have the right to audit the books and records related to the Eligible Property and supporting the Eligible Property reports. COUNTY shall notify COMPANY in advance in writing of their intent to audit in order to allow COMPANY adequate time to make such books and records available.
- C. Inspection - At all times throughout the term of this Agreement, COUNTY and the Tarrant Appraisal District (TAD) shall have reasonable access to the Premises for the purpose of inspecting the Premises to ensure that the Eligible Property is constructed, installed, maintained and operated in accordance with the terms of this Agreement. All inspections shall be conducted in a manner as to not unreasonably interfere with the installation of the Eligible Property or the operation of the Premises. The inspections shall be conducted within a reasonable time period after notice by COUNTY or TAD to COMPANY, provided, however, that all inspections shall be made with one (1) or more representative(s) of COMPANY present and in accordance with the safety standards of COMPANY.

VI. Use of Premises

The Premises at all times shall be used in a manner that is consistent with the City of Fort Worth zoning ordinances and consistent with the general purpose of encouraging development within the Zone. Both parties acknowledge that the use of the Premises for a mixed-use rental residential project and office/retail development in accordance with this Agreement is consistent with such purposes.

VII. Breach and Recapture

- A. Breach - A breach of this Agreement may result in termination or modification of this Agreement and recapture by COUNTY of taxes which otherwise would have been paid since the execution of this Agreement to COUNTY without the benefit of the Abatement, as set forth in Sections VII(B) and VII(C). Penalty and interest on recaptured taxes will be charged at the statutory rate for delinquent taxes as determined by Section 33.01 of the Property Tax Code of the State of Texas, and such taxes shall become due sixty (60) days following notice of breach and after the expiration of any cure period as provided in Section VII(B). The following conditions shall constitute a breach of this Agreement:
1. COMPANY terminates the use of the Premises as rental residential/office/retail and related activities at any time during the term of the Agreement; or

2. COMPANY fails to meet the Abatement Conditions and Requirements as specified in Section III, A., B., F., or G., herein; or
 3. COMPANY allows its ad valorem taxes on any property located within Tarrant County owed to COUNTY to become delinquent.
- B. Notice of Breach - In the event that COUNTY makes a reasonable determination that COMPANY has breached this Agreement, then COUNTY shall give COMPANY written notice of such default. COMPANY has sixty (60) days following receipt of said written notice to reasonably cure such breach, or this Agreement may be terminated by COUNTY, and recapture of abated taxes may occur. Notice of default shall be in writing and shall be delivered by personal delivery or certified mail to COMPANY at its address provided in Section IX of this Agreement. It shall be the duty of COUNTY to determine whether to require recapture and payment of abated taxes and to demand payment of such.
- C. Recapture - Should COMPANY commit a breach of this Agreement according to items A(1), (2) or (3) of this Section VII, and COMPANY does not cure as provided in VII.B. above during the cure period, COUNTY may terminate this Agreement and recapture taxes abated for all years during which the breach is committed.
- D. Tax Lien Not Impaired - It is expressly agreed and acknowledged between the parties to this Agreement that nothing in this Agreement shall be deemed or construed to affect the lien for taxes against the property established by Section 32.01 of the Tax Code of the State of Texas. Such lien shall secure the payment of all taxes, penalties and interest ultimately imposed on the property, including any taxes abated and subject to recapture under this Agreement. Any such lien may be fully enforced pursuant to the provisions of the Code. For purposes of this Subsection, "property" refers to the Premises and Eligible Property described herein.

VIII.

Assignment and Effect of Sale or Lease of Property

COMPANY may assign this Agreement and all or any portion of the benefits provided hereunder (i) collaterally to a lender, or (ii) to an Affiliate, without the consent of COUNTY, provided that COMPANY provides COUNTY with written notice of such assignment, which notice shall include (a) the name and full contact information for the lender or Affiliate, and (b) written agreement from an Affiliate assuming all terms and conditions of COMPANY under this Agreement. For purposes of this Agreement, an "Affiliate" means all entities, incorporated or otherwise, under direct or indirect common control with COMPANY, controlled by COMPANY, or controlling COMPANY. For purposes of this definition, "control" means ten percent (10%) or more ownership determined by either value or vote. Except as provided herein, the abatement granted by this Agreement shall not be otherwise assignable to any new owner or new lessee of all or a portion of the Premises or Eligible Property unless such assignment is approved in writing by the COUNTY.

IX.
Notice

All notices called for or required by this Agreement shall be addressed to the following, or such other party or address as either party designates in writing, by certified mail postage prepaid or by hand delivery:

COMPANY: 2925 Race LLC
Attn: Pretlow Riddick
14160 N. Dallas Parkway, Suite 750
Dallas, Texas 75254

COUNTY: Tarrant County
County Administrator's Office
100 E. Weatherford
Fort Worth, Texas 76196

X.
Commissioners Court Authorization

This Agreement was authorized by resolution of the Commissioners Court authorizing the County Judge or his designee to execute this Tax Abatement Agreement on behalf of the COUNTY.

XI.
Severability

In the event any section, subsection, paragraph, sentence, phrase or word is held invalid, illegal or unconstitutional, the balance of this Agreement shall stand, shall be enforceable and shall be read as if the parties intended at all times to delete said invalid section, subsection, paragraph, sentence, phrase or word.

XII.
Estoppel Certificate

Any party hereto may request an estoppel certificate from another party hereto, so long as the certificate is requested in connection with a bona fide business purpose. The certificate, which if requested will be addressed to a subsequent purchaser or assignee of COMPANY, shall include, but not necessarily be limited to statements that this Agreement is in full force and effect without default (or if default exists the nature of same), the remaining term of this Agreement, the levels and remaining term of the abatement in effect and such other matters reasonably requested by the party(ies) to receive the certificates.

XIII.
Company's Standing

COMPANY, as a party to this Agreement, shall be deemed a proper and necessary party in any litigation questioning or challenging the validity of this Agreement or any of the

underlying ordinances, resolutions or City Council actions authorizing same, and COMPANY shall be entitled to intervene in said litigation.

XIV.
Applicable Law

This Agreement shall be construed under the laws of the State of Texas. Venue for any action under this Agreement shall be the State's District Court of Tarrant County, Texas. This Agreement is performable in Tarrant County, Texas.

XV.
Indemnification

It is understood and agreed between the parties that the COMPANY, in performing its obligations hereunder, is acting independently, and COUNTY assumes no responsibility or liability to third parties in connection therewith, and COMPANY agrees to indemnify and hold harmless COUNTY from any such responsibility or liability. It is further understood and agreed among the parties that COUNTY, in performing its obligations hereunder, is acting independently, and the COMPANY assumes no responsibility or liability to third parties in connection therewith, and COUNTY agrees to the extent allowed by law to indemnify and hold harmless COMPANY from any such responsibility or liability.

XVI.
Force Majeure

It is expressly understood and agreed by the parties to this Agreement that the parties shall not be found in default of this Agreement if any party's failure to meet the requirements of this Agreement is delayed by reason of war, Act of God, fire or other casualty of a similar nature.

XVII.
Knowing Employment of Undocumented Workers

COMPANY acknowledges that the COUNTY is required to comply with Chapter 2264 of the Texas Government Code, enacted by House Bill 1196 (80th Texas Legislature), which relates to restrictions on the use of certain public subsidies. COMPANY hereby certifies that COMPANY, and any branches, divisions, or departments of COMPANY, does not and will not knowingly employ an undocumented worker, as that term is defined by Section 2264.001(4) of the Texas Government Code. In the event that COMPANY, or any branch, division, or department of COMPANY, is convicted of a violation under 8 U.S.C. Section 1324a(f) (relating to federal criminal penalties and injunctions for a pattern or practice of employing unauthorized aliens), subject to any appellate rights that may lawfully be available to and exercised by COMPANY, COMPANY shall repay, within one hundred twenty (120) calendar days following receipt of written demand from the COUNTY, the aggregate amount of the value of the abatement received by COMPANY hereunder, if any, plus Simple Interest at a rate of four percent (4%) per annum. COMPANY shall not be considered in violation of this section for any actions of a subsidiary, Affiliate, franchisee of COMPANY or a person or entity with whom COMPANY contracts.

XVIII.
No Other Agreement

This Agreement embodies all of the agreements of the parties relating to its subject matter as specifically set out herein, supersedes all prior understandings and agreements regarding such subject matter, and may be amended, modified or supplemented only by an instrument or instruments in writing executed by the parties.

XIX.
Recordation of Agreement

A certified copy of this Agreement in recordable form shall be recorded in the Deed Records of Tarrant County, Texas.

XX.
Signatories

This Agreement is effective and binding on those parties that have duly signed below.

XXI.
Headings

The headings of this Agreement are for the convenience of reference only and shall not affect in any manner any of the terms and conditions hereof.

XXII.
Successors and Assigns

The parties to this Agreement each bind themselves and their successors, executors, administrators and assigns to the other party of this Agreement and to the successors, executors, administrators and assigns of such other party in respect to all covenants of this Agreement.

XXIII.
Termination

This Agreement shall terminate, in accordance with the terms of this Agreement, unless extended by written agreement of the parties or a written instrument signed by all parties evidencing a delay by force majeure; provided however, that the period of abatement may not extend beyond ten (10) years.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the last date written below.

2925 RACE, LLC

By: _____
Pretlow Riddick, Manager

Date: _____

TARRANT COUNTY, TEXAS

By: _____
B. Glen Whitley, County Judge

Date: _____

ATTEST:

APPROVED AS TO FORM*:

Deputy County Clerk

Asst. Criminal District Attorney

**By law, the Criminal District Attorney's Office may only approve contracts for its clients. We reviewed this document from our client's legal perspective. Other parties may not rely on this approval. Instead those parties should seek contract review from independent counsel.*

THE STATE OF _____ §

2925 Race, LLC
Acknowledgment

COUNTY OF _____ §

BEFORE ME, the undersigned authority, a Notary Public in and for the State of _____, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he/she executed same for and as the act and deed of **2925 Race, LLC**, and as the _____ thereof, and for the purposes and consideration therein expressed, and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the _____ day of _____, 2017.

Notary Public in and for
The State of _____

My Commission Expires

Notary's Printed Name

THE STATE OF TEXAS §

Tarrant County, Texas
Acknowledgment

COUNTY OF TARRANT §

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared **B. GLEN WHITLEY**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same for and as the act and deed of **TARRANT COUNTY, TEXAS**, as the **County Judge** thereof, and for the purposes and consideration therein expressed, and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the _____ day of _____, 2017.

Notary Public in and for
The State of Texas

My Commission Expires

Notary's Printed Name

EXHIBIT "A"

**DESCRIPTION OF PREMISES AND
FORT WORTH TAX ABATEMENT REINVESTMENT ZONE NO. 93**

Property Description

Lot B-R1, Plumwood Addition, being a replat of a portion of Lot G and all of Lot F in Block 4 of Homer L. Aikman Addition, an addition to the City of Fort Worth, Tarrant County, Texas according to the plat thereof recorded in volume 388-O, page 143 of the Deed Records of Tarrant County, Texas, a portion of Lots 10, 11 and 12 in Block 4 of Homer L. Aikman Addition, an addition to the City of Fort Worth, Tarrant County, Texas according to the plat thereof recorded in volume 626, page 583 of said Deed Records, all of Lot E and a part of Lot A in Plumwood Addition, an addition to the City of Fort Worth, Tarrant County, Texas according to the plat thereof recorded in volume 388-D, page 517 of said Deed Records, all of Lot B-R, Plumwood Addition, an addition to the City of Fort Worth, Tarrant County, Texas according to the plat thereof recorded in volume 388-139, page 49 of said Deed Records, and a portion of the Atkin McLernore Survey, Abstract No. 1056, all situated in the City of Fort Worth, Tarrant County, Texas.

ORDINANCE NO. 22340-08-2016

AN ORDINANCE AMENDING ORDINANCE NO. 22285 BY REMOVING CERTAIN PROPERTY FROM NEIGHBORHOOD EMPOWERMENT REINVESTMENT ZONE NUMBER THIRTY EIGHT, CITY OF FORT WORTH, TEXAS; DESIGNATING THE PROPERTY SO REMOVED AS "NEIGHBORHOOD EMPOWERMENT REINVESTMENT ZONE NUMBER NINETY THREE, CITY OF FORT WORTH, TEXAS"; PROVIDING THE EFFECTIVE AND EXPIRATION DATES FOR THE ZONE AND A MECHANISM FOR RENEWAL OF THE ZONE; AND CONTAINING OTHER MATTERS RELATED TO THE ZONE.

WHEREAS, pursuant to Resolution No. 2721, adopted by the City Council of the City of Fort Worth, Texas (the "City Council") on April 17, 2001, as amended by M&C G-18479, approved by the City Council on May 19, 2015, the City has elected to be eligible to participate in tax abatement for property located in Neighborhood Empowerment Zones, as authorized by Chapter 378 of the Texas Local Government Code and in accordance with Chapter 312 of the Texas Tax Code (the "Code"), and has established guidelines and criteria governing tax abatement agreements covering property located in Neighborhood Empowerment Zones (the "NEZ Policy"); and

WHEREAS, on April 5, 2011, the City Council adopted Resolution No. 3981, designating the Six Points Neighborhood Empowerment Zone (the "NEZ"), and adopted Ordinance No. 17140, designating the NEZ as Neighborhood Empowerment Reinvestment Zone (NERZ) No. 38, and renewed the NERZ on June 21, 2016, Ordinance No. 22285, City of Fort Worth, Texas; and

WHEREAS, 2925 Race LLC ("Developer") intends to make improvements to certain real property located in the NEZ and that is more particularly described in Exhibit

"A" of this Ordinance (the "Land") on which Developer wishes to construct and own a mixed-use residential and retail development (the "Improvements") in a manner that is consistent with the City's 2016 Comprehensive Plan, adopted by the City Council on March 29, 2016, pursuant to M&C G-18711; and

WHEREAS, the Code requires that the terms and conditions of tax abatement agreements covering property located in the same reinvestment zone must be identical; and

WHEREAS, Developer has requested a ten (10)-year real property tax abatement on the Improvements, which, in accordance with the NEZ Policy, is subject to unique terms and conditions specific to the project; and

WHEREAS, accordingly, the City Council hereby finds that it is necessary and desirable to remove the Land from Neighborhood Empowerment Reinvestment Zone No. 38 and to designate a new Neighborhood Empowerment Reinvestment Zone comprising only the Land (the "Zone"); and

WHEREAS, the City Council hereby finds that the project described herein will be an important element in the realization of the Six Points area and that development of the Land and the Zone in the manner described herein will best occur by means of tax abatement on the Improvements in return for Developer's causing construction of the Improvements and compliance with certain other commitments that will foster economic development in the Zone and the City in general; and

WHEREAS, on August 2, 2016, the City Council held a public hearing regarding the creation of the Zone, received information concerning the Improvements proposed for the Zone and afforded a reasonable opportunity for all interested persons to

speak and present evidence for or against the creation of the Zone ("Public Hearing"), as required by Section 312.201(d) of the Code; and

WHEREAS, notice of the Public Hearing was published in a newspaper of general circulation in the City on July 23, 2016, which satisfies the requirement of Section 312.201(d)(1) of the Code that publication of the notice occur not later than the seventh day before the date of the public hearing; and

WHEREAS, in accordance with Sections 312.201(d)(2) and (e), notice of the Public Hearing was delivered in writing not later than the seventh day before the date of the public hearing to the presiding officer of the governing body of each taxing unit that includes in its boundaries real property that is to be included in the proposed Zone;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FORT WORTH, TEXAS:

Section 1.

FINDINGS.

That after reviewing all information before it regarding the establishment of the Zone and after conducting the Public Hearing and affording a reasonable opportunity for all interested persons to speak and present evidence for or against the creation of the Zone, the City Council hereby makes the following findings of fact:

- 1.1. The statements and facts set forth in the recitals of this Ordinance are true and correct. Therefore, the City has met the notice and procedural requirements

established by the Code for creation of a reinvestment zone under Chapter 312 of the Code.

- 1.2. Without a tax abatement on the Improvements, as requested by Developer, construction of the Improvements would not be financially feasible for Developer.
- 1.3. As a mixed-use retail and residential development, the Improvements will cause, among other things and without limitation, (i) new employment to occur within the Zone and (ii) existing businesses in the area to prosper as a result of increased residential activity.
- 1.4. As a result of designation as a reinvestment zone, the area within the Zone is reasonably likely to contribute to the expansion of primary employment and to attract major investment in the Zone that will be a benefit to property in the Zone and will contribute to the economic development of the City.
- 1.5. The Improvements are feasible and practical and, once completed, will benefit the land included in the Zone as well as the City for a period in excess of ten (10) years, which is the statutory maximum term of any tax abatement agreement entered into under the Chapter 312 of the Code.

Section 2.

REMOVAL OF LAND FROM NEIGHBORHOOD EMPOWERMENT REINVESTMENT ZONE NO. 13

That Ordinance No. 22285 is hereby amended by removing the Land, as described in Exhibit "A", from Neighborhood Empowerment Reinvestment Zone Number Thirty Eight, City of Fort Worth, Texas.

Section 3.

DESIGNATION OF ZONE.

That the City Council hereby designates the Land, as described in Exhibit "A", as Neighborhood Empowerment Zone Number Ninety-three, City of Fort Worth, Texas, as authorized by and in accordance with Chapter 312 of the Code. The project described herein is eligible for a mixed-use development tax abatement pursuant to Section III.D of the NEZ Policy.

Section 4.

TERM OF ZONE.

That the Zone shall take effect upon the effective date of this Ordinance and expire five (5) years thereafter. The Zone may be renewed by the City Council for one or more subsequent terms of five (5) years or less.

Section 5.

SEVERABILITY.

That if any portion, section or part of a section of this Ordinance is subsequently declared invalid, inoperative or void for any reason by a court of competent jurisdiction, the remaining portions, sections or parts of sections of this Ordinance shall be and remain in full force and effect and shall not in any way be impaired or affected by such decision, opinion or judgment.

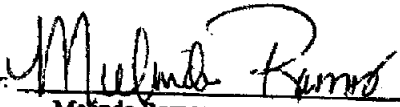
Section 6.

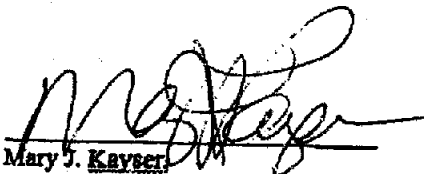
IMMEDIATE EFFECT.

That this Ordinance shall take effect upon its adoption.

AND IT IS SO ORDAINED.

APPROVED AS TO FORM AND LEGALITY:

By: 
Melinda Ramos,
Sr. Assistant City Attorney


Mary J. Kayser,
City Secretary

ADOPTED AND EFFECTIVE: August 2, 2016

EXHIBIT "A"

**PROPERTY TO BE REMOVED FROM NEIGHBORHOOD
EMPOWERMENT REINVESTMENT ZONE NO. 38**

and

**BOUNDARY DESCRIPTION OF
NEIGHBORHOOD EMPOWERMENT REINVESTMENT ZONE NO. 93**

The property to be designated as Fort Worth Neighborhood Empowerment Reinvestment Zone No. 93 for tax abatement purposes contain 2.63 acres of land and is described below:

BEGINNING at a ½ inch iron rod found in the southerly right of way line of Race Street (a variable width right of way) for the northwest corner of the tract of land described as Parcel C in the instrument to Paulos Properties, LLC recorded in Document Number D213304683, Deed Records of Tarrant County Texas;

THENCE with the westerly line of said Paulos Properties, LLC tract South to a 5/8 inch iron rod with plastic cap stamped "Dunaway Assoc LP" set for the northwesterly corner of Lot F-R, Block 4, Horner L. Aikman Addition, an addition to the City of Fort Worth according to the plat recorded in Cabinet B, Slide 440, Plat Records of Tarrant County, Texas;

THENCE easterly to an "X" found in concrete in the northerly right of way line of Plumwood Street (50 foot wide right of way) for the southwesterly corner tract of land described in deed to Lan-Dev Corp. recorded in Volume 11740, Page 1008, Deed Records of Tarrant County, Texas;

THENCE northerly to a 5/8 inch rod with a cap stamped "Dunaway Assoc LP" set for the northwesterly corner of said Lan-Dev Corp. tract;

THENCE westerly to an "X" cut found in concrete in the north line of Race Street for the southwest corner of a tract of land out of the A. McLemore Survey, Abstract No. 1056, Tarrant County, Texas, said point being located 64.03 feet East from the southwest corner of Tract 1, Volume 14503, Page 333;

THENCE northerly to a ½ inch iron rod found in the southerly right of way line of Race Street (a variable width right of way) for the common northerly corner of Tract 1, Document No. D207169773 and H.M. Connor subdivision, an addition to the City of Fort Worth according to the plat recorded in Volume 388-0, Page 143, Plat Records, Tarrant County;

THENCE westerly to a ½ inch iron rod found in the southerly right of way line of Race Street (a variable width right of way) for the northwest corner of the tract of land described as Parcel C in the instrument to Paulos Properties, LLC recorded in Document Number D213304683, Deed Records of Tarrant County Texas, the POINT OF BEGINNING.

EXHIBIT "A" Proposed NEKZ No. 93

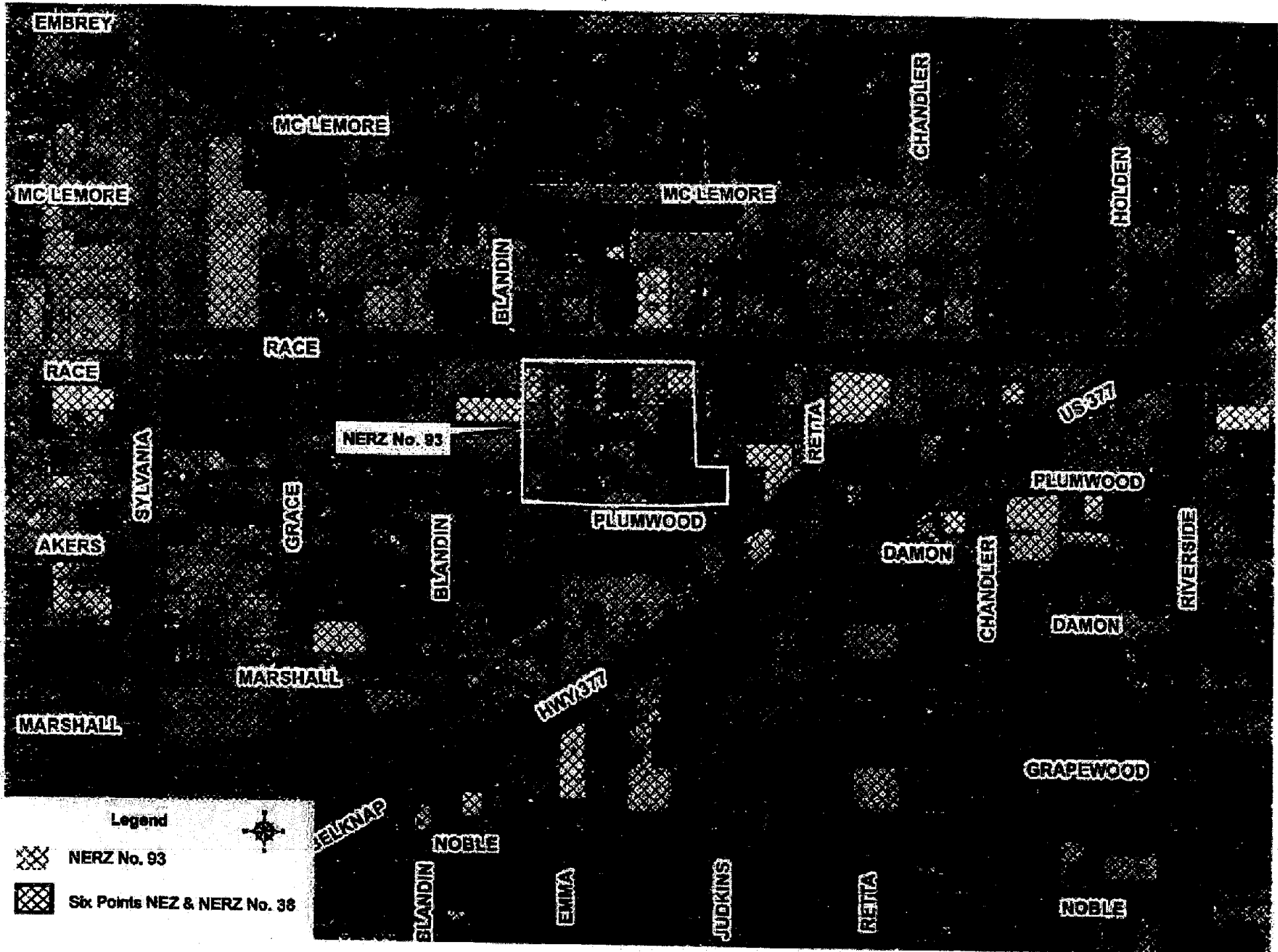


EXHIBIT "B"

CITY OF FORT WORTH TAX ABATEMENT AGREEMENT

**TAX ABATEMENT AGREEMENT FOR PROPERTY LOCATED IN A
NEIGHBORHOOD EMPOWERMENT ZONE**

This TAX ABATEMENT AGREEMENT ("Agreement") is entered into by and between the CITY OF FORT WORTH, TEXAS (the "City"), a home rule municipal corporation organized under the laws of the State of Texas and acting by and through David Cooke, its duly authorized City Manager, and 2925 Race, LLC, a Texas limited liability company ("Owner").

The City Council of the City of Fort Worth ("City Council") hereby finds and the City and Owner hereby agree that the following statements are true and correct and constitute the basis upon which the City and Owner have entered into this Agreement:

A. Chapter 378 of the Texas Local Government Code allows a municipality to create a neighborhood empowerment zone if the municipality determines that the creation of the zone would promote:

- (1) the creation of affordable housing, including manufactured housing in the zone;
- (2) an increase in economic development in the zone;
- (3) an increase in the quality of social services, education, or public safety provided to residents of the zone; or
- (4) the rehabilitation of affordable housing in the zone.

B. Chapter 378 of the Texas Local Government Code provides that a municipality that creates a neighborhood empowerment zone may enter into agreements abating municipal property taxes on property in the zone.

C. On July 31, 2001, the City Council adopted basic incentives for property owners who own property located in a Neighborhood Empowerment Zone, stating that the City elects to be eligible to participate in tax abatement and including guidelines and criteria governing tax abatement agreements entered into between the City and various third parties, titled "Neighborhood Empowerment Zone NEZ Basic Incentives" ("NEZ Incentives"), these were readopted on May 19, 2015 (Resolution No. 4455).

D. The NEZ Incentives contains appropriate guidelines and criteria governing tax abatement agreements to be entered into by the City as contemplated by Chapter 312 of the Texas Tax Code, as amended (the "Code").

E. On April 5, 2011, the Fort Worth City Council adopted Ordinance No. 19641 establishing "Neighborhood Empowerment Reinvestment Zone No. 38" City of Fort Worth, Texas, which allowed for tax abatement agreements for a five years period, which was re-adopted through Ordinance No. 22285 on June 21, 2016, and adopted Resolution No. 3981 ("Resolution") establishing "Designation of the Six Points Area as a Neighborhood Empowerment Zone" (the "NEZ").

F. On August 2, 2016, the City Council adopted Ordinance No. 22340-08-2016 establishing Tax Abatement Reinvestment Zone No. 93, City of Fort Worth, Texas (the "Zone") which allows for a tax abatement agreement for a ten year period.

G. Owner owns certain real property located entirely within the NEZ and that is more particularly described in Exhibit "1", attached hereto and hereby made a part of this Agreement for all purposes (the "Premises").

H. Owner or its assigns plans to construct a residential unit/apartment complex on the Premises (the "Project"), which will at a minimum include the Required Improvements, as defined in Section 2.1 .

I. On October 27, 2015, Owner submitted an application for NEZ incentives and tax abatement to the City concerning the contemplated use of the Premises (the "Application"), attached hereto as Exhibit "2" and hereby made a part of this Agreement for all purposes.

J. The contemplated use of the Premises, the Required Improvements, as defined in Section 2.1, and the terms of this Agreement are consistent with encouraging development of the Zone in accordance with the purposes for its creation and are in compliance with the Policy Statement on the Creation of Local Neighborhood Empowerment Zone (NEZ), the Resolution and other applicable laws, ordinances, rules and regulations.

K. The terms of this Agreement, and the Premises and Required Improvements, satisfy the eligibility criteria of the NEZ Incentives.

L. Written notice that the City intends to enter into this Agreement, along with a copy of this Agreement, has been furnished in the manner prescribed by the Code to the presiding officers of the governing bodies of each of the taxing units in which the Premises is located.

NOW, THEREFORE, the City and Owner, for and in consideration of the terms and conditions set forth herein, do hereby contract, covenant and agree as follows:

1. DEFINITIONS.

In addition to terms defined in the body of this Agreement, the following terms will have the definitions ascribed to them as follows:

"Abatement" means the abatement of one-hundred percent (100%) of the City's incremental ad valorem real property taxes on eligible required improvements located on the Premises (but not on the Land itself, which taxes shall not be subject to Abatement hereunder), as more specifically provided in Section 4, all calculated in accordance with this Agreement.

"Abatement Term" means the term of ten (10) consecutive years, commencing on January 1 of the calendar year following the Compliance Auditing Term (the "Abatement Beginning Date") and expiring on December 31st immediately preceding the tenth anniversary of the Abatement Beginning Date.

"Central City" means the area identified within the central city boundary, as shown on Exhibit "4" attached hereto.

"Central City Resident" means an individual whose primary residence is at a location within the Central City.

"Compliance Auditing Term" means the first full calendar year after the year in which the Completion Date occurs.

"Commencement Date" means the date on which a building permit is issued, allowing work to begin on the development of the Required Improvements, including but not limited to a demolition permit or a paving and grading permit.

"Completion Date" has the meaning ascribed to that term in Section 2.3 of this Agreement.

"Completion Deadline" has the meaning ascribed to that term in Section 2.3 of this Agreement.

"Construction Costs" has the meaning ascribed to that term in Section 2.2 of this Agreement.

"Director" means the City's Director of Neighborhood Services, or his or her designee.

"Effective Date" means the date of execution of this Agreement by both the City and Owner.

"Event of Default" means a breach of this Agreement by a party, either by act or omission, as more specifically set forth in Section 5 of this Agreement.

"Force Majeure" means an event beyond Owner's reasonable control, including, without limitation, acts of God, fires, strikes, national disasters, wars, riots and material or labor restrictions, but shall not include construction delays caused due to purely financial matters, such as, without limitation, delays in the obtaining of adequate financing.

"Full-Time Job" means a job provided to one (1) individual by Company on the Premises for at least forty (40) hours per week.

"Gross Floor Area" means the area that is measured by taking the outside dimensions of the building at each floor level, except that portion of the basement used only for utilities or storage, and any areas within the building used for off-street parking.

"Hard Construction Costs" means the aggregate of the following costs expended or caused to be expended by Owner for development on the Premises: actual site development and construction costs (including demolition and environmental abatement), general contractor and

subcontractor fees, and the costs of supplies, materials and construction labor, but specifically excludes any property acquisition costs.

"Premises" has the meaning ascribed to that term in Recital G.

"Project" has the meaning ascribed to that term in Recital H.

"Term" means the term of this Agreement, which shall begin on the Effective Date and, unless the Agreement is terminated earlier in accordance with its terms and conditions, will expire on December 31 of the last year of the Abatement Term.

2. OWNER'S OBLIGATIONS AND COMMITMENTS.

2.1. Real Property Improvements.

Owner shall construct or cause to be constructed by the Completion Deadline, as defined in Section 2.3, a minimum of 151,000 square feet of development as evidenced by a temporary or permanent certificate of occupancy consisting of (a) a minimum of 138,000 square feet of residential rental space containing at least 152 dwelling units (the "Apartments") comprising at least twenty percent (20%) of the total Gross Floor Area; and (b) a minimum of 13,800 square feet of office, restaurant, entertainment, retail sales and service uses, and/or live /work space (the "Retail Spaces"); and (c) a multi-level parking garage to accommodate the apartment residents and retail customers, having Construction Costs upon completion of at least \$20,000,000 (the "Required Improvements").

2.2 Construction Costs.

"Construction Costs" shall mean Hard Construction Costs; actual construction costs of constructing the Project; including contractor fees; the costs of supplies and materials; site development costs (including demolition and environmental abatement); streetscape improvements to Plumwood Street as well as paving and landscaping improvements to the public connection through the site to enhance development; construction interest paid during construction until a final certificate of occupancy is issued for the Apartments and other professional fees (including legal and the costs associated with the financing of the Project, but not including loan interest or legal fees associated with negotiation of this agreement); and other professional fees, development fees, and permitting fees expended directly in connection with construction of the Project. The City recognizes that Owner will request bids and proposals from various contractors in order to obtain the lowest reasonable price for the cost of the Required Improvements. In the event that bids and proposals for the Required Improvements are below \$20,000,000.00 in Construction Costs for work substantially the same as that provided in Exhibit "3" and otherwise described in this Agreement, the City will meet with Owner to negotiate in good faith an amendment to this Agreement so that Owner is not in default for its failure to expend at least \$20,000,000.00 in Construction Costs, with the understanding that the City's staff will recommend, but cannot guarantee, approval of such amendment by the City Council. The final site plan shall be in substantially the same form as the site plan submitted and attached

as Exhibit "3". Minor variations, and more substantial variations if approved in writing by both parties to this Agreement, in the Required Improvements from the description provided in the Application for Tax Abatement shall not constitute an Event of Default, as defined in Section 5.1, provided that the conditions in the first sentence of this Section 2.1 are met and the Required Improvements are used for the purposes and in the manner described in Exhibit "3".

2.3. Completion Date of Required Improvements.

The Required Improvements shall be deemed complete on the date as of which a temporary or final certificate of occupancy has been issued for all of the Required Improvements (the "Completion Date"). Owner covenants and agrees that the Completion Date shall occur by December 31, 2019 (the "Completion Deadline"). The Abatement will automatically terminate two years after the Effective Date if a building permit has not been pulled and a foundation has not been poured, unless delayed because of force majeure in which case the two years shall be extended by the number of days comprising the specific Force Majeure.

2.4. Use of Required Improvements.

Owner covenants that the Required Improvements shall be constructed and the Premises shall be used in accordance with the description of the Project set forth in the Exhibit "3". In addition, Owner covenants that throughout the Term, the Required Improvements shall be operated and maintained for the purposes set forth in this Agreement and in a manner that is consistent with the general purposes of encouraging development or redevelopment of the Zone. Minor variations and more substantial variations if approved in writing by both parties to the Agreement, in the Required Improvements from the description provided in Exhibit "3" shall not constitute an Event of Default, provided that the conditions set forth in Section 2.1 of this Agreement are met.

2.5. Property Maintenance.

Owner covenants to ensure high quality management and maintenance of the Premises for the duration of the abatement, that each building in the development is suitable for occupancy, taking into account local health, safety, and building codes, and to comply with all building codes requirements imposed by the state or local government unit responsible for making building code inspections. If a violation report or notice is issued by the governmental unit, the Owner must provide to City either a statement summarizing the violation report or notice or a copy of the violation report or notice within thirty (30) days of receipt of such notice. In addition, the Owner must state whether the violation has been corrected, and if such violation cannot reasonably be corrected in the thirty (30) day period, what steps the Owner has taken to diligently correct such violation. Failure to comply with the above will constitute an Event of Default and, upon City's written notice to Owner, subject to the cure rights in Section 5.4, this Agreement may be terminated.

2.6. Affordable/Accessible Housing Set-Aside.

Throughout the Abatement Term, Owner pays the Fort Worth Housing Finance Corporation (FWHFC) an annual sum equal to \$200.00 for each rental residential unit located on the Premises which is subject to the Abatement. This annual payment will be due on or before April 1 of each year in which an Abatement is granted. Failure to pay the annual payment to the FWHFC when due will result in the forfeiture of the entire Abatement for the tax year in which payment was due. In addition, five percent (5%) of the total residential rental units constructed shall be compliant with the Americans with Disability Act (ADA) and fully accessible, and two percent (2%) of the total residential rental units constructed shall be fully accessible to persons with sensory impairments.

2.7. Construction Spending Commitment for Fort Worth Companies.

By the Completion Deadline, Owner shall have expended or caused to be expended with Fort Worth Companies the greater of (i) Three Million Dollars (\$3,000,000.00) in Hard Construction Costs for the Project or (ii) at least fifteen percent (15%) of all Hard Construction Costs for the Project, regardless of the total amount of such Hard Construction Costs (the "Fort Worth Construction Commitment"). Payments to a general contractor which is a Fort Worth Company will be counted toward the Fort Worth Construction Commitment, regardless of whether any subcontractors of such general contractor are themselves Fort Worth Companies. Likewise, payments to subcontractors which are Fort Worth Companies will be counted toward the Fort Worth Construction Commitment, regardless of whether the general contractor of such subcontractors is itself a Fort Worth Company.

2.8. Construction Spending Commitment for Fort Worth Certified M/WBE Companies.

By the Completion Deadline, Owner shall have expended or caused to be expended with Fort Worth Certified M/WBE Companies the greater of (i) Three Million Dollars (\$3,000,000.00) in Hard Construction Costs for the Project or (ii) at least fifteen percent (15%) of all Hard Construction Costs for the Project, regardless of the total amount of such Hard Construction Costs (the "M/WBE Construction Commitment"). Payments to a general contractor which is a Fort Worth M/WBE Company will be counted toward the M/WBE Construction Commitment, regardless of whether any subcontractors of such general contractor are themselves Fort Worth M/WBE Companies. Likewise, payments to subcontractors which are Fort Worth M/WBE Companies will be counted toward the M/WBE Construction Commitment, regardless of whether the general contractor of such subcontractors is itself a Fort Worth M/WBE Company. Dollars spent with Fort Worth Certified M/WBE Companies for purposes of measuring the M/WBE Construction Commitment shall also be counted for purposes of measuring the Fort Worth Construction Commitment.

2.9. Overall Employment Commitment.

During the Abatement Term, Owner or its third party management company shall continuously provide and fill at least three (3) Full-Time Jobs on the Premises (the "Overall Employment Commitment").

2.10. Employment Commitment for Fort Worth Residents.

During the Abatement Term, Owner or its third party manager shall continuously provide and fill at least the greater of (i) two (2) Full-Time Jobs or (ii) fifty percent (50%) of all Full-Time Jobs, regardless of the total number of such Full-Time Jobs, with Fort Worth residents (the "Fort Worth Employment Commitment"). Full-Time Jobs held by Fort Worth residents shall also count as Full-Time Jobs for purposes of measuring the Overall Employment Commitment outlined in Section 2.9.

2.11. Employment Commitment for Central City Residents.

During the Abatement Term, Owner or its third party management company shall continuously provide and fill at least the greater of (i) one (1) Full-Time Job or (ii) twenty five percent (25%) of all Full-Time Jobs, regardless of the total number of such Full-Time Jobs, with Central City Residents (the "Central City Employment Commitment"). Full-Time Jobs held by Central City Residents shall also count as Full-Time Jobs for purposes of measuring the Overall Employment Commitment outlined in Section 2.9 and the Fort Worth Employment Commitment outlined in Section 2.10.

2.12. Reports and Filings.

2.12.1. Construction Spending Reports.

2.12.1.1 Monthly Reports.

From the Commencement Date until the Completion Date, Owner will provide the Director with a monthly report in a form reasonably acceptable to the City that specifically outlines the then-current aggregate Construction Costs expended by and on behalf of Owner for the Project, together with the then-current aggregate Hard Construction Costs for the Project expended by and on behalf of Owner with Fort Worth Companies and with Fort Worth Certified M/WBE Companies. Owner agrees to meet with the City's M/WBE Office as reasonably necessary for assistance in meeting or exceeding the M/WBE Construction Commitment and to address any related concerns that the City may have.

2.12.1.2 Final Construction Reports.

Within ninety (90) calendar days following the Completion Deadline, in order for the City to assess whether Owner or its general contractor, as applicable, expended or caused to be expended at least Twenty Million Dollars (\$20,000,000.00) in Construction Costs for the Project, and the extent to which Owner met the Fort Worth Construction Commitment and the M/WBE

Construction Commitment, Owner will provide the Director with a report in a form reasonably acceptable to the City that specifically outlines (i) the total Construction Costs expended by and on behalf of Owner for the Project, (ii) the total Hard Construction Costs expended with Fort Worth Companies by and on behalf of Owner, and (iii) the total Hard Construction Costs expended with Fort Worth Certified M/WBE Companies by and on behalf of Owner, together with supporting invoices and other documents necessary to demonstrate that such amounts were actually paid by Owner, including, without limitation, final lien waivers signed by Owner's general contractor.

2.12.1.3 Annual Employment Report.

On or before February 1 of the second year of the Abatement Term, and of each year thereafter up until and including February 1 of the calendar year following the expiration of the Abatement Term, in order for the City to assess the degree to which Owner or its third party management company, as applicable, met the Employment Commitment in the previous year, Owner shall provide or cause its third party management company to provide the Director with a report in a form reasonably acceptable to the City that sets forth the total number of individuals who held Full-Time Jobs on the Premises, each as of December 1 (or such other date requested by Owner and reasonably acceptable to the City) of the previous calendar year, together with reasonable supporting documentation.

2.12.1.4 General.

Owner will supply any additional information reasonably requested by the City that is pertinent to the City's evaluation of compliance with each of the terms and conditions of this Agreement.

2.13. Inspections.

At any time during Owner's normal business hours throughout the Abatement Term following at least ten (10) days' prior written notice to Owner the City shall have the right to inspect the Premises, and Owner will provide full access to the same for the City to monitor compliance with the terms and conditions of this Agreement. Owner will cooperate fully with the City during any such inspection and evaluation. Notwithstanding the foregoing, Owner shall have the right to require that any representative of the City be escorted by a representative or security personnel of Owner during any such inspection and evaluation.

2.14. Audits.

The City will have the right throughout the Abatement Term as further described in this Section 2.14 to audit the financial and business records of Owner that relate to the Required Improvements and any other documents necessary to evaluate Owner's

compliance with this Agreement or with the commitments set forth in this Agreement, including, but not limited to construction documents and invoices and leasing and tenant records for residential rental units constructed as part of the Required Improvements (collectively "Records"). Owner shall make all Records available to the City on the Premises or at another location in the City acceptable to both parties following reasonable advance notice by the City (or delivered to the City electronically, in a format reasonably acceptable to the City) and shall otherwise cooperate fully with the City during any audit; provided, however, that Owner will not be obligated to provide agreements with its lenders, investors, joint venture partners or any other third parties that do not contain information relevant to the City's monitoring of its compliance with the terms of this Agreement.

2.15 Use of Premises.

The Premises must be used at all times during the Abatement Term for purposes connected with the Project, and must have designated space for the uses described in Section 2.1 above.

3. CERTIFICATE OF COMPLETION.

Within ninety (90) calendar days following receipt by the City of the final construction spending report for the Project submitted in accordance with Section 2.12.1.2, to the extent the City is able to verify that Construction Costs of at least Twenty Million Dollars (\$20,000,000.00) were expended for the Project by the Completion Deadline and that the Completion Date occurred on or before Completion Deadline, the Director will issue Owner a certificate stating the aggregate amount of Construction Costs expended and the amount of Hard Construction Costs expended specifically with Fort Worth Companies and Fort Worth Certified M/WBE Companies (the "Certificate of Completion"). The Certificate of Completion will serve as the basis for determining the extent to which the Fort Worth Construction Commitment and the M/WBE Construction Commitment were met.

4. TAX ABATEMENT.

Provided that (i) Owner expended at least Twenty Million Dollars (\$20,000,000.00) in Construction Costs for the Project by the Completion Deadline, as confirmed in the Certificate of Completion issued by the Director in accordance with Section 3, and (ii) the Completion Date occurred on or before the Completion Deadline, as confirmed in the Certificate of Completion issued by the Director in accordance with Section 3, and (iii) for each year such payment is due, Owner is in compliance with Section 2.6, subject to the terms and conditions of this Agreement, Owner will be entitled to receive an Abatement in the first year of the Abatement Term and in each year thereafter for the remainder of the Abatement Term. The amount of each Abatement that Owner is entitled to receive during such years will be a percentage of the City's ad valorem taxes on the increase in value of the Required Improvements located on the Premises (but not on the Land itself, which taxes shall not be subject to Abatement hereunder) over their value for the 2016

tax year (which is the year this Agreement was entered into), after the demolition of any existing structures, which the parties agree such value is \$0.00. The percentage shall equal the sum of the Overall Construction Percentage, the Fort Worth Construction Percentage, the M/WBE Construction Percentage, the Overall Employment Percentage, the Fort Worth Employment Percentage, and the Central City Employment Percentage, as defined in Sections 4.1 through 4.8 (not to exceed one hundred percent (100%) in the aggregate), as follows:

4.1. Completion of Development (50%).

An Abatement of fifty percent (50%) (the "Overall Construction Percentage") will automatically be applied on account of Owner's having met all requirements in accordance with Section 3 for completion of the Required Improvements.

4.2. Fort Worth Construction Cost Spending (Up to 15%).

A percentage of the Abatement will be based on the extent to which the Fort Worth Construction Commitment, as outlined in Section 2.7, was met (the "Fort Worth Construction Percentage"). The Fort Worth Construction Percentage shall equal the product of fifteen percent (15%) multiplied by the percentage by which the Fort Worth Construction Commitment was met, which will be calculated by dividing the actual Hard Construction Costs expended for the Project by the Completion Deadline with Fort Worth Companies by the number of dollars comprising the Fort Worth Construction Commitment, as determined in accordance with Section 2.7. For example, if the Fort Worth Construction Commitment is \$10,500,000.00 and only \$7,350,000.00 in Hard Construction Costs were expended with Fort Worth Companies by the Completion Deadline, the Fort Worth Construction Percentage would be 10.5% instead of 15% (or $.15 \times [\$7.35 \text{ million}/\$10.5 \text{ million}]$, or $.15 \times .70$, or 10.5%). If the Fort Worth Construction Commitment was met or exceeded, the Fort Worth Construction Percentage will be fifteen percent (15%).

4.3. Fort Worth M/WBE Construction Cost Spending (Up to 15%).

A percentage of the Abatement will be based on the extent to which the M/WBE Construction Commitment, as outlined in Section 2.8 was met (the "M/WBE Construction Percentage"). The M/WBE Construction Percentage shall equal the product of fifteen percent (15%) multiplied by the percentage by which the M/WBE Construction Commitment was met, which will be calculated by dividing the actual Hard Construction Costs expended for the Project by the Completion Deadline with Fort Worth Certified M/WBE Companies by the number of dollars comprising the M/WBE Construction Commitment, as determined in accordance with Section 2.8. If the M/WBE Construction Commitment was met or exceeded, the M/WBE Construction Percentage will be fifteen percent (15%).

4.4. Overall Employment (Up to 10%).

A percentage of the Abatement will be based on the extent to which the Overall Employment Commitment, as outlined in Section 2.9, was met (the "Overall Employment Percentage"). The Overall Employment Percentage in a given year shall equal the product of ten percent (10%) multiplied by the percentage by which the Overall Employment Commitment was met in the previous calendar year, which will be calculated by dividing the actual number of Full-Time Jobs provided on the Premises in the previous year by three (3), which is the number of Full-Time Jobs constituting the Overall Employment Commitment. For example, if only two (2) Full-Time Jobs were provided on the Premises in a given year, the Overall Employment Percentage for the following year would be 6.7% instead of 10% (or $.10 \times [2/3]$), or $.10 \times .67$, or $.067$. If the Overall Employment Commitment is met or exceeded in a given year, the Overall Employment Percentage for the following year will be ten percent (10%).

4.5. Fort Worth Employment (Up to 5%).

A percentage of the Abatement will be based on the extent to which the Fort Worth Employment Commitment, as outlined in Section 2.10, was met (the "Fort Worth Employment Percentage"). The Fort Worth Employment Percentage for a given year shall equal the product of five percent (5%) multiplied by the percentage by which the Fort Worth Employment Commitment was met in the previous year, which will be calculated by dividing the actual number of Full-Time Jobs provided on the Premises to Fort Worth Residents in the previous year by the number of Full-Time Jobs constituting the Fort Worth Employment Commitment in that year. If the Fort Worth Employment Commitment is met or exceeded in a given year, the Fort Worth Employment Percentage for the following year will be five percent (5%).

4.6. Central City Employment (Up to 5%).

A percentage of the Abatement will be based on the extent to which the Central City Employment Commitment, as outlined in Section 2.11, was met (the "Central City Employment Percentage"). The Central City Employment Percentage for a given year shall equal the product of five percent (5%) multiplied by the percentage by which the Central City Employment Commitment was met in the previous year, which will be calculated by dividing the actual number of Full-Time Jobs provided on the Premises to Central City Residents in the previous year by the number of Full-Time Jobs constituting the Central City Employment Commitment in that year. If the Central City Employment Commitment is met or exceeded in a given year, the Central City Employment Percentage for the following year will be five percent (5%).

4.7. No Offsets.

A deficiency in attainment of one commitment may not be offset by the exceeding attainment in another commitment. For example, if Owner failed to meet the M/WBE Construction Commitment by \$5,000.00, but exceeded the Fort Worth Construction Commitment by \$5,000.00, the percentage of Abatement available hereunder would still

be reduced in accordance with Section 4.3 on account of Owner's failure to meet the M/WBE Construction Commitment.

4.8. Abatement Limitations.

Notwithstanding anything that may be interpreted to the contrary in this Agreement, Owner's Abatement in any given year shall be based on the increase in value of the Required Improvements after demolition of any existing improvements but excluding value attributed to the land up to a maximum increase of Thirty Million Dollars (\$30,000,000.00). In other words, in any year in which the taxable value of improvements on the Land exceeds \$30,000,000.00, the Abatement for that tax year shall be capped and calculated as if the increase in the value of improvements on the Land had only been \$30,000,000.00. Owner would pay full taxes on the difference over the cap of \$30,000,000.00 or one hundred fifty percent (150%).

5.0. DEFAULT, TERMINATION AND FAILURE BY OWNER TO MEET VARIOUS DEADLINES AND COMMITMENTS.

5.1. Failure to Meet Certain Commitments.

If Owner fails to meet the Fort Worth Construction Commitment or the M/WBE Construction Commitment, or if Owner fails in any given year of the Abatement Term to meet the Overall Employment Commitment, the Fort Worth Employment Commitment, the Central City Employment Commitment, such event shall not constitute an Event of Default hereunder or provide the City with the right to terminate this Agreement, but, rather, shall only cause the percentage or amount of Abatement available to Owner pursuant to this Agreement to be reduced in accordance with Section 4 of this Agreement.

5.2. Failure to Complete Development.

Notwithstanding anything to the contrary herein, if (i) Owner failed to expend or cause to be expended at least Twenty Million Dollars (\$20,000,000.00) in Construction Costs for the Project by the Completion Deadline, or (ii) the Completion Date did not occur on or before the Completion Deadline, an Event of Default shall occur and the City shall have the right to terminate this Agreement as its sole and exclusive remedy, effective immediately, by providing written notice to Owner without further obligation to Owner hereunder.

5.3. Knowing Employment of Undocumented Workers.

Owner acknowledges that effective September 1, 2007, the City is required to comply with Chapter 2264 of the Texas Government Code, enacted by House Bill 1196 (80th Texas Legislature), which relates to restrictions on the use of certain public subsidies. *Owner hereby certifies that Owner, and any branches, divisions, or departments of Owner, does not and will not knowingly employ an undocumented worker, as that term is*

defined by Section 2264.001(4) of the Texas Government Code. In the event that Owner, or any branch, division, or department of Owner, is convicted of a violation under 8 U.S.C. Section 1324a(f) (relating to federal criminal penalties and injunctions for a pattern or practice of employing unauthorized aliens):

- if such conviction occurs during the Term of this Agreement, this Agreement shall terminate contemporaneously upon such conviction (subject to any appellate rights that may lawfully be available to and exercised by Owner) and Owner shall repay, within one hundred twenty (120) calendar days following receipt of written demand from the City, the aggregate amount of Abatement received by Owner hereunder, if any, plus Simple Interest at a rate of four percent (4%) per annum based on the amount of Abatement received in each previous year as of December 31 of the tax year for which the Abatement was received; or*
- if such conviction occurs after expiration or termination of this Agreement, subject to any appellate rights that may lawfully be available to and exercised by Owner, Owner shall repay, within one hundred twenty (120) calendar days following receipt of written demand from the City, the aggregate amount of Abatement received by Owner hereunder, if any, plus Simple Interest at a rate of four percent (4%) per annum based on the amount of Abatement received in each previous year as of December 31 of the tax year for which the Abatement was received.*

For the purposes of this Section 5.3, "Simple Interest" is defined as a rate of interest applied only to an original value, in this case the aggregate amount of Abatement. This rate of interest can be applied each year, but will only apply to the aggregate amount of Abatement and is not applied to interest calculated. For example, if the aggregate amount of Abatement is \$10,000 and it is required to be paid back with four percent (4%) interest five years later, the total amount would be $\$10,000 + [5 \times (\$10,000 \times 0.04)]$, which is \$12,000.00. The obligation of Owner to repay reimbursements pursuant to this paragraph, and the accrual of interest on such amounts, shall be stayed for so long as Owner is pursuing an appeal of such violation permitted by applicable law. This Section 5.3 does not apply to convictions of any subsidiary or affiliate entity of Owner, by any franchisees of Owner, or by a third party with whom Owner contracts. Notwithstanding anything to the contrary herein, this Section 5.3 shall survive the expiration or termination of this Agreement.

5.4. Notice and Cure.

Subject to Sections 4.2, 4.3 and 4.4, in the event that any Event of Default hereunder remains uncured after thirty (30) calendar days following receipt of such written notice (or, if the defaulting party has diligently and continuously attempted to cure following receipt of such written notice but reasonably requires more than thirty (30) calendar days to cure, then such additional amount of time as is reasonably necessary to effect cure, as determined by both parties mutually and in good faith), the non-defaulting party shall have the right to terminate this Agreement, effective immediately, by providing written notice to the defaulting party. Owner acknowledges and agrees that an Event of

Default that is not cured within the cure period set forth above will (i) harm the City's economic development and redevelopment efforts on the Premises and in the vicinity of the Premises; (ii) require unplanned and expensive additional administrative oversight and involvement by the City; and (iii) otherwise harm the City, and Owner agrees that the amounts of actual damages therefrom are speculative in nature and will be difficult or impossible to ascertain. Therefore, if the City exercises a right herein to terminate this Agreement upon an Event of Default that is not cured within the applicable time notice and cure period, Owner shall pay the City, as liquidated damages all taxes that were abated in accordance with this Agreement for each year when the Event of Default existed and which otherwise would have been paid to the City in the absence of this Agreement. The City and Owner agree that this amount is a reasonable approximation of actual damages that the City will incur as a result of an uncured Event of Default and that this Section 5.4 is intended to provide the City with compensation for actual damages and is not a penalty. This amount may be recovered by the City through adjustments made to Owner's ad valorem property tax appraisal by the appraisal district that has jurisdiction over the Premises. Otherwise, this amount shall be due, owing and paid to the City within sixty (60) days following the effective date of termination of this Agreement. In the event that all or any portion of this amount is not paid to the City within sixty (60) days following the effective date of termination of this Agreement, Owner shall also be liable for all penalties and interest on any outstanding amount at the statutory rate for delinquent taxes, as determined by the Texas Tax Code at the time of the payment of such penalties and interest (currently, Section 33.01 of the Texas Tax Code).

5.5. Foreclosure on Land or Improvements.

The City will have the right to terminate this Agreement immediately upon provision of written notice to Owner of any of the following events: (i) the act of foreclosure or enforcement a lien, mortgage or deed of trust on the Premises or the Required Improvements; (ii) the involuntary conveyance to a third party of the Premises or any improvements thereon; (iii) execution of any assignment of the Premises or any improvements thereon or deed in lieu of foreclosure to the Premises or any improvements thereon; or (iv) appointment of a trustee or receiver for the Premises or any improvements thereon.

5.6. Failure to Pay Taxes; General Breach.

Subject to the notice and cure rights described in Section 5.4, an Event of Default shall occur if any ad valorem taxes owed on the Premises to the City by Owner become delinquent and Owner does not timely and properly follow the legal procedures for protest and/or contest of any such ad valorem taxes. In addition to Sections 5.2, 5.3 and 5.4, an Event of Default under this Agreement shall occur if either party breaches any term or condition of this Agreement, in which case the non-defaulting party shall provide the defaulting party with written notice specifying the nature of the Event of Default and opportunity to cure in accordance with Section 5.4.

5.7. Liquidated Damages.

Owner acknowledges and agrees that termination of this Agreement due to a material Event of Default by Owner will (i) harm the City's economic development and redevelopment efforts on the Premises and in the vicinity of the Premises; (ii) require unplanned and expensive additional administrative oversight and involvement by the City; and (iii) be detrimental to the City's general economic development programs, both in the eyes of the general public and by other business entities and corporate relocation professionals, and Owner agrees that the exact amounts of actual damages sustained by the City therefrom will be difficult or impossible to ascertain. Therefore, upon termination of this Agreement for an uncured material Event of Default subject to the notice and cure rights in Section 5.4 for (i) failure to pay the affordable housing set-aside as described in Section 2.6, or (ii) failure to pay taxes in accordance with Section 5.6, as authorized by Section 312.205(b)(6) of the Code, Owner shall pay the City, as liquidated damages, all taxes that were abated in accordance with this Agreement for each year in which an Event of Default existed and which otherwise would have been paid to the City in the absence of this Agreement. The City and Owner agree that this amount is a reasonable approximation of actual damages that the City will incur as a result of an uncured Event of Default and that this Section 5.7 is intended to provide the City with compensation for actual damages and is not a penalty. This amount may be recovered by the City through adjustments made to Owner's ad valorem property tax appraisal by the appraisal district that has jurisdiction over the Premises and over any taxable tangible personal property located thereon. Otherwise, this amount shall be due, owing and paid to the City within sixty (60) days following the effective date of termination of this Agreement. In the event that all or any portion of this amount is not paid to the City within sixty (60) days following the effective date of termination of this Agreement, Owner shall also be liable for all penalties and interest on any outstanding amount at the statutory rate for delinquent taxes, as determined by the Code at the time of the payment of such penalties and interest (currently, Section 33.01 of the Code).

5.8 Sexually Oriented Business & Liquor Stores or Package Stores.

a. Owner understands and agrees the City has the right to terminate this agreement, without cause, if the Project contains or will contain a sexually oriented business.

b. Owner understands and agrees that the City has the right to terminate this agreement, without cause, as determined in City's sole discretion if the Project contains or will contain a liquor store or package store.

6. INDEPENDENT CONTRACTOR.

It is expressly understood and agreed that Owner shall operate as an independent contractor in each and every respect hereunder and not as an agent, representative or employee of the City. Owner shall have the exclusive right to control all details and day-to-day operations relative to the Premises and any improvements thereon and shall be solely responsible for the acts and omissions of its officers, agents, servants, employees, contractors, subcontractors, licensees and invitees.

Owner acknowledges that the doctrine of *respondeat superior* will not apply as between the City and Owner, its officers, agents, servants, employees, contractors, subcontractors, licensees, and invitees. Owner further agrees that nothing in this Agreement will be construed as the creation of a partnership or joint enterprise between the City and Owner.

7. **INDEMNIFICATION.**

OWNER, AT NO COST TO THE CITY, AGREES TO DEFEND, INDEMNIFY AND HOLD THE CITY, ITS OFFICERS, AGENTS, SERVANTS AND EMPLOYEES, HARMLESS AGAINST ANY AND ALL CLAIMS, LAWSUITS, ACTIONS, COSTS AND EXPENSES OF ANY KIND, INCLUDING, BUT NOT LIMITED TO, THOSE FOR PROPERTY DAMAGE OR LOSS (INCLUDING ALLEGED DAMAGE OR LOSS TO OWNER'S BUSINESS AND ANY RESULTING LOST PROFITS) AND/OR PERSONAL INJURY, INCLUDING DEATH, THAT MAY RELATE TO, ARISE OUT OF OR BE OCCASIONED BY (i) OWNER'S BREACH OF ANY OF THE TERMS OR PROVISIONS OF THIS AGREEMENT OR (ii) ANY NEGLIGENT ACT OR OMISSION OR INTENTIONAL MISCONDUCT OF OWNER, ITS OFFICERS, AGENTS, ASSOCIATES, EMPLOYEES, CONTRACTORS (OTHER THAN THE CITY) OR SUBCONTRACTORS, RELATED TO THE REQUIRED IMPROVEMENTS; THE PREMISES AND ANY OPERATIONS AND ACTIVITIES THEREON; OR THE PERFORMANCE OR NON-PERFORMANCE OF THIS AGREEMENT OTHERWISE. THIS SECTION SHALL SURVIVE ANY TERMINATION OR EXPIRATION OF THIS AGREEMENT.

8. **ASSIGNMENT AND EFFECT OF SALE OF PREMISES AND/OR REQUIRED IMPROVEMENTS.**

Owner may assign this Agreement and all or any portion of the benefits provided hereunder (i) collaterally to a lender, or (ii) to an Affiliate without the consent of the City, provided that (a) prior to or contemporaneously with the effectiveness of such assignment, Owner provides the City with written notice of such assignment, which notice shall include the name of the lender or Affiliate and a contact name, address and telephone number, and (b) for such assignment to an Affiliate, the Affiliate agrees in writing to assume all terms and conditions of Owner under this Agreement. For purposes of this Agreement, an "Affiliate" means all entities, incorporated or otherwise, under direct or indirect common control with Owner, controlled by Owner or controlling Owner. For purposes of this definition, "control" means ten percent (10%) or more of the ownership determined by either value or vote. Owner may not otherwise assign this Agreement or any of the benefits provided hereunder to any other party without the consent of the City Council, which consent shall not unreasonably be withheld or delayed, provided that (i) the City Council finds that the proposed assignee is financially capable of meeting the terms and conditions of this Agreement and (ii) the proposed assignee agrees in writing to assume all terms and conditions of Owner under this Agreement. Any attempted assignment without the City Council's prior written consent shall constitute grounds for termination of this Agreement and the Abatement granted hereunder following ten (10) calendar days of receipt of written notice from the City to Owner. In no event shall the abatement term be extended in the event of a subsequent sale or assignment.

9. **NOTICES.**

All written notices called for or required by this Agreement shall be addressed to the following, or such other party or address as either party designates in writing, by certified mail, postage prepaid, or by hand delivery:

City:

City of Fort Worth
Attn: City Manager
1000 Throckmorton
Fort Worth, Texas 76102

Owner:

2925 Race LLC
Attn: Pretlow Riddick
14160 N. Dallas Parkway, Suite 750
Dallas, Texas 75254

And

Neighborhood Services Department
Attn: Director
1000 Throckmorton
Fort Worth, Texas 76102

10. **MISCELLANEOUS.**

10.1 **Bonds.**

The Required Improvements will not be financed by tax increment bonds. This Agreement is subject to rights of holders of outstanding bonds of the City.

10.2 **Conflicts of Interest.**

Neither the Premises nor any of the Required Improvements covered by this Agreement are owned or leased by any member of the City Council, any member of the City Plan or Zoning Commission or any member of the governing body of any taxing units in the Zone.

10.3 **Protests Over Appraisals or Assessments.**

Owner shall have the right to protest and contest any or all appraisals or assessments of the Premises and/or improvements or taxable tangible personal property thereon.

10.4 **Conflicts Between Documents.**

In the event of any conflict between the City's zoning ordinances, or other City ordinances or regulations, and this Agreement, such ordinances or regulations shall control.

In the event of any conflict between the body of this Agreement and Application, the body of this Agreement shall control.

10.5 Owner Standing.

Owner shall be deemed a proper and necessary party in any litigation questioning or challenging the validity of this Agreement or any of the underlying laws, ordinances, resolutions or City Council actions authorizing this Agreement and Owner shall be entitled to intervene in any such litigation.

10.6 Venue and Jurisdiction.

This Agreement shall be construed in accordance with the laws of the State of Texas and applicable ordinances, rules, regulations or policies of the City. Venue for any action under this Agreement shall lie in the State District Court of Tarrant County, Texas. This Agreement is performable in Tarrant County, Texas.

10.7 Severability.

If any provision of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.

10.8 No Third Party Rights.

The provisions and conditions of this Agreement are solely for the benefit of the City and Owner, and any lawful assignee or successor of Owner (as evidenced by compliance with the terms and conditions of Section 8 of this Agreement), and are not intended to create any rights, contractual or otherwise, to any other person or entity.

10.9 Mutual Assistance.

The City and Owner shall take all actions and provide additional information and/or acknowledgment, if reasonably requested, and may be necessary or proper to achieve the purposes and objectives of this Agreement.

10.10 Estoppel Certificate.

Any party may request an estoppel certificate from the other party so long as the certificate is requested in connection with a bona fide business purpose. The certificate, which upon request will be addressed to a prospective purchaser or assignee of Owner, shall include, but not necessarily be limited to, statements (to the actual knowledge of the party providing such) that this Agreement is in full force and effect without any Events of Default (or if an Event of Default exists, the nature of the Event of Default and curative action, which should be undertaken to cure same), the remaining Abatement Term, and such other matters reasonably requested by the Party to receive the certificate.

10.11 Headings Not Controlling.

Headings and titles used in this Agreement are for reference purposes only and shall not be deemed a part of this Agreement.

10.12 Entirety of Agreement.

This Agreement, including any exhibits attached hereto and any documents incorporated herein by reference, contains the entire understanding and agreement between the City and Owner, their assigns and successors in interest, as to the matters contained herein. Any prior or contemporaneous oral or written agreement is hereby declared null and void to the extent in conflict with any provision of this Agreement. This Agreement shall not be amended unless executed in writing by both parties and approved by the City Council. This Agreement may be executed in multiple counterparts, each of which shall be considered an original, but all of which shall constitute one instrument.

10.13 Amendment.

This Agreement may be amended only by the written agreement of the City and Owner.

[Signature page to follow.]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the later date below:

CITY OF FORT WORTH:

By: *Fernando Costa*
Fernando Costa
Assistant City Manager

2925 RACE, LLC:
By: *W. Pretlow Riddick*
Pretlow Riddick
Manager

ATTEST:
By: *Mary Kayser*
Mary Kayser, City Secretary



APPROVED AS TO FORM AND LEGALITY

By: Melinda Ramos
Melinda Ramos
Sr. Assistant City Attorney

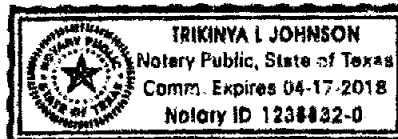
M & C: C-27846

STATE OF TEXAS §
COUNTY OF TARRANT §

BEFORE ME, the undersigned authority, on this day personally appeared Fernando Costa, Assistant City Manager of the CITY OF FORT WORTH, a municipal corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of the said CITY OF FORT WORTH, TEXAS, a municipal corporation, that he was duly authorized to perform the same by appropriate resolution of the City Council of the City of Fort Worth and that he executed the same as the act of the said City for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 2nd day of February, 2016.

Trikinya I. Johnson
Notary Public in and for
the State of Texas

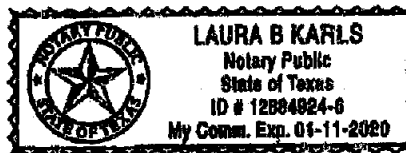


STATE OF TEXAS §
COUNTY OF Dallas §

BEFORE ME, the undersigned authority, on this day personally appeared Pretlow Riddick, Manager of 2925 Race, LLC, a Texas limited liability company, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act of the said 2925 Race, LLC, a Texas limited liability company, for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 30th day of January, 2016.

Laura B. Karls
Notary Public in and for
The State of Texas



EXHIBITS

- Exhibit 1: Property Description
- Exhibit 2: Application: (NEZ) Incentives and Tax Abatement
- Exhibit 3: Project description including kind, number, and details of the proposed improvements.
- Exhibit 4: Central City Map

Exhibit 1

Property Description

Lot B-R1, Plumwood Addition, being a replat of a portion of Lot G and all of Lot F in Block 4 of Homer L. Aikman Addition, an addition to the City of Fort Worth, Tarrant County, Texas according to the plat thereof recorded in volume 388-O, page 143 of the Deed Records of Tarrant County, Texas, a portion of Lots 10, 11 and 12 in Block 4 of Homer L. Aikman Addition, an addition to the City of Fort Worth, Tarrant County, Texas according to the plat thereof recorded in volume 626, page 583 of said Deed Records, all of Lot E and a part of Lot A in Plumwood Addition, an addition to the City of Fort Worth, Tarrant County, Texas according to the plat thereof recorded in volume 388-D, page 517 of said Deed Records, all of Lot B-R, Plumwood Addition, an addition to the City of Fort Worth, Tarrant County, Texas according to the plat thereof recorded in volume 388-139, page 49 of said Deed Records, and a portion of the Atkin McLemore Survey, Abstract No. 1056, all situated in the City of Fort Worth, Tarrant County, Texas.



Application No. NZ15-00264

**CITY OF FORT WORTH
NEIGHBORHOOD EMPOWERMENT ZONE (NEZ) PROGRAM**

PROJECT CERTIFICATION APPLICATION

I. APPLICATION CHECK LIST - Please submit the following documentation:

- A completed application form
- A list of all properties owned by the applicant, owner, developer, associates, principals, partners, and agents in the City Fort Worth
- Non Refundable Application fee** -- For all Basic Incentives applications excluding Tax Abatement the application fee is \$25.00. For multifamily, commercial, industrial, community facilities, and mixed-use tax abatement applications: 0.5% of the total Capital Investment of the project, with a \$200.00 minimum and not to exceed \$2,000.00; For residential tax abatement applications: \$100.00 per house.
- Proof of ownership, such as a warranty deed, affidavit of heirship, or a probated will OR evidence of site control, such as option to buy (A registered warranty deed is required for tax abatement application.)
- Title abstract of the property (only if applying for release of City liens)
- A reduced 11x17 floor plan, site plan, and site elevation with a written detailed project description that includes a construction time line
- A detailed line item budget showing the cost breakdown for the project
- Copy of Incorporation Papers noting all principals, partners, and agents if applicable
- Required** - Meet with the Councilmember and Neighborhood & other Organizations representing the NEZ as outlined in the Public Notice requirement of the NEZ Policy and Guidelines revised February 5, 2014 or followed guidelines of NEZ Strategic Plan if a Strategic Plan is in place for the specific NEZ.
- Support letter from Woodhaven Neighborhood Association and Woodhaven Community Development Corporation (For projects located in Woodhaven NEZ only)

INCOMPLETE APPLICATIONS WILL NOT BE PROCESSED FOR CERTIFICATION UNTIL ALL REQUIRED DOCUMENTS SHOWN IN THE ABOVE CHECKLIST ARE SUBMITTED WITHIN 30 DAYS OF THE DATE OF APPLICATION.

YOU MUST APPLY FOR TAX ABATEMENT BEFORE ANY BUILDING PERMITS ARE ISSUED FOR YOUR PROPERTY AND BEFORE ANY IMPROVEMENTS ARE MADE TO YOUR PROPERTY. IT TAKES 60 TO 90 BUSINESS DAYS TO COMPLETE THE TAX ABATEMENT AGREEMENT APPROVAL PROCESS AFTER THE ISSUANCE OF NEZ CERTIFICATION DEPENDING ON THE COMPLEXITY OF YOUR PROJECT. ALL BUILDING PERMITS MUST BE PULLED WITHIN THE 12 MONTH PERIOD THAT CERTIFICATION WAS APPROVED, OR WITHIN THE 12 MONTH PERIOD THAT THE TAX ABATEMENT WAS APPROVED, OR YOU WILL BE REQUIRED TO RE-APPLY FOR NEZ INCENTIVES.

II. APPLICANT / AGENT INFORMATION

1. Applicant:	<u>2805 Belknap, LLC</u>	2. Contact Person:	<u>J. Brandon Hancock</u>
3. Address:	<u>14160 N Dallas Pkwy., Suite 750</u>	Dallas TX	<u>76254</u>
	Street	City	State Zip
4. Phone no.:	<u>214.393.4116</u>	5. Fax No.:	_____
6. Email:	<u>bhancock@criteriondp.com</u>		
7. Agent (if any)	_____		
8. Address:	_____		
	Street	City	State Zip
9. Phone no.:	_____	10. Fax No.:	_____
11. Email:	_____		



Application No. NZ15-00266

PROJECT ELIGIBILITY

1. Please list the addresses and legal descriptions of the project and other properties your organization owns in Fort Worth. Attach metes and bounds description if no address or legal description is available. Attach a map showing the location of the project.

Table 1 Property Ownership

Address (Project Location)	Zip Code	Legal Description		
		Subdivision Name	Lot No.	Block No.
See Exhibit A				
Other properties owned in the City of Fort Worth - continue on a separate sheet and attach if necessary.				
See Exhibit A				

2. For each property listed in Table 1, please check the boxes below to indicate if:
 - there are taxes past due; or
 - there are City liens; or
 - You (meaning the applicant, developer, associates, agents, principals) have been subject to a Building Standards Commission's Order of Demolition where the property was demolished within the last five years.

Table 2 Property Taxes and City Liens

Address	Property Taxes Due	City Liens on Property				
		Weed Liens	Board-up/Open Structure Liens	Demolition Liens	Paving Liens	Order of Demolition
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(Please attach additional sheets of paper as needed.)

If there are taxes due or liens against any property in the City of Fort Worth you may not be eligible for NEZ incentives



Application No. NZ15-002106

3. Do you own other properties under other names? Yes No

If Yes, please specify See Exhibit A

4. Does the proposed project conform with City of Fort Worth Zoning? Yes No

If no, what steps are being taken to insure compliance?

5. Project Type:	<input type="checkbox"/> Single Family	<input type="checkbox"/> Multi-Family	<input type="checkbox"/> Commercial	<input type="checkbox"/> Industrial	<input type="checkbox"/> Community Facilities	<input checked="" type="checkbox"/> Mixed-Use
------------------	--	---------------------------------------	-------------------------------------	-------------------------------------	---	---

Owner Occupied

Rental Property

6. Please describe the proposed residential or commercial project: Mixed-use development with multifamily, commercial, live/work and retail uses.

7. If your project is a commercial, industrial, or mixed-use project, please describe the types of businesses that are being proposed: Mixed-use residential development

8. Is this a new construction or rehab project? New Construction Rehab

9. How much is the total development cost of your project? \$49,000,000.00

10. Will the eligible rehabilitation work* be equal to at least 30% of the Tarrant Appraisal District (TAD) assessed value of the structure during the year rehabilitation occurs? Yes No

*Eligible rehabilitation includes only physical improvements to real property. It does NOT include: Front yard fencing consisting of chain-link or solid material construction; personal property such as furniture, appliances, equipment, and/or supplies. Total eligible rehabilitation costs shall equal to or exceed 30% of the TAD appraised value of the structure during the year rehabilitation occurs.

11. How much is the total square footage of your project? 363,000 square feet

*** If applying for a tax abatement please answer questions 12 - 16. If not skip to part III Incentives**

12. For a single-family homeowner, mixed-use, or multi-family development project, please fill out the number of residential units based on income range of owners or renters in the following table.

Table 3 Number of Residential Units and Income Range of Owners or Renters

Income Range	Number of Units	Percentage
> 80% of AMFI**	376	100%
At or below 80% of AMFI	-	0%
Total Units		

**AMFI: Area Median Family Income. Please see attachment for income and housing payment guidelines.

13. For a multifamily project to be qualified for tax abatement, at least 20% of total units shall be affordable to families at or below 80% of AMFI. Check the box if you are requesting a waiver of this requirement.

14. For a commercial, industrial or community facilities project, indicate square footage of non-residential space.

Commercial	Industrial	Community Facilities
_____ square feet	_____ square feet	_____ square feet

15. How much will be your Capital Investment*** on the project? Please use the following table to provide the details and amount of your Capital Investment (Attached additional sheets if necessary).

Table 4 Itemized Budget of the Project

Items	Amount	Notes
See Exhibit B		
Total		

***Capital Investment includes only real property improvements such as new facilities and structures, site improvements, facility expansion, and facility modernization. Capital Investment DOES NOT include land acquisition costs and/or any existing improvements, or personal property (such as machinery, equipment, and/or supplies or inventory).

16. For a commercial, industrial, community facility or mixed-use project, how many employees will the project generate? Three (3) employees for phase I and three (3) employees for phase II.

17. For a mixed-use project, please indicate the percentage of all uses in the project in the following table.

Table 5 Percentage of Uses in a Mixed-Use Project

Type	Square Footage	Percentage
Residential	330,000	90%
Office/Inva/Work/Retail	50,000	10%
Eating		
Entertainment		
Retail sales		
Service		
Total	380,000	100%

III. INCENTIVES - What incentives are you applying for?

Municipal Property Tax Abatements

Must provide Final Plat Cabinet and Slide for Tax Abatement Cabinet _____ Slide _____

5 years More than 5 years

Residential owner occupied Residential Rental Property Apartments (5 plus units) Commercial

Development Fee Waivers

- All building permit related fees (including Plans Review and Inspections)
- Plat application fee (including concept plan, preliminary plat, final plat, short form replat)
- Zoning application fee Board of Adjustment application fee
- Demolition fee Structure moving fee
- Community Facilities Agreement (CFA) application fee
- Street and utility easement vacation application fee

Impact Fee Waivers - The maximum water/wastewater impact fee waiver amount for a commercial, industrial, mixed-use, or community facility development project is equivalent to the water/wastewater impact fee of two 6-inch meters

Water (Meter Size TBD) (No. of meters TBD) Transportation

Release of City Liens

- Weed liens Paving liens Board up/open structure liens Demolition liens



Application No. NZ15-00264

III. ACKNOWLEDGMENTS

I hereby certify that the information provided is true and accurate to the best of my knowledge. I hereby acknowledge that I have received a copy of NEZ Basic Incentives, which governs the granting of tax abatements, fee waivers and release of City liens, and that any VIOLATION of the terms of the NEZ Basic Incentives or MISREPRESENTATION shall constitute grounds for rejection of an application or termination of incentives at the discretion of the City.

I understand that the approval of fee waivers and other incentives shall not be deemed to be approval of any aspect of the project. I understand that I am responsible in obtaining required permits and inspections from the City and in ensuring the project is located in the correct zoning district.

I understand that my application will not be processed if it is incomplete. I agree to provide any additional information for determining eligibility as requested by the City.

N. Pretlow Riddick
(PRINTED OR TYPED NAME)

[Signature]
(AUTHORIZED SIGNATURE)

10/12/15
(DATE)

Please mail or fax your application to:
City of Fort Worth Planning and Development Department
1000 Throckmorton Street, Fort Worth, Texas 76102
Tel: (817) 392-2222 Fax: (817) 392-8116

Electronic version of this form is available on our website. For more information on the NEZ Program, please visit our web site at www.fortworthgov.org/planninganddevelopment

For Office Use Only			
Application No. <u>NZ15-00264</u>	In which NEZ? <u>Six Points</u>	Council District <u>9</u>	
Application Completed Date (Received Date): <u>10/12/15</u>	Conform with Zoning?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Type? <input type="checkbox"/> SF <input type="checkbox"/> Multifamily <input type="checkbox"/> Commercial <input type="checkbox"/> Industrial <input type="checkbox"/> Community facilities		<input checked="" type="checkbox"/> Mixed-Use	
Construction completion date? <input type="checkbox"/> Before NEZ <input checked="" type="checkbox"/> After NEZ	Ownership/Site Control	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
TAD Account No. <u>00012823</u>	Consistent with the NEZ plan?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Meet affordability test?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Minimum Capital Investment?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Rehab at or higher than 30%?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Meet mixed-use definition?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Tax current on this property?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Tax current on other properties?	<input type="checkbox"/> Yes <input type="checkbox"/> No
City liens on this property?		City liens on other properties?	
• Weed liens	<input type="checkbox"/> Yes <input type="checkbox"/> No	• Weed liens	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Board-up/open structure liens	<input type="checkbox"/> Yes <input type="checkbox"/> No	• Board-up/open structure liens	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Demolition liens	<input type="checkbox"/> Yes <input type="checkbox"/> No	• Demolition liens	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Paving liens	<input type="checkbox"/> Yes <input type="checkbox"/> No	• Paving liens	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Order of demolition	<input type="checkbox"/> Yes <input type="checkbox"/> No	• Order of demolition	<input type="checkbox"/> Yes <input type="checkbox"/> No
Certified? <input type="checkbox"/> Yes <input type="checkbox"/> No	Certified by _____	Date certification issued?	_____
If not certified, reason _____			
Referred to: <input type="checkbox"/> Economic Development <input type="checkbox"/> Housing <input type="checkbox"/> Development <input type="checkbox"/> Water <input type="checkbox"/> Code <input type="checkbox"/> TPW			

Project Description

Overview

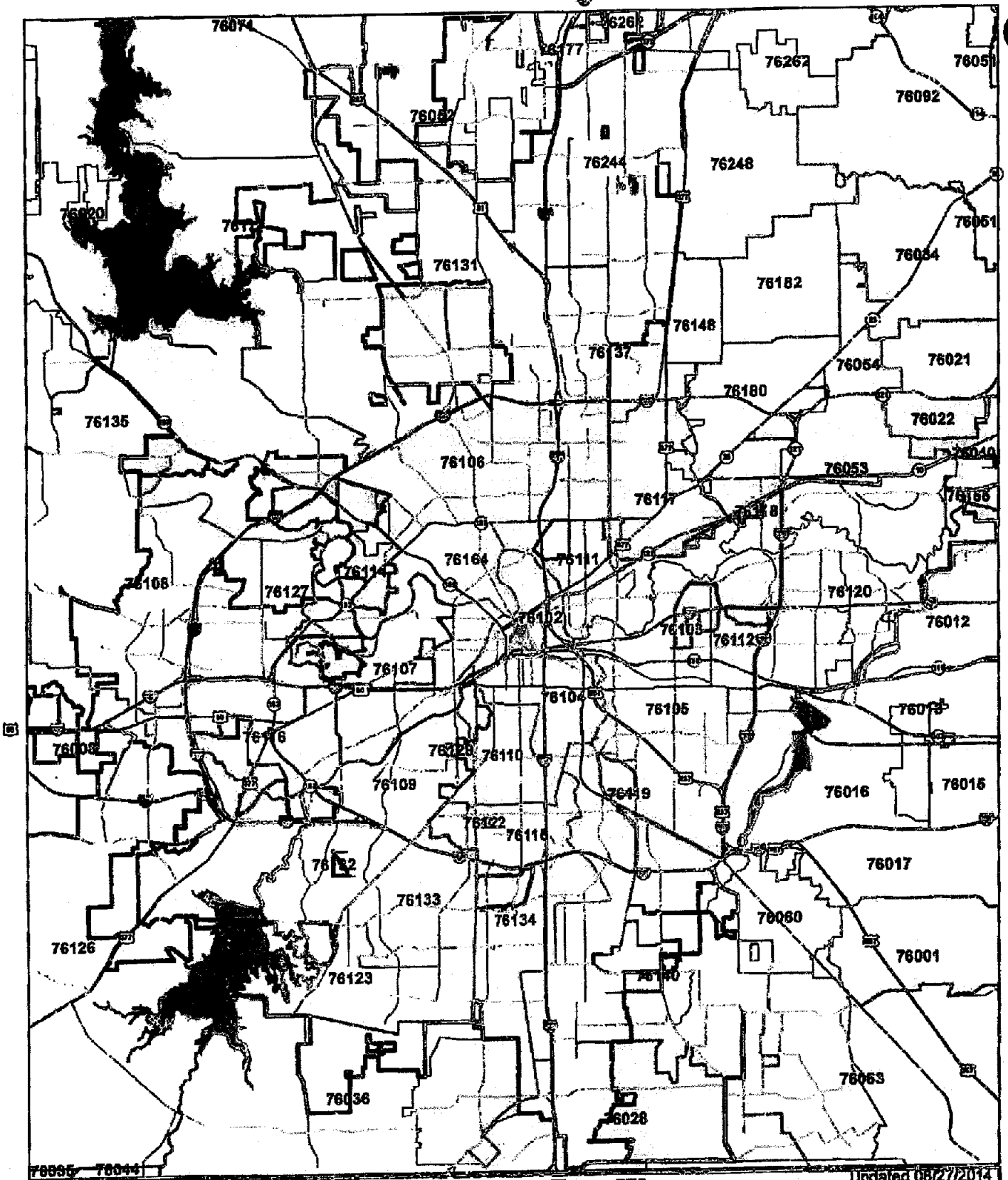
- One Hundred fifty two (152) residential rental units
- Thirteen thousand eight hundred (13,800) square feet of office, restaurant, entertainment, retail sales and service uses, and/or live /work space
- Multi-level parking garage to accommodate the apartment residents and retail customers

Features

- Pool with sundeck
- Indoor/outdoor living area
- Grilling area
- Fenced yards on at least 50% of the ground floor units
- Leasing office
- Club/Lounge/Bar
- Co-work space
- Fitness center
- Bike storage room w/Dero "fix it" station
- Postal center with parcel kiosk system

Design

- Hardi panel and Brick
- Glazing at pedestrian level
- Landscaping with pedestrian realm



Updated 08/27/2014

FORT WORTH

Neighborhood Services Department
CDBG Eligible Areas & Central City

Legend

- CDBG Eligible Area
- City Limit

EXHIBIT "C"

TARRANT COUNTY TAX ABATEMENT APPLICATION



Tarrant County Application for Tax Abatement/Reinvestment Zone

I. APPLICANT INFORMATION

Applicant/Property Owner: 2925 Race, LLC

Company/Project Name: Race Street Mixed-Use

Mailing Address: 14610 North Dallas Parkway, Suite 750 Dallas, TX 75254

Telephone: 214-393-4100

Fax:

Applicant's Representative for contact regarding abatement request:

Name and Title: Pretlow Riddick

Mailing Address: 14610 North Dallas Parkway, Suite 750 Dallas, TX 75254

Telephone: 214-393-4100

Fax: **E-mail:** priddick@critteriondp.com

II. PROPERTY AND PROJECT DESCRIPTION

Address and legal description of property to be considered for Tax Abatement/Reinvestment Zone: The property is located at Plumwood Street and Race Street in the Six Points Neighborhood Empowerment Zone in the City of Fort Worth and is approximately 2.63 acres and designated as Neighborhood Empowerment Reinvestment Zone No. 93.

Project Description: A mixed-use residential and retail development.

Description of activities, products, or services produced and/or provided at project location: Residential and retail uses

Current Assessed Value: Real Property: \$875,880 Personal Property: \$1,000

Estimated start date of construction/site improvements: July 2017

Projected date of occupancy/commencement of operations at project site:

Please indicate dates for phases if applicable: Phase I: December 2019, Phase II: December 2021

Location of existing company facilities: N/A

Requested level of Tax Abatement: 50% of eligible property for ten (10) years.

Explain why tax abatement is necessary for the success of this project. Include business pro-formas or other information to substantiate your request.

III. PROJECTED VALUE OF IMPROVEMENTS

Estimated Value of Real Property Improvements \$49 Million

Estimated Value of Personal Property Improvements \$ 200,000

Will any infrastructure improvements (roads, drainage, etc.) be requested of Tarrant County for this project?

Yes No **X**

If yes, describe requested infrastructure improvements:

Detail any direct benefits to Tarrant County as a result of this project (i.e., inventory tax, etc.):

IV. EMPLOYMENT IMPACT AT PROJECT LOCATION

A. NEW EMPLOYMENT

Projected number of new jobs created as a result of the proposed improvements:

Full-time 5 Part-Time

Provide types of jobs created and average salary levels: Average salary \$44,415.

Start date and annual payroll of new permanent positions (if positions to be phased in, provide figures for each phase year): July 2019, \$230,365.

Percentage of new jobs too be filled be Tarrant County residents: 50%

Number of employees transferring from other company locations: 0

B. CONSTRUCTION RELATED EMPLOYMENTS

Projected number of construction related jobs: 125

Estimated total construction payroll: \$7,380,788

Commitment as to percentage of construction dollars to be spent with Tarrant County contractors or subcontractors: 30%

Commitment as to percentage & total dollars of construction contracts to be awarded to DBE: 25%

C. CURRENT COMPANY/PROJECT LOCATION EMPLOYMENT

Current Number of Employees: Full-time Part-time

Average annual payroll: \$

Detail on workforce diversity - percentage breakdown of current employees by gender and ethnicity:

D. COMPANY SPONSORED HEALTH CARE BENEFITS ARE AVAILABLE

Full-time Employees Part-time Employees Employee Dependents Not Available

Average monthly employee cost for health care benefits: Individual: \$ Family: \$

Other employee benefits provided or offered:

V. LOCAL BUSINESS & DISADVANTAGED BUSINESS ENTERPRISES (DBE) IMPACT

Estimated amount of annual supply and services expenses: \$

Detail any supply/services expenses that are sole source:

Percentage of total supplier/services expenses committed to Tarrant County businesses:

Percentage of total supplier and services expenses committed to DBE:

VI. ENVIRONMENTAL IMPACT OF PROJECT

Indicate if development, construction, equipment, distribution methods, and/or operational processes may impact the environment in the following areas, attach detail if necessary:

Air Quality Water Quality Solid Waste Disposal Storm/Water Runoff
Floodplain/Wetlands Noise levels Other (specify) "[Response]"

Provide detail on existing and new fleet vehicles, specifying types of vehicles, quantities and fuel used (gasoline, diesel, LP gas, CNG, etc.): "[Response]"

VII. ADDITIONAL INFORMATION TO BE ATTACHED

- Letter addressing Economic Qualifications and additional criteria for abatement, Section III (h) and (i) of Tarrant County Tax Abatement Policy
- Descriptive list and value of real and personal property improvements
- Plat/Map of Project Location
- Project Time Schedule
- Owner's policy regarding use of disadvantaged Business Enterprises
- Owner's policy addressing regional air quality/non-attainment status (use of alternative fuels, employee trip reduction, etc.) and plan for participation in regional Ozone Action Program
- Tax Certificate showing property taxes paid for most recent year

VIII. CERTIFICATION

Upon receipt of a completed application, Tarrant County may require such financial and other information as may be deemed appropriate for evaluating the financial capacity and other factors of the applicant.*

I certify the information contained in this application (including all attachments) to be true and correct to the best of my knowledge. I further certify that I have read the "Tarrant County Tax Abatement Policy" and agree to comply with the guidelines and criteria stated therein.

W. Paul A.
Signature

President
Title

W. Preston Riddick
Printed Name

8/15/16
Date

Return completed application and attachments to:

Economic Development Coordinator

Tarrant County Administrator's Office

100 E. Weatherford Street, Suite 404

Fort Worth, Texas 76196-0609

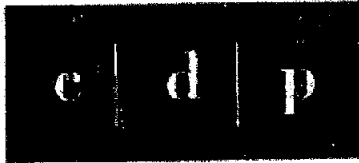
You may also forward an electronic copy of the completed report to:

lmcmillan@tarrantcounty.com

Please note that if you do submit this form electronically, you must also submit an original hard copy of the report to the above stated physical address for proper filing and review.

For assistance call: (817) 884-2643

***As per Section IV (f) of the Tarrant County Tax Abatement Policy Guidelines and Criteria, this application must be filed prior to commencement of construction or installation of improvements in order to be eligible for County tax abatement.**



August 17, 2016

Lisa McMillan
Economic Development Coordinator
Tarrant County Government
100 E. Weatherford
Suite 404
Fort Worth, Texas 76196

RE: Tarrant County Tax Abatement Request

Dear Ms. McMillan:

Criterion Development Partners is excited to submit the attach Tax Abatement Application and various exhibits for tax abatement consideration by Tarrant County. We have been working diligently on the project for many years and have overcome many unique challenges to get to this point. This is an exciting time for the Race Street area and we need Tarrant County's help to make it all happen.

The project is unique in that it will be a catalyst and the anchor for the transformation of Race Street and the surrounding neighborhoods that desperately need new capital investment and more importantly passion for doing quality development. The project will have a minimum investment of \$20 million in development costs (excluding land) and yield a minimum of 152 residential units with 10 live/work, retail spaces. Construction is anticipated to begin in July 2017 and completed by July 2019.

We appreciate the County's efforts to date and look forward to a fruitful partnership in making this part of Tarrant County flourish. If you have any questions or need additional information, please do not hesitate to contact me at 214.393.4107 or David Pettit at 817.312.6341.

Sincerely,

W. Pretlow Riddick

President

CRITERION DEVELOPMENT PARTNERS

DALLAS 14180 NORTH DALLAS PARKWAY, SUITE 750 DALLAS, TEXAS 75254 (D) 214.393.4100 (F) 214.393.4310
BOSTON 1501 TRAPELO ROAD, SUITE 200 WALTHAM, MASSACHUSETTS 02451 (D) 781.890.6600 (F) 781.209-6633

Criterion Race Street Mixed Use Design Concepts

Overview

- Minimum of 152 residential units
- Approximately 10 live/work, retail spaces
- Structured parking, parallel street parking, "urban neighborhood feel"

The goal is to create a project that will be a catalyst and the anchor for the transformation of Race Street and surrounding neighborhoods. Criterion will create an urban development that addresses the street, and offers sophisticated housing options for residents looking to make Race Street their home. We believe creating a truly unique destination will have the gravity to pull people to this rejuvenated neighborhood.

Design

The design direction will be modern, clean, with hardi panel and brick, as well as generous glazing at the pedestrian level to engage the urban street.

The site will have a walkable urban neighborhood feel driven from the building relationship with the streets. The buildings will pay special attention to interaction with the pedestrian realm where the live/work and retail units meet the street.

Conceptual Unit Mix

Our pro forma shows an average unit size of approximately 860 square feet:

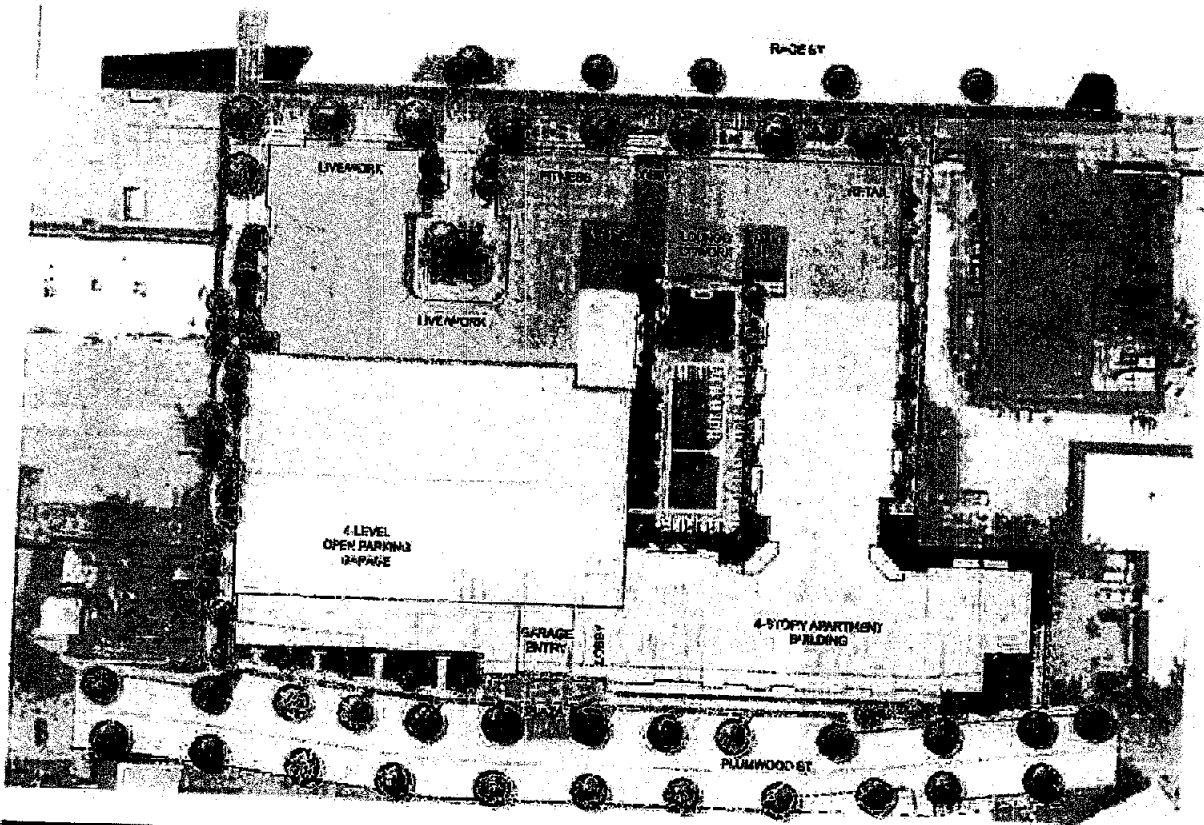
1BR: 78%
2BR: 22%

Amenities (conceptual)

- Pool with sundeck
- Indoor/outdoor living area
- Grilling area
- Fenced yards for as many 1st floor units as possible
- Leasing office
- Club/Lounge/Bar (potentially open to public)
- Co-work space space (potentially open to public)
- Fitness center (potentially open to public)
- Retail space
- Live/work units
- Bike storage room, Dero "fix it" station
- Postal center with parcel kiosk system
- Parking garage with 230 spaces

Timeline (preliminary)

- **Construction start: July 2017**
- **First Units: September 2018**
- **Construction completion: July 2019**

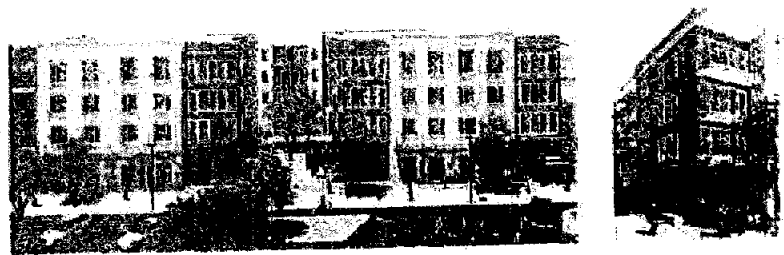


⊕ COLORED SITE PLAN
 0 20 40 60

MIXED-USE AT RACE STREET

F14320
 01.30.2015

Sheet No.
AXXX



RACE STREET RENDERINGS

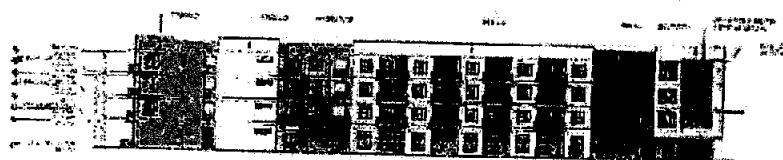
MIXED-USE AT RACE STREET

914320
01.20.2015

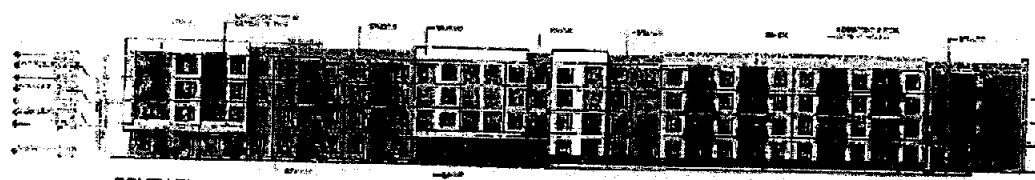
Sheet No.
A107



WEST ELEVATION



EAST ELEVATION



SOUTH ELEVATION



NORTH ELEVATION



MIXED-USE AT RACE STREET

#14920
01.30.2018

Sheet No.
A108

New York
Forthright

DEVELOPMENT BUDGET - PHASE I 4.00

Development Budget: Use	Development Budget Total	Per Unit 100 Units	Per SF 200 Avg.	% of Total Cost
Real Estate Taxes	\$27,000	\$2.70	\$1.35	0.03%
Architect and Engineering	\$51,000	\$5.10	\$2.55	0.10%
Construction - 1400 (1000) @ 60.0 units / year	\$1,834,000	\$183.40	\$91.70	75.00%
Contingency (10% of Sub-Total)	\$1,887,000	\$188.70	\$94.35	76.00%
Development Fee	\$1,007,000	\$100.70	\$50.35	3.80%
Planning and Legal Expenses	\$50,000	\$5.00	\$2.50	0.19%
Furniture, Fixtures and Equipment	\$45,000	\$4.50	\$2.25	0.17%
Interest Expense - Construction Loan @ 8.00%	\$80,000	\$8.00	\$4.00	0.61%
Interest Expense - Investor Equity Partner	0	0	0.00	0.00%
Interest Expense - Preferred Equity	\$54,000	\$5.40	\$2.70	0.42%
Land Cost @ \$50.00 / sq ft	\$1,000,000	\$100.00	\$50.00	7.61%
Marketing	\$80,000	\$8.00	\$4.00	0.59%
Operating Deficit - 4 months	\$53,000	\$5.30	\$2.65	0.40%
Pre-Development/Case Allowance	\$34,000	\$3.40	\$1.70	0.25%
Total	\$6,800,000	\$680.00	\$340.00	100.00%

TOTAL DEVELOPMENT BUDGET COST \$6,800,000

Development Budget Source	Total	Per Unit 100 Units	Per SF 200 Avg.	% of Total Cost
Equity Contribution	\$5,000,000	\$500.00	\$250.00	73.53%
Other Mortgage Loan	\$8,000,000	\$800.00	\$400.00	117.65%
Bank Debt repaid by Enhanced CFA funds	\$1,000,000	\$100.00	\$50.00	14.71%
Bank Construction Loan	\$16,800,000	\$1,680.00	\$840.00	246.73%

Unfunded Portion on Cost \$1,000,000

Funding Gap Analysis Phase I Notes

Stabilized (70%) on Cost		1.65%
NOI with unit value uplift	\$,710,000	
NOI with value uplift	\$,200,000	
NOI debt and effect on yield	\$71,000	0.00% Effect/Work to be done (improved present value to the net savings)
Enhance CFA effect on yield	\$,004,000	0.27%
Pre-Development Yield		0.77%

Funding Gap Analysis Phase I	Current Yield	Needed Yield	Cost at Current Yield	Cost at Needed Yield	Funding Gap
	6.00%	7.00%	\$20,000,000	\$20,000,000	\$20,000,000

EXHIBIT "D"

PROJECT DESCRIPTION

Project Description

Overview

- One Hundred fifty two (152) residential rental units
- Thirteen thousand eight hundred (13,800) square feet of office, restaurant, entertainment, retail sales and service uses, and/or live /work space
- Multi-level parking garage to accommodate the apartment residents and retail customers

Features

- Pool with sundeck
- Indoor/outdoor living area
- Grilling area
- Fenced yards on at least 50% of the ground floor units
- Leasing office
- Club/Lounge/Bar
- Co-work space
- Fitness center
- Bike storage room w/Dero "fix it" station
- Postal center with parcel kiosk system

Design

- Hardi panel and Brick
- Glazing at pedestrian level
- Landscaping with pedestrian realm

EXHIBIT "E"

TARRANT COUNTY TAX ABATEMENT POLICY AND GUIDELINES



TARRANT COUNTY

TAX ABATEMENT POLICY GUIDELINES AND CRITERIA

I. GENERAL PURPOSE AND OBJECTIVES

As authorized under Chapter 312 of the Texas Tax Code, Tarrant County has established this policy so as to work in concert with other taxing authorities as part of an overall publicly supported incentive program designed to create job opportunities that bring new economic advantages or strengthen the current economic base of our community.

It is the intent of the Commissioners Court to consider approval or denial of any request for tax abatement for projects in unincorporated Tarrant County or participation in any tax abatement agreement agreed to and adopted by an incorporated city, which meets the minimum eligibility criteria as set forth in this policy, following the filing of a formal application for tax abatement from the County. As prescribed by Section 312.206 of the Tax Code, the Commissioners Court may approve participation with a municipality in a tax abatement agreement no later than the 90th day after the date the municipal agreement is executed. Further it is the intent of Tarrant County that the County will not approve nor join an abatement agreement that provides one Tarrant County city a competitive advantage over another Tarrant County city seeking the same project or encourages an applicant to move from one Tarrant County city to another, unless such agreement is agreeable to both such incorporated cities and both parties have indicated their approval in writing to Tarrant County.

In the case where the property is located within a municipality's extraterritorial jurisdiction, the municipality shall be the initiating taxing entity unless expressly deferred to the County. For those areas within Tarrant County that are not located within the boundaries of an incorporated municipality and a municipality has deferred to the County or in unincorporated areas not located in a municipality's extraterritorial jurisdiction, the guidelines and criteria contained in this policy will be applied by the Commissioners Court when considering the establishment of a reinvestment zone and the adoption of an abatement agreement.

II. DEFINITIONS

- (a) "Abatement" means the full or partial exemption from ad valorem taxes of certain real and/or personal property in a reinvestment zone designated for economic development purposes.

- (b) "Eligible Jurisdiction" means Tarrant County and any municipality, school district, college district, or other entity, which is located in Tarrant County, that levies ad valorem taxes upon and provides services to property located within the proposed or existing reinvestment zone.
- (c) "Agreement" means a contractual agreement between a property owner and/or lessee and an eligible jurisdiction for the purposes of tax abatement.
- (d) "Base Year Value" means the assessed value of the applicant's real and personal property located in a designated reinvestment zone on January 1 of the year of the execution of the agreement, plus the agreed upon value of real and personal property improvements made after January 1, but before the execution of the agreement.
- (e) "Economic Life" means the number of years a property improvement is expected to be in service in a facility.
- (f) "Deferred Maintenance" means improvements necessary for continued operations which do not improve productivity or alter the process technology.
- (g) "Disadvantaged Business Enterprise (DBE)" means:
- (1) a corporation formed for the purpose of making a profit and at least 51 percent of all classes of the shares of stock or other equitable securities of which are owned by one or more persons who are socially or economically disadvantaged because of their identification as members of certain groups that have been subject to racial or ethnic prejudice or cultural bias without regard to their qualities as individuals or capabilities as a business, and whose ability to compete in the free enterprise system is impaired due to diminished opportunities to obtain capital and credit as compared to others in the same line of business who are not socially disadvantaged. "DBE" includes the State of Texas definition of historically underutilized businesses (HUBs) as defined in Texas Government Code 407.101 and as it may be updated.
 - (2) a sole proprietorship formed for the purpose of making a profit that is owned, operated, and controlled exclusively by one or more persons described in paragraph (1);
 - (3) a partnership that is formed for the purpose of making a profit in which 51 percent of the assets and interest in the partnership is owned by one or more persons described by paragraph (1), and in which minority or women partners have proportionate interest in the control, operation, and management of the partnership affairs.

- (h) **"Expansion"** means the addition of buildings, structures, fixed machinery and equipment, and fixed personal property for the purposes of increasing production capacity.
- (i) **"Facility"** means property improvements completed or in the process of construction which together comprise an integral whole.
- (j) **"Fixed Machinery and Equipment and/or Personal Property"** means tangible machinery, equipment, or personal property that is securely placed or fastened and stationary within a building or structure, or which is movable but remains at and is used solely at the project site.
- (k) **"Manufacturing Facility"** means buildings and structures, including fixed machinery and equipment, and fixed personal property, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.
- (l) **"Modernization"** means the replacement and upgrading of existing facilities which increases the productive input or output, updates the technology or substantially lowers the unit cost of the operation, and extends the economic life of the facility. Modernization may result from the construction, alteration or installation of buildings, structures, fixed machinery and equipment, and fixed personal property. It shall not be for the purpose of reconditioning, refurbishing, repairing, or completion of deferred maintenance.
- (m) **"New Facility"** means a property previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.
- (n) **"Other Basic Industry"** means buildings and structures including fixed machinery and equipment, and fixed personal property not elsewhere described, used or to be used for the production of products or services which primarily serve a market outside Tarrant County [or the Fort Worth Consolidated Metropolitan Statistical Area] and result in the creation of new permanent jobs and bring new wealth in to Tarrant County.
- (o) **"Regional Distribution Center Facility"** means building and structures, including fixed machinery and equipment, and fixed personal property, used or to be used primarily to receive, store, service or distribute goods or materials owned by the facility operator.
- (p) **"Non-Manufacturing Facilities"** means buildings and structures, used to service and/or house individuals on a permanent or temporary basis.
- (q) **"Regional Service Facility"** means building and structures, including fixed machinery and equipment, and fixed personal property, used or to be used to service goods.

- (r) "Reinvestment Zone" is an area designated as such for the purpose of tax abatement as authorized by Chapter 312 of the Texas Tax Code.
- (s) "Regional Entertainment Facility" means buildings and structures, including machinery and equipment, used or to be used to provide entertainment through the admission of the general public where the majority of the users reside at least 100 miles from its location in the County.
- (t) "Regional Retail Facility" means buildings and structures including fixed machinery and equipment used or to be used to provide retail services from which a large portion of the revenues generated by the activity at the facility are derived from users outside the County.
- (u) "Research Facility" means building and structures, including fixed machinery and equipment, and fixed personal property, used or to be used primarily for research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production processes thereto.

III. ABATEMENT AUTHORIZED

- (a) **Authorized Facility.** A facility may be eligible for abatement if it is a Manufacturing Facility, a Research Facility, a Regional Distribution Center Facility, A Regional Service Facility, a Regional Entertainment Facility, Regional Retail Facility, a Non-Manufacturing Facility, or Other Basic Industry as defined. The economic life of a facility and any improvements must exceed the life of the abatement agreement.
- (b) **Creation of New Value.** Abatement may be only granted for the additional value of eligible property improvements made subsequent to and listed in an abatement agreement between the County and the property owner and lessee, subject to such limitations as Commissioners Court may require.
- (c) **New and Existing Facilities.** Abatement may be granted for new facilities and improvements to existing facilities for purposes of modernization or expansion.
- (d) **Eligible Property.** Abatement may be extended to the value above the Base Year Value of buildings, structures, fixed machinery and equipment, fixed personal property, and site improvements plus that office space and related fixed improvements necessary to the operation and administration of the facility.
- (e) **Ineligible Property.** The following types of property shall be fully taxable and ineligible for abatement: land; inventories; supplies; tools; furnishings, and other forms of movable personal property; vehicles; vessels; private aircraft; deferred maintenance investments; property to be rented or leased except as provided in Section 3 (f); also, any property included in the calculation of base year value as defined.

- (f) **Owned/Leased Facilities.** If a leased facility is granted abatement the agreement shall be executed with the lessor and the lessee.
- (g) **Value and Term of Abatement.** Abatement shall be granted effective with the execution of the agreement. The value of the abatement will be determined based on the merits of the project, including, but not limited to, total capital investment value and added employment. Up to one hundred percent of the value of new eligible properties may be abated for a total term of abatement not to exceed ten years. However, a project must provide an extraordinary economic benefit to the County to be considered for a one hundred percent abatement.
- (h) **Economic Qualification.** In order to be eligible for designation as a County reinvestment zone and/or receive County tax abatement, the planned improvement:
- (1) for new businesses, must be reasonably expected to produce a minimum added value of Five Million Dollars (\$5,000,000) in real and personal property to Tarrant County and create and sustain a minimum of 25 new full-time jobs.
 - (2) for expansions or modernizations of existing businesses, must be reasonably expected to produce a minimum added value of Three Million Dollars (\$3,000,000) in real and personal property improvements to Tarrant County, and sustain existing employment levels.
 - (3) must not be expected to solely or primarily have the effect of transferring employment from one part of Tarrant County to another without a majority vote of approval from the Commissioners Court.
 - (4) must be necessary for expansion and/or modernization because the capacity cannot be provided efficiently utilizing existing improved property when reasonable allowance is made for necessary improvements.
 - (5) the above investment and employment minimums may be waived at the discretion of the Commissioners Court for projects located in Federal or State designated Enterprise Zones.
- (i) **Additional Criteria For Abatement.** To be eligible for abatement, the project must be expected to meet the specific goals and requirements as noted below. If a company is unable to meet the minimum requirements of this section, a variance must be requested with a detailed explanation as to the circumstances that preclude the company from meeting the minimum requirements.
- (1) **Use of DBE and Tarrant County Businesses.** The project must provide for the utilization of Disadvantaged Business Enterprises for a minimum of 15% of the total costs for construction contracts and annual supply and service contracts.

Additionally, the project must provide for the utilization of Tarrant County businesses for a minimum of 25% of the total costs for construction contracts and annual supply and services contracts.

- (2) **Tarrant County Employment.** The company must hire Tarrant County residents for a minimum of 25% of the new full time jobs to be created by the project. Residents, for the purpose of this policy, are those employees who reside in Tarrant County, whether through relocation or existing residency.
 - (3) **Environmental Impacts.** Environmental impact information must be provided, noting any anticipated impacts of the project on the environment, including, but not limited to, water quality, storm water and runoff, floodplain and wetlands, solid waste disposal, noise levels, and air quality. Additionally, the company must provide a written company policy on air quality mitigation, the company's plan for participation in the region's Ozone Action Program, and a report of employer assistance in encouraging alternative commute programs and employee trip reductions. For companies new to the region, the above policies and plan must be completed and presented within the first year of the abatement.
 - (4) **Employee Benefits.** The company must offer a health benefit plan to its full-time employees at a rate that is reasonable to the majority of its employees and which allows access to the plan by the employees' dependents. For additional consideration, the company may provide information on other employee benefits provided, such as retirement/pension programs and subsidies for education, job-training, transportation assistance and child/elderly care.
- (j) **Taxability.** From the execution of the abatement to the end of the agreement period taxes shall be payable as follows:
- (1) The value of ineligible property as provided in Section III (e) shall be fully taxable;
 - (2) The base year value of existing eligible property shall be fully taxable, as well as the value of any existing personal property currently on the tax rolls in Tarrant County that is either moved to a new abated location or is replaced due to modernization or expansion.
 - (3) The additional value of new eligible property shall be taxable in the manner and for the period provided for in the abatement agreement, subject to the terms described in Section III (g); and
 - (4) The additional value of new eligible property shall be fully taxable at the end of the abatement period.

IV. APPLICATION

- (a) Any present or potential owner of taxable property in Tarrant County may request the creation of a reinvestment zone and/or tax abatement by filing a written request with the County Judge.**
- (b) The application shall consist of a completed application form including, but not limited to: a general description of the new improvements to be undertaken; a descriptive list of the improvements for which an abatement is requested; a list of the kind, number and location of all proposed improvements of the property; a map and property description; a time schedule for undertaking and completing the proposed improvements; employment and contract information; the location of existing company locations in Tarrant County and the surrounding counties and the expected number of transferring employees; details of the environmental impacts of the project, and employee benefit information. In the case of modernization a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The County may require such financial and other information as deemed appropriate for evaluating the financial capacity and other factors pertaining to the applicant, to be attached to the application.**
- (c) All applications for creation of reinvestment zones or abatements shall incorporate a feasibility study estimating the economic effect of the proposed reinvestment zone and tax abatement on Tarrant County, other eligible participating jurisdictions, and the applicant.**
- (d) Upon receipt of a completed application for creation of a reinvestment zone, the County Judge shall notify in writing and provide a copy of the application to the presiding officer of the governing body of each eligible jurisdiction.**
- (e) Upon receipt of a completed application and/or request to participate with a municipality in an abatement agreement, Tarrant County Administrator's Office must review and provide recommendation to the Commissioners Court within 30 days and before the public hearing.**
- (f) The County shall not establish a reinvestment zone, nor participate in an abatement, if it finds that the application for County reinvestment zone/tax abatement was filed after the commencement of construction, alteration, or installation of improvements related to the proposed modernization, expansion or new facility.**
- (g) Variance. Request for variance from the provisions of this policy must be made in written form to the County Judge and submitted with the application for abatement, provided, however, the total duration of an abatement shall in no instance exceed ten years. Such request shall include a complete description of the circumstances explaining why the applicant should be granted a variance. Request for variance must**

be approved by a majority vote of the Commissioners Court.

V. PUBLIC HEARINGS AND APPROVAL

- (a) For projects in unincorporated Tarrant County, the Commissioners Court may not adopt a resolution designating a County reinvestment zone until it has held a public hearing at which interested persons are entitled to speak and present evidence for or against the designation. Notice of the hearing shall be clearly identified on the Commissioners Court agenda at least 30 days prior to the hearing. The presiding officers of eligible jurisdictions shall be notified in writing at least 15 days prior to the hearing.
- (b) Prior to entering into a tax abatement agreement the Commissioners Court may, at its option, hold a public hearing at which interested persons shall be entitled to speak and present written materials for or against the approval of the tax abatement agreement.
- (c) In order to enter into a tax abatement agreement, the Commissioners Court must find that the terms of the proposed agreement meet these Guidelines and Criteria and that:
 - (1) there will be no substantial adverse affect on the provision of the jurisdiction's service or tax base: and
 - (2) the planned use of the property will not constitute a hazard to public safety, health or morals.
- (d) Any application requesting a variance under Section IV (g) shall be approved by a majority vote of the Commissioners Court. No application which deviates from the requirements of these Guidelines and Criteria shall be approved unless accompanied by a request for variance as provided under Section IV (g).

VI. AGREEMENT

- (a) After approval the County shall formally pass a resolution and execute an agreement with the owner of the facility and lessee as required. The Court Order shall include:
 - (1) estimated value of real and personal property to be abated and the base year value;
 - (2) percent of value to be abated each year as provided in Section III (g);
 - (3) the commencement date and the termination date of abatement;
 - (4) the proposed use of the facility; nature of construction, time schedule, map, property description and improvement list as provide in Section IV (b);

- (5) contractual obligations in the event of default, violation of terms or conditions, delinquent taxes, recapture, administration and assignment as provided in Sections III (a), III (e), III (g) VII, VIII, and IX, or other provisions that may be required for uniformity or by state law, and;
- (6) a statement of the facility owner's policy regarding Disadvantaged Business Enterprises (DBEs), and the estimated dollar amount and percentage of total contracts to be awarded to DBEs for construction, professional services, purchases of equipment and supplies and other services required for the abated improvements;
- (7) amount of investment and average number of jobs involved; and
- (8) an assessment of the environmental impacts of the project, including a statement of the owner's policy addressing regional air quality and information on the use of alternative fuels in fleet vehicles.
- (9) a statement indicating the provision of a health care benefit plan for employees and dependents.

Such agreement shall normally be executed within 60 days after the applicant has forwarded all necessary information and documentation to the County.

- (b) Participation in tax abatement agreements with municipalities requires additional information to be included in the Court Order approving the agreement, as follows:
 - (1) a copy of the agreement between the applicant and municipality shall be attached and made apart of the Court Order for all purposes;
 - (2) authorization for the County Judge to execute a signatory page on behalf of the Commissioners Court which shall be attached and made part of the original agreement.

VII. RECAPTURE

Commissioners Court reserves the right to review compliance for full or partial recapture in the event that the applicant fails to perform in "good faith." If a project is not completed as specified in the tax abatement agreement, the County has the right to cancel the abatement agreement and abated taxes shall become due to the County and other affected taxing units as provided by law. If any of the provisions contained in the tax abatement agreement, i.e., employment, amount of investment, etc., are not met, the County shall have the right to reduce or cancel the abatement agreement. If a project granted a tax abatement ceases to operate or is no longer in conformance with the tax abatement agreement, the agreement shall not be in

effect for the period of time during which the project is not operating or is not in conformance.

VIII. ADMINISTRATION

- (a) **The Chief Appraiser of the County shall annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving abatement shall furnish the assessor with such information as may be necessary for the abatement. Once value has been established, the chief Appraiser shall notify the affected jurisdictions which levies taxes of the amount of the assessment.**
- (b) **The agreement shall stipulate that employees and/or designated representatives of the County will have access to the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and conditions of the agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the company or individual and in accordance with its safety standards.**
- (c) **Upon completion of construction the County and/or the jurisdiction creating the reinvestment zone shall annually (or at such other times as deemed appropriate by the Commissioners Court) evaluate each facility receiving abatement to ensure compliance with the agreement and report possible violations to the contract and agreement to the Commissioners Court and the District Attorney. On or before April 30th of every year during the life of the abatement agreement, the company or individual receiving the abatement shall complete and file a Tax Abatement Evaluation Report, along with other required written documentation, detailing and certifying the abatement recipient's compliance with the terms of the abatement agreement. Failure to provide information requested in the compliance evaluation by the prescribed deadline may result in taxes abated in the prior year being due and payable. The company or individual receiving a tax abatement shall provide information to the County for the evaluation which shall include, but not be limited to, the following:**
 - (1) **the number and dollar amounts of all construction contracts and subcontracts awarded on the project;**
 - (2) **the total number of employees of the company, their gross salaries, and the number of employees residing in Tarrant County and their gross salaries, reported in job classifications appropriate to the employee;**
 - (3) **the gross dollars spent on supplier and professional service contracts, indicating the amounts by contract awarded and performed by Tarrant County business and individuals;**

- (4) the dollar amount of contracts awarded to Disadvantaged Business Enterprises;
- (5) detail of actions taken to mitigate any adverse environmental impacts of the project, if applicable; and
- (6) should the dollars, percentages, or actions not meet the original or modified requirements of the abatement agreement, a statement shall be provided explaining the reason for the failure to meet the requirements and a recommended course of rectification.

IX. ASSIGNMENT

Tax abatement agreements may be assigned to a new owner or lessee of the facility with the written consent of the Commissioners Court, which consent shall not be unreasonably withheld. Any assignment shall provide that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the assignor upon the same terms and conditions as set out in the agreement. Any assignment of a tax abatement agreement shall be to an entity that contemplates the same improvements or repairs to the property, except to the extent such improvements or repairs have been completed. No assignment shall be approved if the assignor or the assignee are indebted to the County for ad valorem taxes or other obligations.

X. SUNSET PROVISION

These Guidelines and Criteria are effective on January 1 of the year following the date of their adoption and will remain in force for two years, at which time all reinvestment zones and tax abatement contracts created pursuant to its provisions will be reviewed by the County to determine whether the goals have been achieved. Based on that review, the guidelines and Criteria will be modified, renewed or eliminated. These Guidelines and Criteria may be amended by Commissioners Court at any time during their effective period.

THE STATE OF TEXAS §

Tax Abatement Agreement

COUNTY OF TARRANT §

THIS Agreement is executed by and between **2925 RACE, LLC**, a Texas limited liability company, acting by and through its authorized officer (hereafter referred to as "**COMPANY**"), and **TARRANT COUNTY, TEXAS**, acting by and through its County Judge or his designee, (hereafter referred to as "**COUNTY**").

WITNESSETH:

- WHEREAS, the Tarrant County Commissioners Court has resolved that the COUNTY may elect to participate in tax abatement; and
- WHEREAS, the Commissioners Court has adopted a Policy Statement for Tax Abatement, herein contained as **Exhibit "E"**, which constitutes appropriate guidelines and criteria governing tax abatement agreements to be entered into by the COUNTY; and
- WHEREAS, the City Council of the City of Fort Worth, on April 5, 2011, adopted Ordinance No. 19641 establishing Neighborhood Empowerment Reinvestment Zone No. 38, City of Fort Worth, Texas, which was re-adopted through Ordinance No. 22285 on June 21, 2016, and adopted Resolution No. 3981 establishing the Six Points area as a Neighborhood Empowerment Zone; and
- WHEREAS, the Premises (as hereafter defined) is, and the Eligible Property (as hereafter defined) will be, located in Reinvestment Zone No. 93 in the City of Fort Worth, Texas, established by Ordinance No. 22340-08-2016 (the "Ordinance") adopted on August 2, 2016, and further described in **Exhibit "A"**, being a commercial reinvestment zone for the purpose of tax abatement as authorized by Chapter 312 of the Texas Tax Code, as amended (the "Zone"); and
- WHEREAS, the City Council of the City of Fort Worth has approved and authorized the execution and delivery of a Tax Abatement Agreement as to the Eligible Property thereon, attached hereto as **Exhibit "B"**; and
- WHEREAS, COMPANY submitted an application for tax abatement to the County concerning the contemplated Improvements to the Premises (the "Application for Tax Abatement"), attached hereto and incorporated herein as **Exhibit "C"**; and
- WHEREAS, COMPANY is the owner of real property located within the Zone, more specifically described in **Exhibit "A"**, on which it plans to construct a new residential apartment complex and multi-use development; and
- WHEREAS, the Commissioners Court finds that the contemplated use of the Premises, the Eligible Property and the terms of this Agreement are consistent with encouraging development within the Zone;

NOW THEREFORE, the COUNTY and COMPANY, for and in consideration of the mutual premises and promises contained herein, do hereby agree, covenant and contract as set forth below:

I.
Definitions

- A. "Added Market Value" is defined as the market value of Eligible Property on the Premises above the Base Year Value.
- B. "Base Year Value" is defined as the tax year 2016 taxable value of real and personal property located on the Premises in City of Fort Worth Reinvestment Zone No. 93 on January 1, 2016, as finally determined by the Tarrant Appraisal District.
- C. "Construction Costs" are defined as site development (including demolition and environmental abatement) and building costs, including, without limitation, actual construction costs; signage costs; contractor fees; the costs of supplies and materials; the streetscape, paving and landscape improvements to Plumwood Street; construction interest during construction until issuance of certificate of occupancy for dwelling units; engineering fees; architectural fees; other professional costs (including legal and costs associated with financing of the project, but not including loan interest or legal fees associated with this agreement); and development and permitting fees expended directly in connection with the construction of the Real Property Improvements.
- D. "DBE Companies" are defined as companies who are a Disadvantage Business Enterprise (DBE), and the term "DBE" shall mean:
- i. a corporation formed for the purpose of making a profit and at least 51 percent of all classes of the shares of stock or other equitable securities of which are owned by one or more persons who are socially or economically disadvantaged because of their identification as members of certain groups that have been subject to racial or ethnic prejudice or cultural bias without regard to their qualities as individuals or capabilities as a business, and whose ability to compete in the free enterprise system is impaired due to diminished opportunities to obtain capital and credit as compared to others in the same line of business who are not socially disadvantaged. "DBE" includes the State of Texas definition of historically underutilized businesses (HUBs) as defined in Section 2161.001 of the Texas Government Code, and as it may be updated.
 - ii. a sole proprietorship formed for the purpose of making a profit that is owned, operated, and controlled exclusively by one or more persons described in D.i. above.
 - iii. a partnership that is formed for the purpose of making a profit in which 51 percent of the assets and interest in the partnership is owned by one or more persons described by D.i. above, and in which minority or women partners have proportionate interest in the control, operation, and management of the partnership affairs.
 - iv. a limited liability company that is formed for the purpose of making a profit in which 51 percent of the assets and interest in the company is owned by one or more persons described by D.i. above.

- E. "Effective Date" is defined as the date as of which both the County and Company have executed this Agreement.
- F. "Eligible Property" is defined as Real Property Improvements and Personal Property Improvements made for construction and operation of new dwelling units and ancillary development, constructed, delivered to, installed or placed on the Premises through December 31, 2019.
- G. "Job" is defined as a permanent, full-time employment position with COMPANY or its third party management company on the Premises that results in employment of at least forty-hours per week per position. Part-time positions shall not be included in this definition.
- H. "Personal Property Improvements" are defined as tangible personal property (except inventory or supplies) delivered to, installed or located on the Premises.
- I. "Premises" are defined as the real property (land and improvements) as described in **Exhibit "A"** which existed on January 1, 2016 within City of Fort Worth Reinvestment Zone No. 93, that are owned and/or operated by COMPANY.
- J. "Real Property Improvements" are defined as improvements to the Premises, and shall include structures or fixtures erected or affixed to the Premises.
- K. "Supply and Service Expenditures" are defined as those local discretionary expenditures made by COMPANY directly for the operation and maintenance of Premises and any improvements thereon, excluding utility service costs.
- L. "Tarrant County Companies" are defined as any corporation, partnership, limited liability company or sole proprietorship maintaining an addressed office location within Tarrant County from which such entity conducts all or a substantial part of its business operations within Tarrant County.
- M. "Zone" as used herein is defined as the real property located in City of Fort Worth Reinvestment Zone No. 93 and described by City of Fort Worth Ordinance No. 22340-08-2016, substantially in the form included within **Exhibit "A"**.

II.
General Provisions

- A. The Premises are not in an improvement project financed by tax increment bonds.
- B. Neither the Premises nor any of the Improvements covered by this Agreement are owned or leased by any member of the Commissioners Court, or any member of the governing body of any taxing units joining in or adopting this Agreement.

III.
Improvement Conditions and Requirements

- A. COMPANY shall improve the Premises by completing the Eligible Real and Personal Property Improvements in accordance with this Agreement.

- B. COMPANY shall provide for the completion of the Eligible Real Property Improvements consisting of a minimum of 151,800 square feet of development consisting of (i.) a minimum of 138,000 square feet of residential rental space containing at least 152 dwelling units, (ii.) a minimum 13,800 square feet of office, restaurant, entertainment, retail sales and services uses, and/or live/work space, and (iii.) a multi-level parking garage to accommodate the residential residents and retail/office customers, as further described in **Exhibit "D"**, no later than December 31, 2019, having a minimum Construction Cost upon completion of not less than Twenty Million Dollars (\$20,000,000).
- C. COMPANY shall expend or cause to be expended at least fifteen percent (15%) of all Construction Costs of Eligible Real Property Improvements with DBE Companies.
- D. COMPANY shall expend or cause to be expended at least twenty-five percent (25%) of all Construction Costs of Eligible Real Property Improvements with Tarrant County companies.
- E. COMPANY or its third party management company will provide for and maintain employment of a least three (3) Jobs on the Premises not later than December 31, 2019.
- F. COMPANY shall operate and maintain on the Premises the Eligible Property as a mixed-use rental space for residential/commercial/retail development for the duration of this Agreement.
- G. All proposed Eligible Property shall conform to the applicable building codes, zoning ordinances and all other ordinances and regulations of the City of Fort Worth and/or Tarrant County.
- H. The Premises and all Improvements must conform to all applicable state and federal laws and regulations to air pollution and air quality.

IV.
Abatement Allowed

- A. As set forth in this section, tax abatement allowed herein shall be for Tarrant County and Tarrant County Hospital District ad valorem real property and personal property taxes, relative to Added Market Value of the Eligible Property located on the Premises, subject to the following terms and conditions.
- B. If the Improvement Conditions and Requirements set forth in Section III herein are met, COUNTY agrees to exempt from taxation up to fifty percent (50%) of the Added Market Value of the Eligible Property in accordance with the various requirements established by terms of this Agreement and to be calculated as set forth below. The abatement period shall be from tax year beginning January 1, 2020 through and including tax year January 1, 2029.
 - 1. Base Abatement - If COMPANY (i.) improves the Premises and adds the required Eligible Property to the Premises as set forth in Section III A., B., C., and D., (ii.) adds employment as set forth in Section III. E., (iii.) employs Tarrant County residents for a minimum twenty-five percent (25%) of all Jobs, (iv.)

spends a minimum of fifteen percent (15%) of annual Supply and Service Expenditures with DBE Companies, and (v.) spends a minimum of twenty-five percent (25%) of annual Supply and Service Expenditures with Tarrant County Companies, then COUNTY shall exempt from taxation fifty percent (50%) of the Added Market Value of the Eligible Property.

Dollars spent with DBE Companies may also count as dollars spent with Tarrant County Companies, and vice versa, for the purposes of this Section if the DBE Company is also a Tarrant County Company as defined herein.

Failure to meet the minimum cost requirements set forth in Section III. B is a condition of Default and shall result in the termination of this Agreement in accordance with Section VII. Failure to meet the requirements for Jobs, Tarrant County resident employment, and use of DBE and Tarrant County Companies for Construction and Supply and Service Expenditures, as set for in Section III, shall be cause for a reduction in the percentage abatement for any year in which the requirements are not met, as set forth in Section IV.B.2.

2. Reduction to Abatement

a. Employment and Spending Deficiencies

In any year that employment and spending levels do not meet the minimum requirements set forth in Section IV.B.1., the COUNTY shall reduce the Base Abatement percentage for that year as set forth below. Each reduction is separate and individual and may be cumulative in any year.

- i. If the actual number of Jobs falls below the minimum Jobs requirement of three (3) Jobs, the Base Abatement percentage will be reduced by one percent (1%) for each one (1) Job deficiency, for that year.

(Example: Total Jobs of 2, would provide a 1% reduction in abatement for that year.)

- ii. If less than twenty-five percent (25%) of all Jobs are filled by Tarrant County residents, COMPANY will receive a five percent (5%) reduction for that year.
- iii. If spending with DBE Companies is less than fifteen percent (15%) of total Construction Costs, COMPANY will receive a reduction of one percent (1%) from the Base Abatement for each one percent (1%) spending deficiency, up to a maximum reduction of five percent (5%), for the life of the abatement.
- iv. If spending with Tarrant County Companies is less than twenty-five percent (25%) of total Construction Costs, COMPANY will receive a reduction of one percent (1%) from the Base Abatement for each one percent (1%) spending deficiency, up to a maximum reduction of five percent (5%), for the life of the abatement.

- v. If spending with Tarrant County or DBE Companies for annual Supply and Services Expenditures is less than the minimum requirements set forth in Section IV.B.1.(iv.) and (v.), COMPANY will receive a one percent (1%) reduction in the Base Abatement percentage for each one percent (1%) deficiency from the minimum requirement, for that year .

V.

Reports, Audits and Inspections

- A. Annual Certification and Reports - Pursuant to state law, COMPANY shall certify annually to taxing units that COMPANY is in compliance with the terms of the tax abatement agreement, and shall provide taxing units with reports and records reasonably necessary to support each year of the agreement, as follows:
 - 1. Certification - COMPANY shall complete and certify a Tax Abatement Evaluation Report to be provided by COUNTY for each year of the tax abatement agreement, to be due annually not later than April 30. This certification shall include information supporting job creation and retention requirements, reports on Eligible Property values, costs, and spending on construction and supply and services, a narrative description of the project's progress, and other submittals required by the tax abatement agreement.
 - 2. Eligible Property Reports - At a minimum, COMPANY shall make available upon request the following information annually on all Eligible Property for which COMPANY will seek tax abatement:
 - a. Property description;
 - b. Asset number/description;
 - c. Payment date for property located on Premises; and
 - d. Cost.
 - 3. Eligible Property Reports for Projects in Progress - COMPANY shall provide County, upon request, information on projects in progress for which fixed asset numbers have not been assigned. The report shall provide information in sufficient detail to identify the Eligible Property to be installed on the Premises. At a minimum, this information shall include:
 - a. Description of materials, machinery and equipment;
 - b. Vendor name, invoice date, invoice number and invoice amount; and
 - c. Payment date for property to be located on Premises.
 - 4. Reports on Equipment Replaced or Removed - Additionally, COMPANY agrees to provide COUNTY, upon request, information on Eligible Property for which COMPANY has received tax abatement and which has been replaced or removed from the Premises. At a minimum, this information shall include:
 - a. Property description;
 - b. Asset number/description; and
 - c. Approximate date of disposal.

5. Report Upon Project Completion - Within one-hundred eighty (180) days of completion of the Eligible Property, COMPANY shall provide COUNTY with a final Eligible Property Report that shall describe all Eligible Property for which the Company is granted tax abatement. The report may contemplate a reconciliation of the general ledger to the personal property rendition to satisfy this requirement.
 6. Additional Reports - Additionally, throughout the term of this agreement, COMPANY shall furnish COUNTY any additional records and information reasonably requested to support the reports required by this agreement.
- B. Right to Audit Books and Records - COUNTY shall have the right to audit the books and records related to the Eligible Property and supporting the Eligible Property reports. COUNTY shall notify COMPANY in advance in writing of their intent to audit in order to allow COMPANY adequate time to make such books and records available.
- C. Inspection - At all times throughout the term of this Agreement, COUNTY and the Tarrant Appraisal District (TAD) shall have reasonable access to the Premises for the purpose of inspecting the Premises to ensure that the Eligible Property is constructed, installed, maintained and operated in accordance with the terms of this Agreement. All inspections shall be conducted in a manner as to not unreasonably interfere with the installation of the Eligible Property or the operation of the Premises. The inspections shall be conducted within a reasonable time period after notice by COUNTY or TAD to COMPANY, provided, however, that all inspections shall be made with one (1) or more representative(s) of COMPANY present and in accordance with the safety standards of COMPANY.

VI. **Use of Premises**

The Premises at all times shall be used in a manner that is consistent with the City of Fort Worth zoning ordinances and consistent with the general purpose of encouraging development within the Zone. Both parties acknowledge that the use of the Premises for a mixed-use rental residential project and office/retail development in accordance with this Agreement is consistent with such purposes.

VII. **Breach and Recapture**

- A. Breach - A breach of this Agreement may result in termination or modification of this Agreement and recapture by COUNTY of taxes which otherwise would have been paid since the execution of this Agreement to COUNTY without the benefit of the Abatement, as set forth in Sections VII(B) and VII(C). Penalty and interest on recaptured taxes will be charged at the statutory rate for delinquent taxes as determined by Section 33.01 of the Property Tax Code of the State of Texas, and such taxes shall become due sixty (60) days following notice of breach and after the expiration of any cure period as provided in Section VII(B). The following conditions shall constitute a breach of this Agreement:
1. COMPANY terminates the use of the Premises as rental residential/office/retail and related activities at any time during the term of the Agreement; or

2. COMPANY fails to meet the Abatement Conditions and Requirements as specified in Section III, A., B., F., or G., herein; or
 3. COMPANY allows its ad valorem taxes on any property located within Tarrant County owed to COUNTY to become delinquent.
- B. Notice of Breach - In the event that COUNTY makes a reasonable determination that COMPANY has breached this Agreement, then COUNTY shall give COMPANY written notice of such default. COMPANY has sixty (60) days following receipt of said written notice to reasonably cure such breach, or this Agreement may be terminated by COUNTY, and recapture of abated taxes may occur. Notice of default shall be in writing and shall be delivered by personal delivery or certified mail to COMPANY at its address provided in Section IX of this Agreement. It shall be the duty of COUNTY to determine whether to require recapture and payment of abated taxes and to demand payment of such.
- C. Recapture - Should COMPANY commit a breach of this Agreement according to items A(1), (2) or (3) of this Section VII, and COMPANY does not cure as provided in VII.B. above during the cure period, COUNTY may terminate this Agreement and recapture taxes abated for all years during which the breach is committed.
- D. Tax Lien Not Impaired - It is expressly agreed and acknowledged between the parties to this Agreement that nothing in this Agreement shall be deemed or construed to affect the lien for taxes against the property established by Section 32.01 of the Tax Code of the State of Texas. Such lien shall secure the payment of all taxes, penalties and interest ultimately imposed on the property, including any taxes abated and subject to recapture under this Agreement. Any such lien may be fully enforced pursuant to the provisions of the Code. For purposes of this Subsection, "property" refers to the Premises and Eligible Property described herein.

VIII.

Assignment and Effect of Sale or Lease of Property

COMPANY may assign this Agreement and all or any portion of the benefits provided hereunder (i.) collaterally to a lender, or (ii.) to an Affiliate, without the consent of COUNTY, provided that COMPANY provides COUNTY with written notice of such assignment, which notice shall include (a) the name and full contact information for the lender or Affiliate, and (b) written agreement from an Affiliate assuming all terms and conditions of COMPANY under this Agreement. For purposes of this Agreement, an "Affiliate" means all entities, incorporated or otherwise, under direct or indirect common control with COMPANY, controlled by COMPANY, or controlling COMPANY. For purposes of this definition, "control" means ten percent (10%) or more ownership determined by either value or vote. Except as provided herein, the abatement granted by this Agreement shall not be otherwise assignable to any new owner or new lessee of all or a portion of the Premises or Eligible Property unless such assignment is approved in writing by the COUNTY.

IX.
Notice

All notices called for or required by this Agreement shall be addressed to the following, or such other party or address as either party designates in writing, by certified mail postage prepaid or by hand delivery:

COMPANY: 2925 Race LLC
Attn: Pretlow Riddick
14160 N. Dallas Parkway, Suite 750
Dallas, Texas 75254

COUNTY: Tarrant County
County Administrator's Office
100 E. Weatherford
Fort Worth, Texas 76196

X.
Commissioners Court Authorization

This Agreement was authorized by resolution of the Commissioners Court authorizing the County Judge or his designee to execute this Tax Abatement Agreement on behalf of the COUNTY.

XI.
Severability

In the event any section, subsection, paragraph, sentence, phrase or word is held invalid, illegal or unconstitutional, the balance of this Agreement shall stand, shall be enforceable and shall be read as if the parties intended at all times to delete said invalid section, subsection, paragraph, sentence, phrase or word.

XII.
Estoppel Certificate

Any party hereto may request an estoppel certificate from another party hereto, so long as the certificate is requested in connection with a bona fide business purpose. The certificate, which if requested will be addressed to a subsequent purchaser or assignee of COMPANY, shall include, but not necessarily be limited to statements that this Agreement is in full force and effect without default (or if default exists the nature of same), the remaining term of this Agreement, the levels and remaining term of the abatement in effect and such other matters reasonably requested by the party(ies) to receive the certificates.

XIII.
Company's Standing

COMPANY, as a party to this Agreement, shall be deemed a proper and necessary party in any litigation questioning or challenging the validity of this Agreement or any of the

underlying ordinances, resolutions or City Council actions authorizing same, and COMPANY shall be entitled to intervene in said litigation.

XIV.
Applicable Law

This Agreement shall be construed under the laws of the State of Texas. Venue for any action under this Agreement shall be the State's District Court of Tarrant County, Texas. This Agreement is performable in Tarrant County, Texas.

XV.
Indemnification

It is understood and agreed between the parties that the COMPANY, in performing its obligations hereunder, is acting independently, and COUNTY assumes no responsibility or liability to third parties in connection therewith, and COMPANY agrees to indemnify and hold harmless COUNTY from any such responsibility or liability. It is further understood and agreed among the parties that COUNTY, in performing its obligations hereunder, is acting independently, and the COMPANY assumes no responsibility or liability to third parties in connection therewith, and COUNTY agrees to the extent allowed by law to indemnify and hold harmless COMPANY from any such responsibility or liability.

XVI.
Force Majeure

It is expressly understood and agreed by the parties to this Agreement that the parties shall not be found in default of this Agreement if any party's failure to meet the requirements of this Agreement is delayed by reason of war, Act of God, fire or other casualty of a similar nature.

XVII.
Knowing Employment of Undocumented Workers

COMPANY acknowledges that the COUNTY is required to comply with Chapter 2264 of the Texas Government Code, enacted by House Bill 1196 (80th Texas Legislature), which relates to restrictions on the use of certain public subsidies. COMPANY hereby certifies that COMPANY, and any branches, divisions, or departments of COMPANY, does not and will not knowingly employ an undocumented worker, as that term is defined by Section 2264.001(4) of the Texas Government Code. In the event that COMPANY, or any branch, division, or department of COMPANY, is convicted of a violation under 8 U.S.C. Section 1324a(f) (relating to federal criminal penalties and injunctions for a pattern or practice of employing unauthorized aliens), subject to any appellate rights that may lawfully be available to and exercised by COMPANY, COMPANY shall repay, within one hundred twenty (120) calendar days following receipt of written demand from the COUNTY, the aggregate amount of the value of the abatement received by COMPANY hereunder, if any, plus Simple Interest at a rate of four percent (4%) per annum. COMPANY shall not be considered in violation of this section for any actions of a subsidiary, Affiliate, franchisee of COMPANY or a person or entity with whom COMPANY contracts.

XVIII.
No Other Agreement

This Agreement embodies all of the agreements of the parties relating to its subject matter as specifically set out herein, supersedes all prior understandings and agreements regarding such subject matter, and may be amended, modified or supplemented only by an instrument or instruments in writing executed by the parties.

XIX.
Recordation of Agreement

A certified copy of this Agreement in recordable form shall be recorded in the Deed Records of Tarrant County, Texas.

XX.
Signatories

This Agreement is effective and binding on those parties that have duly signed below.

XXI.
Headings

The headings of this Agreement are for the convenience of reference only and shall not affect in any manner any of the terms and conditions hereof.

XXII.
Successors and Assigns

The parties to this Agreement each bind themselves and their successors, executors, administrators and assigns to the other party of this Agreement and to the successors, executors, administrators and assigns of such other party in respect to all covenants of this Agreement.

XXIII.
Termination

This Agreement shall terminate, in accordance with the terms of this Agreement, unless extended by written agreement of the parties or a written instrument signed by all parties evidencing a delay by force majeure; provided however, that the period of abatement may not extend beyond ten (10) years.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the last date written below.

2925 RACE, LLC

By: _____
Pretlow Riddick, Manager

Date: _____

TARRANT COUNTY, TEXAS

By: B. Glen Whitley
B. Glen Whitley, County Judge

Date: February 21, 2017

ATTEST:

Gayle Phelps
Deputy County Clerk

APPROVED AS TO FORM*:

[Signature]
Asst. Criminal District Attorney

February 21, 2017

**By law, the Criminal District Attorney's Office may only approve contracts for its clients. We reviewed this document from our client's legal perspective. Other parties may not rely on this approval. Instead those parties should seek contract review from independent counsel.*

THE STATE OF _____ §

2925 Race, LLC
Acknowledgment

COUNTY OF _____ §

BEFORE ME, the undersigned authority, a Notary Public in and for the State of _____, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he/she executed same for and as the act and deed of **2925 Race, LLC**, and as the _____ thereof, and for the purposes and consideration therein expressed, and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the _____ day of _____, 2017.

Notary Public in and for
The State of _____

My Commission Expires

Notary's Printed Name

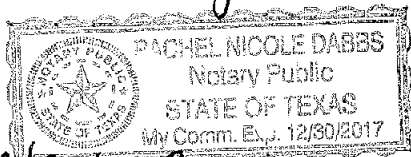
THE STATE OF TEXAS §

Tarrant County, Texas
Acknowledgment

COUNTY OF TARRANT §

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared **B. GLEN WHITLEY**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same for and as the act and deed of **TARRANT COUNTY, TEXAS**, as the **County Judge** thereof, and for the purposes and consideration therein expressed, and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the 21st day of February, 2017.



12/30/2017
My Commission Expires

Rachel Nicole Dabbs
Notary Public in and for
The State of Texas

Rachel Nicole Dabbs
Notary's Printed Name

EXHIBIT "A"

**DESCRIPTION OF PREMISES AND
FORT WORTH TAX ABATEMENT REINVESTMENT ZONE NO. 93**

Property Description

Lot B-R1, Plumwood Addition, being a replat of a portion of Lot G and all of Lot F in Block 4 of Homer L. Aikman Addition, an addition to the City of Fort Worth, Tarrant County, Texas according to the plat thereof recorded in volume 388-O, page 143 of the Deed Records of Tarrant County, Texas, a portion of Lots 10, 11 and 12 in Block 4 of Homer L. Aikman Addition, an addition to the City of Fort Worth, Tarrant County, Texas according to the plat thereof recorded in volume 626, page 583 of said Deed Records, all of Lot E and a part of Lot A in Plumwood Addition, an addition to the City of Fort Worth, Tarrant County, Texas according to the plat thereof recorded in volume 388-D, page 517 of said Deed Records, all of Lot B-R, Plumwood Addition, an addition to the City of Fort Worth, Tarrant County, Texas according to the plat thereof recorded in volume 388-139, page 49 of said Deed Records, and a portion of the Atkin McLemore Survey, Abstract No. 1056, all situated in the City of Fort Worth, Tarrant County, Texas.

ORDINANCE NO. 22340-08-2016

AN ORDINANCE AMENDING ORDINANCE NO. 22285 BY REMOVING CERTAIN PROPERTY FROM NEIGHBORHOOD EMPOWERMENT REINVESTMENT ZONE NUMBER THIRTY EIGHT, CITY OF FORT WORTH, TEXAS; DESIGNATING THE PROPERTY SO REMOVED AS "NEIGHBORHOOD EMPOWERMENT REINVESTMENT ZONE NUMBER NINETY THREE, CITY OF FORT WORTH, TEXAS"; PROVIDING THE EFFECTIVE AND EXPIRATION DATES FOR THE ZONE AND A MECHANISM FOR RENEWAL OF THE ZONE; AND CONTAINING OTHER MATTERS RELATED TO THE ZONE.

WHEREAS, pursuant to Resolution No. 2721, adopted by the City Council of the City of Fort Worth, Texas (the "City Council") on April 17, 2001, as amended by M&C G-18479, approved by the City Council on May 19, 2015, the City has elected to be eligible to participate in tax abatement for property located in Neighborhood Empowerment Zones, as authorized by Chapter 378 of the Texas Local Government Code and in accordance with Chapter 312 of the Texas Tax Code (the "Code"), and has established guidelines and criteria governing tax abatement agreements covering property located in Neighborhood Empowerment Zones (the "NEZ Policy"); and

WHEREAS, on April 5, 2011, the City Council adopted Resolution No. 3981, designating the Six Points Neighborhood Empowerment Zone (the "NEZ"), and adopted Ordinance No. 17140, designating the NEZ as Neighborhood Empowerment Reinvestment Zone (NERZ) No. 38, and renewed the NERZ on June 21, 2016, Ordinance No. 22285, City of Fort Worth, Texas; and

WHEREAS, 2925 Race LLC ("Developer") intends to make improvements to certain real property located in the NEZ and that is more particularly described in Exhibit

"A" of this Ordinance (the "Land") on which Developer wishes to construct and own a mixed-use residential and retail development (the "Improvements") in a manner that is consistent with the City's 2016 Comprehensive Plan, adopted by the City Council on March 29, 2016, pursuant to M&C G-18711; and

WHEREAS, the Code requires that the terms and conditions of tax abatement agreements covering property located in the same reinvestment zone must be identical; and

WHEREAS, Developer has requested a ten (10)-year real property tax abatement on the Improvements, which, in accordance with the NEZ Policy, is subject to unique terms and conditions specific to the project; and

WHEREAS, accordingly, the City Council hereby finds that it is necessary and desirable to remove the Land from Neighborhood Empowerment Reinvestment Zone No. 38 and to designate a new Neighborhood Empowerment Reinvestment Zone comprising only the Land (the "Zone"); and

WHEREAS, the City Council hereby finds that the project described herein will be an important element in the realization of the Six Points area and that development of the Land and the Zone in the manner described herein will best occur by means of tax abatement on the Improvements in return for Developer's causing construction of the Improvements and compliance with certain other commitments that will foster economic development in the Zone and the City in general; and

WHEREAS, on August 2, 2016, the City Council held a public hearing regarding the creation of the Zone, received information concerning the Improvements proposed for the Zone and afforded a reasonable opportunity for all interested persons to

speak and present evidence for or against the creation of the Zone ("**Public Hearing**"), as required by Section 312.201(d) of the Code; and

WHEREAS, notice of the Public Hearing was published in a newspaper of general circulation in the City on July 23, 2016, which satisfies the requirement of Section 312.201(d)(1) of the Code that publication of the notice occur not later than the seventh day before the date of the public hearing; and

WHEREAS, in accordance with Sections 312.201(d)(2) and (e), notice of the Public Hearing was delivered in writing not later than the seventh day before the date of the public hearing to the presiding officer of the governing body of each taxing unit that includes in its boundaries real property that is to be included in the proposed Zone;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FORT WORTH, TEXAS:

Section 1.

FINDINGS.

That after reviewing all information before it regarding the establishment of the Zone and after conducting the Public Hearing and affording a reasonable opportunity for all interested persons to speak and present evidence for or against the creation of the Zone, the City Council hereby makes the following findings of fact:

- 1.1. The statements and facts set forth in the recitals of this Ordinance are true and correct. Therefore, the City has met the notice and procedural requirements

established by the Code for creation of a reinvestment zone under Chapter 312 of the Code.

- 1.2. Without a tax abatement on the Improvements, as requested by Developer, construction of the Improvements would not be financially feasible for Developer.
- 1.3. As a mixed-use retail and residential development, the Improvements will cause, among other things and without limitation, (i) new employment to occur within the Zone and (ii) existing businesses in the area to prosper as a result of increased residential activity.
- 1.4. As a result of designation as a reinvestment zone, the area within the Zone is reasonably likely to contribute to the expansion of primary employment and to attract major investment in the Zone that will be a benefit to property in the Zone and will contribute to the economic development of the City.
- 1.5. The Improvements are feasible and practical and, once completed, will benefit the land included in the Zone as well as the City for a period in excess of ten (10) years, which is the statutory maximum term of any tax abatement agreement entered into under the Chapter 312 of the Code.

Section 2.

REMOVAL OF LAND FROM NEIGHBORHOOD EMPOWERMENT REINVESTMENT ZONE NO. 13

That Ordinance No. 22285 is hereby amended by removing the Land, as described in Exhibit "A", from Neighborhood Empowerment Reinvestment Zone Number Thirty Eight, City of Fort Worth, Texas.

Section 3.

DESIGNATION OF ZONE.

That the City Council hereby designates the Land, as described in Exhibit "A", as Neighborhood Empowerment Zone Number Ninety-three, City of Fort Worth, Texas, as authorized by and in accordance with Chapter 312 of the Code. The project described herein is eligible for a mixed-use development tax abatement pursuant to Section III.D of the NEZ Policy.

Section 4.

TERM OF ZONE.

That the Zone shall take effect upon the effective date of this Ordinance and expire five (5) years thereafter. The Zone may be renewed by the City Council for one or more subsequent terms of five (5) years or less.

Section 5.

SEVERABILITY.

That if any portion, section or part of a section of this Ordinance is subsequently declared invalid, inoperative or void for any reason by a court of competent jurisdiction, the remaining portions, sections or parts of sections of this Ordinance shall be and remain in full force and effect and shall not in any way be impaired or affected by such decision, opinion or judgment.

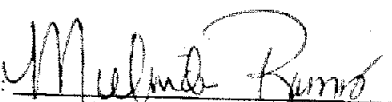
Section 6.

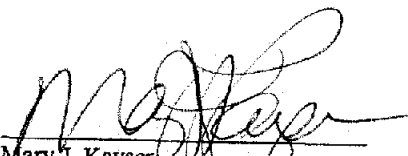
IMMEDIATE EFFECT.

That this Ordinance shall take effect upon its adoption.

AND IT IS SO ORDAINED.

APPROVED AS TO FORM AND LEGALITY:

By: 
Melinda Ramos,
Sr. Assistant City Attorney


Mary J. Kayser,
City Secretary

ADOPTED AND EFFECTIVE: August 2, 2016

Ordinance No. 22334-08-2016
Page 6 of 7

EXHIBIT "A"

**PROPERTY TO BE REMOVED FROM NEIGHBORHOOD
EMPOWERMENT REINVESTMENT ZONE NO. 38**

and

**BOUNDARY DESCRIPTION OF
NEIGHBORHOOD EMPOWERMENT REINVESTMENT ZONE NO. 93**

The property to be designated as Fort Worth Neighborhood Empowerment Reinvestment Zone No. 93 for tax abatement purposes contain 2.63 acres of land and is described below:

BEGINNING at a ½ inch iron rod found in the southerly right of way line of Race Street (a variable width right of way) for the northwest corner of the tract of land described as Parcel C in the instrument to Paulos Properties, LLC recorded in Document Number D213304683, Deed Records of Tarrant County Texas;

THENCE with the westerly line of said Paulos Properties, LLC tract South to a 5/8 inch iron rod with plastic cap stamped "Dunaway Assoc LP" set for the northwesterly corner of Lot F-R, Block 4, Homer L. Aikman Addition, an addition to the City of Fort Worth according to the plat recorded in Cabinet B, Slide 440, Plat Records of Tarrant County, Texas;

THENCE easterly to an "X" found in concrete in the northerly right of way line of Plumwood Street (50 foot wide right of way) for the southwesterly corner tract of land described in deed to Lan-Dev Corp. recorded in Volume 11740, Page 1008, Deed Records of Tarrant County, Texas;

THENCE northerly to a 5/8 inch rod with a cap stamped "Dunaway Assoc LP" set for the northwesterly corner of said Lan-Dev Corp. tract;

THENCE westerly to an "X" cut found in concrete in the north line of Race Street for the southwest corner of a tract of land out of the A. McLemore Survey, Abstract No. 1056, Tarrant County, Texas, said point being located 64.03 feet East from the southwest corner of Tract 1, Volume 14503, Page 333;

THENCE northerly to a ½ inch iron rod found in the southerly right of way line of Race Street (a variable width right of way) for the common northerly corner of Tract 1, Document No. D207169773 and H.M. Connor subdivision, an addition to the City of Fort Worth according to the plat recorded in Volume 388-0, Page 143, Plat Records, Tarrant County;

THENCE westerly to a ½ inch iron rod found in the southerly right of way line of Race Street (a variable width right of way) for the northwest corner of the tract of land described as Parcel C in the instrument to Paulos Properties, LLC recorded in Document Number D213304683, Deed Records of Tarrant County Texas, the POINT OF BEGINNING.

EXHIBIT "A" Proposed NERZ No. 93



EXHIBIT "B"

CITY OF FORT WORTH TAX ABATEMENT AGREEMENT

**TAX ABATEMENT AGREEMENT FOR PROPERTY LOCATED IN A
NEIGHBORHOOD EMPOWERMENT ZONE**

This **TAX ABATEMENT AGREEMENT** ("**Agreement**") is entered into by and between the **CITY OF FORT WORTH, TEXAS** (the "**City**"), a home rule municipal corporation organized under the laws of the State of Texas and acting by and through David Cooke, its duly authorized City Manager, and 2925 Race, LLC, a Texas limited liability company ("**Owner**").

The City Council of the City of Fort Worth ("**City Council**") hereby finds and the City and Owner hereby agree that the following statements are true and correct and constitute the basis upon which the City and Owner have entered into this Agreement:

A. Chapter 378 of the Texas Local Government Code allows a municipality to create a neighborhood empowerment zone if the municipality determines that the creation of the zone would promote:

- (1) the creation of affordable housing, including manufactured housing in the zone;
- (2) an increase in economic development in the zone;
- (3) an increase in the quality of social services, education, or public safety provided to residents of the zone; or
- (4) the rehabilitation of affordable housing in the zone.

B. Chapter 378 of the Texas Local Government Code provides that a municipality that creates a neighborhood empowerment zone may enter into agreements abating municipal property taxes on property in the zone.

C. On July 31, 2001, the City Council adopted basic incentives for property owners who own property located in a Neighborhood Empowerment Zone, stating that the City elects to be eligible to participate in tax abatement and including guidelines and criteria governing tax abatement agreements entered into between the City and various third parties, titled "Neighborhood Empowerment Zone NEZ Basic Incentives" ("**NEZ Incentives**"), these were readopted on May 19, 2015 (Resolution No. 4455).

D. The NEZ Incentives contains appropriate guidelines and criteria governing tax abatement agreements to be entered into by the City as contemplated by Chapter 312 of the Texas Tax Code, as amended (the "**Code**").

E. On April 5, 2011, the Fort Worth City Council adopted Ordinance No. 19641 establishing "Neighborhood Empowerment Reinvestment Zone No. 38" City of Fort Worth, Texas, which allowed for tax abatement agreements for a five years period, which was re-adopted through Ordinance No. 22285 on June 21, 2016, and adopted Resolution No. 3981 ("**Resolution**") establishing "Designation of the Six Points Area as a Neighborhood Empowerment Zone" (the "**NEZ**").

F. On August 2, 2016, the City Council adopted Ordinance No. 22340-08-2016 establishing Tax Abatement Reinvestment Zone No. 93, City of Fort Worth, Texas (the "Zone") which allows for a tax abatement agreement for a ten year period.

G. Owner owns certain real property located entirely within the NEZ and that is more particularly described in Exhibit "1", attached hereto and hereby made a part of this Agreement for all purposes (the "Premises").

H. Owner or its assigns plans to construct a residential unit/apartment complex on the Premises (the "Project"), which will at a minimum include the Required Improvements, as defined in Section 2.1 .

I. On October 27, 2015, Owner submitted an application for NEZ incentives and tax abatement to the City concerning the contemplated use of the Premises (the "Application"), attached hereto as Exhibit "2" and hereby made a part of this Agreement for all purposes.

J. The contemplated use of the Premises, the Required Improvements, as defined in Section 2.1, and the terms of this Agreement are consistent with encouraging development of the Zone in accordance with the purposes for its creation and are in compliance with the Policy Statement on the Creation of Local Neighborhood Empowerment Zone (NEZ), the Resolution and other applicable laws, ordinances, rules and regulations.

K. The terms of this Agreement, and the Premises and Required Improvements, satisfy the eligibility criteria of the NEZ Incentives.

L. Written notice that the City intends to enter into this Agreement, along with a copy of this Agreement, has been furnished in the manner prescribed by the Code to the presiding officers of the governing bodies of each of the taxing units in which the Premises is located.

NOW, THEREFORE, the City and Owner, for and in consideration of the terms and conditions set forth herein, do hereby contract, covenant and agree as follows:

1. DEFINITIONS.

In addition to terms defined in the body of this Agreement, the following terms will have the definitions ascribed to them as follows:

"Abatement" means the abatement of one-hundred percent (100%) of the City's incremental ad valorem real property taxes on eligible required improvements located on the Premises (but not on the Land itself, which taxes shall not be subject to Abatement hereunder), as more specifically provided in Section 4, all calculated in accordance with this Agreement.

"Abatement Term" means the term of ten (10) consecutive years, commencing on January 1 of the calendar year following the Compliance Auditing Term (the "Abatement Beginning Date") and expiring on December 31st immediately preceding the tenth anniversary of the Abatement Beginning Date.

"Central City" means the area identified within the central city boundary, as shown on Exhibit "4" attached hereto.

"Central City Resident" means an individual whose primary residence is at a location within the Central City.

"Compliance Auditing Term" means the first full calendar year after the year in which the Completion Date occurs.

"Commencement Date" means the date on which a building permit is issued, allowing work to begin on the development of the Required Improvements, including but not limited to a demolition permit or a paving and grading permit.

"Completion Date" has the meaning ascribed to that term in Section 2.3 of this Agreement.

"Completion Deadline" has the meaning ascribed to that term in Section 2.3 of this Agreement.

"Construction Costs" has the meaning ascribed to that term in Section 2.2 of this Agreement.

"Director" means the City's Director of Neighborhood Services, or his or her designee.

"Effective Date" means the date of execution of this Agreement by both the City and Owner.

"Event of Default" means a breach of this Agreement by a party, either by act or omission, as more specifically set forth in Section 5 of this Agreement.

"Force Majeure" means an event beyond Owner's reasonable control, including, without limitation, acts of God, fires, strikes, national disasters, wars, riots and material or labor restrictions, but shall not include construction delays caused due to purely financial matters, such as, without limitation, delays in the obtaining of adequate financing.

"Full-Time Job" means a job provided to one (1) individual by Company on the Premises for at least forty (40) hours per week.

"Gross Floor Area" means the area that is measured by taking the outside dimensions of the building at each floor level, except that portion of the basement used only for utilities or storage, and any areas within the building used for off-street parking.

"Hard Construction Costs" means the aggregate of the following costs expended or caused to be expended by Owner for development on the Premises: actual site development and construction costs (including demolition and environmental abatement), general contractor and

subcontractor fees, and the costs of supplies, materials and construction labor, but specifically excludes any property acquisition costs.

"Premises" has the meaning ascribed to that term in Recital G.

"Project" has the meaning ascribed to that term in Recital H.

"Term" means the term of this Agreement, which shall begin on the Effective Date and, unless the Agreement is terminated earlier in accordance with its terms and conditions, will expire on December 31 of the last year of the Abatement Term.

2. OWNER'S OBLIGATIONS AND COMMITMENTS.

2.1. Real Property Improvements.

Owner shall construct or cause to be constructed by the Completion Deadline, as defined in Section 2.3, a minimum of 151,000 square feet of development as evidenced by a temporary or permanent certificate of occupancy consisting of (a) a minimum of 138,000 square feet of residential rental space containing at least 152 dwelling units (the "Apartments") comprising at least twenty percent (20%) of the total Gross Floor Area; and (b) a minimum of 13,800 square feet of office, restaurant, entertainment, retail sales and service uses, and/or live /work space (the "Retail Spaces"); and (c) a multi-level parking garage to accommodate the apartment residents and retail customers, having Construction Costs upon completion of at least \$20,000,000 (the "Required Improvements").

2.2 Construction Costs.

"Construction Costs" shall mean Hard Construction Costs; actual construction costs of constructing the Project; including contractor fees; the costs of supplies and materials; site development costs (including demolition and environmental abatement); streetscape improvements to Plumwood Street as well as paving and landscaping improvements to the public connection through the site to enhance development; construction interest paid during construction until a final certificate of occupancy is issued for the Apartments and other professional fees (including legal and the costs associated with the financing of the Project, but not including loan interest or legal fees associated with negotiation of this agreement); and other professional fees, development fees, and permitting fees expended directly in connection with construction of the Project. The City recognizes that Owner will request bids and proposals from various contractors in order to obtain the lowest reasonable price for the cost of the Required Improvements. In the event that bids and proposals for the Required Improvements are below \$20,000,000.00 in Construction Costs for work substantially the same as that provided in Exhibit "3" and otherwise described in this Agreement, the City will meet with Owner to negotiate in good faith an amendment to this Agreement so that Owner is not in default for its failure to expend at least \$20,000,000.00 in Construction Costs, with the understanding that the City's staff will recommend, but cannot guarantee, approval of such amendment by the City Council. The final site plan shall be in substantially the same form as the site plan submitted and attached

as Exhibit "3". Minor variations, and more substantial variations if approved in writing by both parties to this Agreement, in the Required Improvements from the description provided in the Application for Tax Abatement shall not constitute an Event of Default, as defined in Section 5.1, provided that the conditions in the first sentence of this Section 2.1 are met and the Required Improvements are used for the purposes and in the manner described in Exhibit "3".

2.3. Completion Date of Required Improvements.

The Required Improvements shall be deemed complete on the date as of which a temporary or final certificate of occupancy has been issued for all of the Required Improvements (the "**Completion Date**"). Owner covenants and agrees that the Completion Date shall occur by December 31, 2019 (the "**Completion Deadline**"). The Abatement will automatically terminate two years after the Effective Date if a building permit has not been pulled and a foundation has not been poured, unless delayed because of force majeure in which case the two years shall be extended by the number of days comprising the specific Force Majeure.

2.4. Use of Required Improvements.

Owner covenants that the Required Improvements shall be constructed and the Premises shall be used in accordance with the description of the Project set forth in the Exhibit "3". In addition, Owner covenants that throughout the Term, the Required Improvements shall be operated and maintained for the purposes set forth in this Agreement and in a manner that is consistent with the general purposes of encouraging development or redevelopment of the Zone. Minor variations and more substantial variations if approved in writing by both parties to the Agreement, in the Required Improvements from the description provided in Exhibit "3" shall not constitute an Event of Default, provided that the conditions set forth in Section 2.1 of this Agreement are met.

2.5. Property Maintenance.

Owner covenants to ensure high quality management and maintenance of the Premises for the duration of the abatement, that each building in the development is suitable for occupancy, taking into account local health, safety, and building codes, and to comply with all building codes requirements imposed by the state or local government unit responsible for making building code inspections. If a violation report or notice is issued by the governmental unit, the Owner must provide to City either a statement summarizing the violation report or notice or a copy of the violation report or notice within thirty (30) days of receipt of such notice. In addition, the Owner must state whether the violation has been corrected, and if such violation cannot reasonably be corrected in the thirty (30) day period, what steps the Owner has taken to diligently correct such violation. Failure to comply with the above will constitute an Event of Default and, upon City's written notice to Owner, subject to the cure rights in Section 5.4, this Agreement may be terminated.

2.6. Affordable/Accessible Housing Set-Aside.

Throughout the Abatement Term, Owner pays the Fort Worth Housing Finance Corporation (FWHFC) an annual sum equal to \$200.00 for each rental residential unit located on the Premises which is subject to the Abatement. This annual payment will be due on or before April 1 of each year in which an Abatement is granted. Failure to pay the annual payment to the FWHFC when due will result in the forfeiture of the entire Abatement for the tax year in which payment was due. In addition, five percent (5%) of the total residential rental units constructed shall be compliant with the Americans with Disability Act (ADA) and fully accessible, and two percent (2%) of the total residential rental units constructed shall be fully accessible to persons with sensory impairments.

2.7. Construction Spending Commitment for Fort Worth Companies.

By the Completion Deadline, Owner shall have expended or caused to be expended with Fort Worth Companies the greater of (i) Three Million Dollars (\$3,000,000.00) in Hard Construction Costs for the Project or (ii) at least fifteen percent (15%) of all Hard Construction Costs for the Project, regardless of the total amount of such Hard Construction Costs (the "Fort Worth Construction Commitment"). Payments to a general contractor which is a Fort Worth Company will be counted toward the Fort Worth Construction Commitment, regardless of whether any subcontractors of such general contractor are themselves Fort Worth Companies. Likewise, payments to subcontractors which are Fort Worth Companies will be counted toward the Fort Worth Construction Commitment, regardless of whether the general contractor of such subcontractors is itself a Fort Worth Company.

2.8. Construction Spending Commitment for Fort Worth Certified M/WBE Companies.

By the Completion Deadline, Owner shall have expended or caused to be expended with Fort Worth Certified M/WBE Companies the greater of (i) Three Million Dollars (\$3,000,000.00) in Hard Construction Costs for the Project or (ii) at least fifteen percent (15%) of all Hard Construction Costs for the Project, regardless of the total amount of such Hard Construction Costs (the "M/WBE Construction Commitment"). Payments to a general contractor which is a Fort Worth M/WBE Company will be counted toward the M/WBE Construction Commitment, regardless of whether any subcontractors of such general contractor are themselves Fort Worth M/WBE Companies. Likewise, payments to subcontractors which are Fort Worth M/WBE Companies will be counted toward the M/WBE Construction Commitment, regardless of whether the general contractor of such subcontractors is itself a Fort Worth M/WBE Company. Dollars spent with Fort Worth Certified M/WBE Companies for purposes of measuring the M/WBE Construction Commitment shall also be counted for purposes of measuring the Fort Worth Construction Commitment.

2.9. Overall Employment Commitment.

During the Abatement Term, Owner or its third party management company shall continuously provide and fill at least three (3) Full-Time Jobs on the Premises (the "Overall Employment Commitment").

2.10. Employment Commitment for Fort Worth Residents.

During the Abatement Term, Owner or its third party manager shall continuously provide and fill at least the greater of (i) two (2) Full-Time Jobs or (ii) fifty percent (50%) of all Full-Time Jobs, regardless of the total number of such Full-Time Jobs, with Fort Worth residents (the "Fort Worth Employment Commitment"). Full-Time Jobs held by Fort Worth residents shall also count as Full-Time Jobs for purposes of measuring the Overall Employment Commitment outlined in Section 2.9.

2.11. Employment Commitment for Central City Residents.

During the Abatement Term, Owner or its third party management company shall continuously provide and fill at least the greater of (i) one (1) Full-Time Job or (ii) twenty five percent (25%) of all Full-Time Jobs, regardless of the total number of such Full-Time Jobs, with Central City Residents (the "Central City Employment Commitment"). Full-Time Jobs held by Central City Residents shall also count as Full-Time Jobs for purposes of measuring the Overall Employment Commitment outlined in Section 2.9 and the Fort Worth Employment Commitment outlined in Section 2.10.

2.12. Reports and Filings.

2.12.1. Construction Spending Reports.

2.12.1.1 Monthly Reports.

From the Commencement Date until the Completion Date, Owner will provide the Director with a monthly report in a form reasonably acceptable to the City that specifically outlines the then-current aggregate Construction Costs expended by and on behalf of Owner for the Project, together with the then-current aggregate Hard Construction Costs for the Project expended by and on behalf of Owner with Fort Worth Companies and with Fort Worth Certified M/WBE Companies. Owner agrees to meet with the City's M/WBE Office as reasonably necessary for assistance in meeting or exceeding the M/WBE Construction Commitment and to address any related concerns that the City may have.

2.12.1.2 Final Construction Reports.

Within ninety (90) calendar days following the Completion Deadline, in order for the City to assess whether Owner or its general contractor, as applicable, expended or caused to be expended at least Twenty Million Dollars (\$20,000,000.00) in Construction Costs for the Project, and the extent to which Owner met the Fort Worth Construction Commitment and the M/WBE

Construction Commitment, Owner will provide the Director with a report in a form reasonably acceptable to the City that specifically outlines (i) the total Construction Costs expended by and on behalf of Owner for the Project, (ii) the total Hard Construction Costs expended with Fort Worth Companies by and on behalf of Owner, and (iii) the total Hard Construction Costs expended with Fort Worth Certified M/WBE Companies by and on behalf of Owner, together with supporting invoices and other documents necessary to demonstrate that such amounts were actually paid by Owner, including, without limitation, final lien waivers signed by Owner's general contractor.

2.12.1.3 Annual Employment Report.

On or before February 1 of the second year of the Abatement Term, and of each year thereafter up until and including February 1 of the calendar year following the expiration of the Abatement Term, in order for the City to assess the degree to which Owner or its third party management company, as applicable, met the Employment Commitment in the previous year, Owner shall provide or cause its third party management company to provide the Director with a report in a form reasonably acceptable to the City that sets forth the total number of individuals who held Full-Time Jobs on the Premises, each as of December 1 (or such other date requested by Owner and reasonably acceptable to the City) of the previous calendar year, together with reasonable supporting documentation.

2.12.1.4 General.

Owner will supply any additional information reasonably requested by the City that is pertinent to the City's evaluation of compliance with each of the terms and conditions of this Agreement.

2.13. Inspections.

At any time during Owner's normal business hours throughout the Abatement Term following at least ten (10) days' prior written notice to Owner the City shall have the right to inspect the Premises, and Owner will provide full access to the same for the City to monitor compliance with the terms and conditions of this Agreement. Owner will cooperate fully with the City during any such inspection and evaluation. Notwithstanding the foregoing, Owner shall have the right to require that any representative of the City be escorted by a representative or security personnel of Owner during any such inspection and evaluation.

2.14. Audits.

The City will have the right throughout the Abatement Term as further described in this Section 2.14 to audit the financial and business records of Owner that relate to the Required Improvements and any other documents necessary to evaluate Owner's

compliance with this Agreement or with the commitments set forth in this Agreement, including, but not limited to construction documents and invoices and leasing and tenant records for residential rental units constructed as part of the Required Improvements (collectively "Records"). Owner shall make all Records available to the City on the Premises or at another location in the City acceptable to both parties following reasonable advance notice by the City (or delivered to the City electronically, in a format reasonably acceptable to the City) and shall otherwise cooperate fully with the City during any audit; provided, however, that Owner will not be obligated to provide agreements with its lenders, investors, joint venture partners or any other third parties that do not contain information relevant to the City's monitoring of its compliance with the terms of this Agreement.

2.15 Use of Premises.

The Premises must be used at all times during the Abatement Term for purposes connected with the Project, and must have designated space for the uses described in Section 2.1 above.

3. CERTIFICATE OF COMPLETION.

Within ninety (90) calendar days following receipt by the City of the final construction spending report for the Project submitted in accordance with Section 2.12.1.2, to the extent the City is able to verify that Construction Costs of at least Twenty Million Dollars (\$20,000,000.00) were expended for the Project by the Completion Deadline and that the Completion Date occurred on or before Completion Deadline, the Director will issue Owner a certificate stating the aggregate amount of Construction Costs expended and the amount of Hard Construction Costs expended specifically with Fort Worth Companies and Fort Worth Certified M/WBE Companies (the "Certificate of Completion"). The Certificate of Completion will serve as the basis for determining the extent to which the Fort Worth Construction Commitment and the M/WBE Construction Commitment were met.

4. TAX ABATEMENT.

Provided that (i) Owner expended at least Twenty Million Dollars (\$20,000,000.00) in Construction Costs for the Project by the Completion Deadline, as confirmed in the Certificate of Completion issued by the Director in accordance with Section 3, and (ii) the Completion Date occurred on or before the Completion Deadline, as confirmed in the Certificate of Completion issued by the Director in accordance with Section 3, and (iii) for each year such payment is due, Owner is in compliance with Section 2.6, subject to the terms and conditions of this Agreement, Owner will be entitled to receive an Abatement in the first year of the Abatement Term and in each year thereafter for the remainder of the Abatement Term. The amount of each Abatement that Owner is entitled to receive during such years will be a percentage of the City's ad valorem taxes on the increase in value of the Required Improvements located on the Premises (but not on the Land itself, which taxes shall not be subject to Abatement hereunder) over their value for the 2016

tax year (which is the year this Agreement was entered into), after the demolition of any existing structures, which the parties agree such value is \$0.00. The percentage shall equal the sum of the Overall Construction Percentage, the Fort Worth Construction Percentage, the M/WBE Construction Percentage, the Overall Employment Percentage, the Fort Worth Employment Percentage, and the Central City Employment Percentage, as defined in Sections 4.1 through 4.8 (not to exceed one hundred percent (100%) in the aggregate), as follows:

4.1. Completion of Development (50%).

An Abatement of fifty percent (50%) (the “Overall Construction Percentage”) will automatically be applied on account of Owner’s having met all requirements in accordance with Section 3 for completion of the Required Improvements.

4.2. Fort Worth Construction Cost Spending (Up to 15%).

A percentage of the Abatement will be based on the extent to which the Fort Worth Construction Commitment, as outlined in Section 2.7, was met (the “Fort Worth Construction Percentage”). The Fort Worth Construction Percentage shall equal the product of fifteen percent (15%) multiplied by the percentage by which the Fort Worth Construction Commitment was met, which will be calculated by dividing the actual Hard Construction Costs expended for the Project by the Completion Deadline with Fort Worth Companies by the number of dollars comprising the Fort Worth Construction Commitment, as determined in accordance with Section 2.7. For example, if the Fort Worth Construction Commitment is \$10,500,000.00 and only \$7,350,000.00 in Hard Construction Costs were expended with Fort Worth Companies by the Completion Deadline, the Fort Worth Construction Percentage would be 10.5% instead of 15% (or $.15 \times [\$7.35 \text{ million}/\$10.5 \text{ million}]$, or $.15 \times .70$, or .105%). If the Fort Worth Construction Commitment was met or exceeded, the Fort Worth Construction Percentage will be fifteen percent (15%).

4.3. Fort Worth M/WBE Construction Cost Spending (Up to 15%).

A percentage of the Abatement will be based on the extent to which the M/WBE Construction Commitment, as outlined in Section 2.8 was met (the “M/WBE Construction Percentage”). The M/WBE Construction Percentage shall equal the product of fifteen percent (15%) multiplied by the percentage by which the M/WBE Construction Commitment was met, which will be calculated by dividing the actual Hard Construction Costs expended for the Project by the Completion Deadline with Fort Worth Certified M/WBE Companies by the number of dollars comprising the M/WBE Construction Commitment, as determined in accordance with Section 2.8. If the M/WBE Construction Commitment was met or exceeded, the M/WBE Construction Percentage will be fifteen percent (15%).

4.4. Overall Employment (Up to 10%).

A percentage of the Abatement will be based on the extent to which the Overall Employment Commitment, as outlined in Section 2.9, was met (the "**Overall Employment Percentage**"). The Overall Employment Percentage in a given year shall equal the product of ten percent (10%) multiplied by the percentage by which the Overall Employment Commitment was met in the previous calendar year, which will be calculated by dividing the actual number of Full-Time Jobs provided on the Premises in the previous year by three (3), which is the number of Full-Time Jobs constituting the Overall Employment Commitment. For example, if only two (2) Full-Time Jobs were provided on the Premises in a given year, the Overall Employment Percentage for the following year would be 6.7% instead of 10% (or $.10 \times [2/3]$), or $.10 \times .67$, or $.067$. If the Overall Employment Commitment is met or exceeded in a given year, the Overall Employment Percentage for the following year will be ten percent (10%).

4.5. Fort Worth Employment (Up to 5%).

A percentage of the Abatement will be based on the extent to which the Fort Worth Employment Commitment, as outlined in Section 2.10, was met (the "**Fort Worth Employment Percentage**"). The Fort Worth Employment Percentage for a given year shall equal the product of five percent (5%) multiplied by the percentage by which the Fort Worth Employment Commitment was met in the previous year, which will be calculated by dividing the actual number of Full-Time Jobs provided on the Premises to Fort Worth Residents in the previous year by the number of Full-Time Jobs constituting the Fort Worth Employment Commitment in that year. If the Fort Worth Employment Commitment is met or exceeded in a given year, the Fort Worth Employment Percentage for the following year will be five percent (5%).

4.6. Central City Employment (Up to 5%).

A percentage of the Abatement will be based on the extent to which the Central City Employment Commitment, as outlined in Section 2.11, was met (the "**Central City Employment Percentage**"). The Central City Employment Percentage for a given year shall equal the product of five percent (5%) multiplied by the percentage by which the Central City Employment Commitment was met in the previous year, which will be calculated by dividing the actual number of Full-Time Jobs provided on the Premises to Central City Residents in the previous year by the number of Full-Time Jobs constituting the Central City Employment Commitment in that year. If the Central City Employment Commitment is met or exceeded in a given year, the Central City Employment Percentage for the following year will be five percent (5%).

4.7. No Offsets.

A deficiency in attainment of one commitment may not be offset by the exceeding attainment in another commitment. For example, if Owner failed to meet the M/WBE Construction Commitment by \$5,000.00, but exceeded the Fort Worth Construction Commitment by \$5,000.00, the percentage of Abatement available hereunder would still

be reduced in accordance with Section 4.3 on account of Owner's failure to meet the M/WBE Construction Commitment.

4.8. Abatement Limitations.

Notwithstanding anything that may be interpreted to the contrary in this Agreement, Owner's Abatement in any given year shall be based on the increase in value of the Required Improvements after demolition of any existing improvements but excluding value attributed to the land up to a maximum increase of Thirty Million Dollars (\$30,000,000.00). In other words, in any year in which the taxable value of improvements on the Land exceeds \$30,000,000.00, the Abatement for that tax year shall be capped and calculated as if the increase in the value of improvements on the Land had only been \$30,000,000.00. Owner would pay full taxes on the difference over the cap of \$30,000,000.00 or one hundred fifty percent (150%).

5.0. DEFAULT, TERMINATION AND FAILURE BY OWNER TO MEET VARIOUS DEADLINES AND COMMITMENTS.

5.1. Failure to Meet Certain Commitments.

If Owner fails to meet the Fort Worth Construction Commitment or the M/WBE Construction Commitment, or if Owner fails in any given year of the Abatement Term to meet the Overall Employment Commitment, the Fort Worth Employment Commitment, the Central City Employment Commitment, such event shall not constitute an Event of Default hereunder or provide the City with the right to terminate this Agreement, but, rather, shall only cause the percentage or amount of Abatement available to Owner pursuant to this Agreement to be reduced in accordance with Section 4 of this Agreement.

5.2. Failure to Complete Development.

Notwithstanding anything to the contrary herein, if (i) Owner failed to expend or cause to be expended at least Twenty Million Dollars (\$20,000,000.00) in Construction Costs for the Project by the Completion Deadline, or (ii) the Completion Date did not occur on or before the Completion Deadline, an Event of Default shall occur and the City shall have the right to terminate this Agreement as its sole and exclusive remedy, effective immediately, by providing written notice to Owner without further obligation to Owner hereunder.

5.3. Knowing Employment of Undocumented Workers.

Owner acknowledges that effective September 1, 2007, the City is required to comply with Chapter 2264 of the Texas Government Code, enacted by House Bill 1196 (80th Texas Legislature), which relates to restrictions on the use of certain public subsidies. *Owner hereby certifies that Owner, and any branches, divisions, or departments of Owner, does not and will not knowingly employ an undocumented worker, as that term is*

defined by Section 2264.001(4) of the Texas Government Code. In the event that Owner, or any branch, division, or department of Owner, is convicted of a violation under 8 U.S.C. Section 1324a(f) (relating to federal criminal penalties and injunctions for a pattern or practice of employing unauthorized aliens):

- if such conviction occurs during the Term of this Agreement, this Agreement shall terminate contemporaneously upon such conviction (subject to any appellate rights that may lawfully be available to and exercised by Owner) and Owner shall repay, within one hundred twenty (120) calendar days following receipt of written demand from the City, the aggregate amount of Abatement received by Owner hereunder, if any, plus Simple Interest at a rate of four percent (4%) per annum based on the amount of Abatement received in each previous year as of December 31 of the tax year for which the Abatement was received; or*
- if such conviction occurs after expiration or termination of this Agreement, subject to any appellate rights that may lawfully be available to and exercised by Owner, Owner shall repay, within one hundred twenty (120) calendar days following receipt of written demand from the City, the aggregate amount of Abatement received by Owner hereunder, if any, plus Simple Interest at a rate of four percent (4%) per annum based on the amount of Abatement received in each previous year as of December 31 of the tax year for which the Abatement was received.*

For the purposes of this Section 5.3, “Simple Interest” is defined as a rate of interest applied only to an original value, in this case the aggregate amount of Abatement. This rate of interest can be applied each year, but will only apply to the aggregate amount of Abatement and is not applied to interest calculated. For example, if the aggregate amount of Abatement is \$10,000 and it is required to be paid back with four percent (4%) interest five years later, the total amount would be $\$10,000 + [5 \times (\$10,000 \times 0.04)]$, which is \$12,000.00. The obligation of Owner to repay reimbursements pursuant to this paragraph, and the accrual of interest on such amounts, shall be stayed for so long as Owner is pursuing an appeal of such violation permitted by applicable law. This Section 5.3 does not apply to convictions of any subsidiary or affiliate entity of Owner, by any franchisees of Owner, or by a third party with whom Owner contracts. Notwithstanding anything to the contrary herein, this Section 5.3 shall survive the expiration or termination of this Agreement.

5.4. Notice and Cure.

Subject to Sections 4.2, 4.3 and 4.4, in the event that any Event of Default hereunder remains uncured after thirty (30) calendar days following receipt of such written notice (or, if the defaulting party has diligently and continuously attempted to cure following receipt of such written notice but reasonably requires more than thirty (30) calendar days to cure, then such additional amount of time as is reasonably necessary to effect cure, as determined by both parties mutually and in good faith), the non-defaulting party shall have the right to terminate this Agreement, effective immediately, by providing written notice to the defaulting party. Owner acknowledges and agrees that an Event of

Default that is not cured within the cure period set forth above will (i) harm the City's economic development and redevelopment efforts on the Premises and in the vicinity of the Premises; (ii) require unplanned and expensive additional administrative oversight and involvement by the City; and (iii) otherwise harm the City, and Owner agrees that the amounts of actual damages therefrom are speculative in nature and will be difficult or impossible to ascertain. Therefore, if the City exercises a right herein to terminate this Agreement upon an Event of Default that is not cured within the applicable time notice and cure period, Owner shall pay the City, as liquidated damages all taxes that were abated in accordance with this Agreement for each year when the Event of Default existed and which otherwise would have been paid to the City in the absence of this Agreement. The City and Owner agree that this amount is a reasonable approximation of actual damages that the City will incur as a result of an uncured Event of Default and that this Section 5.4 is intended to provide the City with compensation for actual damages and is not a penalty. This amount may be recovered by the City through adjustments made to Owner's ad valorem property tax appraisal by the appraisal district that has jurisdiction over the Premises. Otherwise, this amount shall be due, owing and paid to the City within sixty (60) days following the effective date of termination of this Agreement. In the event that all or any portion of this amount is not paid to the City within sixty (60) days following the effective date of termination of this Agreement, Owner shall also be liable for all penalties and interest on any outstanding amount at the statutory rate for delinquent taxes, as determined by the Texas Tax Code at the time of the payment of such penalties and interest (currently, Section 33.01 of the Texas Tax Code).

5.5. Foreclosure on Land or Improvements.

The City will have the right to terminate this Agreement immediately upon provision of written notice to Owner of any of the following events: (i) the act of foreclosure or enforcement a lien, mortgage or deed of trust on the Premises or the Required Improvements; (ii) the involuntary conveyance to a third party of the Premises or any improvements thereon; (iii) execution of any assignment of the Premises or any improvements thereon or deed in lieu of foreclosure to the Premises or any improvements thereon; or (iv) appointment of a trustee or receiver for the Premises or any improvements thereon.

5.6. Failure to Pay Taxes; General Breach.

Subject to the notice and cure rights described in Section 5.4, an Event of Default shall occur if any ad valorem taxes owed on the Premises to the City by Owner become delinquent and Owner does not timely and properly follow the legal procedures for protest and/or contest of any such ad valorem taxes. In addition to Sections 5.2, 5.3 and 5.4, an Event of Default under this Agreement shall occur if either party breaches any term or condition of this Agreement, in which case the non-defaulting party shall provide the defaulting party with written notice specifying the nature of the Event of Default and opportunity to cure in accordance with Section 5.4.

5.7. Liquidated Damages.

Owner acknowledges and agrees that termination of this Agreement due to a material Event of Default by Owner will (i) harm the City's economic development and redevelopment efforts on the Premises and in the vicinity of the Premises; (ii) require unplanned and expensive additional administrative oversight and involvement by the City; and (iii) be detrimental to the City's general economic development programs, both in the eyes of the general public and by other business entities and corporate relocation professionals, and Owner agrees that the exact amounts of actual damages sustained by the City therefrom will be difficult or impossible to ascertain. Therefore, upon termination of this Agreement for an uncured material Event of Default subject to the notice and cure rights in Section 5.4 for (i) failure to pay the affordable housing set-aside as described in Section 2.6, or (ii) failure to pay taxes in accordance with Section 5.6, as authorized by Section 312.205(b)(6) of the Code, Owner shall pay the City, as liquidated damages, all taxes that were abated in accordance with this Agreement for each year in which an Event of Default existed and which otherwise would have been paid to the City in the absence of this Agreement. The City and Owner agree that this amount is a reasonable approximation of actual damages that the City will incur as a result of an uncured Event of Default and that this Section 5.7 is intended to provide the City with compensation for actual damages and is not a penalty. This amount may be recovered by the City through adjustments made to Owner's ad valorem property tax appraisal by the appraisal district that has jurisdiction over the Premises and over any taxable tangible personal property located thereon. Otherwise, this amount shall be due, owing and paid to the City within sixty (60) days following the effective date of termination of this Agreement. In the event that all or any portion of this amount is not paid to the City within sixty (60) days following the effective date of termination of this Agreement, Owner shall also be liable for all penalties and interest on any outstanding amount at the statutory rate for delinquent taxes, as determined by the Code at the time of the payment of such penalties and interest (currently, Section 33.01 of the Code).

5.8 Sexually Oriented Business & Liquor Stores or Package Stores.

a. Owner understands and agrees the City has the right to terminate this agreement, without cause, if the Project contains or will contain a sexually oriented business.

b. Owner understands and agrees that the City has the right to terminate this agreement, without cause, as determined in City's sole discretion if the Project contains or will contain a liquor store or package store.

6. INDEPENDENT CONTRACTOR.

It is expressly understood and agreed that Owner shall operate as an independent contractor in each and every respect hereunder and not as an agent, representative or employee of the City. Owner shall have the exclusive right to control all details and day-to-day operations relative to the Premises and any improvements thereon and shall be solely responsible for the acts and omissions of its officers, agents, servants, employees, contractors, subcontractors, licensees and invitees.

Owner acknowledges that the doctrine of *respondeat superior* will not apply as between the City and Owner, its officers, agents, servants, employees, contractors, subcontractors, licensees, and invitees. Owner further agrees that nothing in this Agreement will be construed as the creation of a partnership or joint enterprise between the City and Owner.

7. INDEMNIFICATION.

OWNER, AT NO COST TO THE CITY, AGREES TO DEFEND, INDEMNIFY AND HOLD THE CITY, ITS OFFICERS, AGENTS, SERVANTS AND EMPLOYEES, HARMLESS AGAINST ANY AND ALL CLAIMS, LAWSUITS, ACTIONS, COSTS AND EXPENSES OF ANY KIND, INCLUDING, BUT NOT LIMITED TO, THOSE FOR PROPERTY DAMAGE OR LOSS (INCLUDING ALLEGED DAMAGE OR LOSS TO OWNER'S BUSINESS AND ANY RESULTING LOST PROFITS) AND/OR PERSONAL INJURY, INCLUDING DEATH, THAT MAY RELATE TO, ARISE OUT OF OR BE OCCASIONED BY (i) OWNER'S BREACH OF ANY OF THE TERMS OR PROVISIONS OF THIS AGREEMENT OR (ii) ANY NEGLIGENT ACT OR OMISSION OR INTENTIONAL MISCONDUCT OF OWNER, ITS OFFICERS, AGENTS, ASSOCIATES, EMPLOYEES, CONTRACTORS (OTHER THAN THE CITY) OR SUBCONTRACTORS, RELATED TO THE REQUIRED IMPROVEMENTS; THE PREMISES AND ANY OPERATIONS AND ACTIVITIES THEREON; OR THE PERFORMANCE OR NON-PERFORMANCE OF THIS AGREEMENT OTHERWISE. THIS SECTION SHALL SURVIVE ANY TERMINATION OR EXPIRATION OF THIS AGREEMENT.

8. ASSIGNMENT AND EFFECT OF SALE OF PREMISES AND/OR REQUIRED IMPROVEMENTS.

Owner may assign this Agreement and all or any portion of the benefits provided hereunder (i) collaterally to a lender, or (ii) to an Affiliate without the consent of the City, provided that (a) prior to or contemporaneously with the effectiveness of such assignment, Owner provides the City with written notice of such assignment, which notice shall include the name of the lender or Affiliate and a contact name, address and telephone number, and (b) for such assignment to an Affiliate, the Affiliate agrees in writing to assume all terms and conditions of Owner under this Agreement. For purposes of this Agreement, an "Affiliate" means all entities, incorporated or otherwise, under direct or indirect common control with Owner, controlled by Owner or controlling Owner. For purposes of this definition, "control" means ten percent (10%) or more of the ownership determined by either value or vote. Owner may not otherwise assign this Agreement or any of the benefits provided hereunder to any other party without the consent of the City Council, which consent shall not unreasonably be withheld or delayed, provided that (i) the City Council finds that the proposed assignee is financially capable of meeting the terms and conditions of this Agreement and (ii) the proposed assignee agrees in writing to assume all terms and conditions of Owner under this Agreement. Any attempted assignment without the City Council's prior written consent shall constitute grounds for termination of this Agreement and the Abatement granted hereunder following ten (10) calendar days of receipt of written notice from the City to Owner. **In no event shall the abatement term be extended in the event of a subsequent sale or assignment.**

9. NOTICES.

All written notices called for or required by this Agreement shall be addressed to the following, or such other party or address as either party designates in writing, by certified mail, postage prepaid, or by hand delivery:

City:

City of Fort Worth
Attn: City Manager
1000 Throckmorton
Fort Worth, Texas 76102

Owner:

2925 Race LLC
Attn: Pretflow Riddick
14160 N. Dallas Parkway, Suite 750
Dallas, Texas 75254

And

Neighborhood Services Department
Attn: Director
1000 Throckmorton
Fort Worth, Texas 76102

10. MISCELLANEOUS.

10.1 Bonds.

The Required Improvements will not be financed by tax increment bonds. This Agreement is subject to rights of holders of outstanding bonds of the City.

10.2 Conflicts of Interest.

Neither the Premises nor any of the Required Improvements covered by this Agreement are owned or leased by any member of the City Council, any member of the City Plan or Zoning Commission or any member of the governing body of any taxing units in the Zone.

10.3 Protests Over Appraisals or Assessments.

Owner shall have the right to protest and contest any or all appraisals or assessments of the Premises and/or improvements or taxable tangible personal property thereon.

10.4 Conflicts Between Documents.

In the event of any conflict between the City's zoning ordinances, or other City ordinances or regulations, and this Agreement, such ordinances or regulations shall control.

In the event of any conflict between the body of this Agreement and Application, the body of this Agreement shall control.

10.5 Owner Standing.

Owner shall be deemed a proper and necessary party in any litigation questioning or challenging the validity of this Agreement or any of the underlying laws, ordinances, resolutions or City Council actions authorizing this Agreement and Owner shall be entitled to intervene in any such litigation.

10.6 Venue and Jurisdiction.

This Agreement shall be construed in accordance with the laws of the State of Texas and applicable ordinances, rules, regulations or policies of the City. Venue for any action under this Agreement shall lie in the State District Court of Tarrant County, Texas. This Agreement is performable in Tarrant County, Texas.

10.7 Severability.

If any provision of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.

10.8 No Third Party Rights.

The provisions and conditions of this Agreement are solely for the benefit of the City and Owner, and any lawful assignee or successor of Owner (as evidenced by compliance with the terms and conditions of Section 8 of this Agreement), and are not intended to create any rights, contractual or otherwise, to any other person or entity.

10.9 Mutual Assistance.

The City and Owner shall take all actions and provide additional information and/or acknowledgment, if reasonably requested, and may be necessary or proper to achieve the purposes and objectives of this Agreement.

10.10 Estoppel Certificate.

Any party may request an estoppel certificate from the other party so long as the certificate is requested in connection with a bona fide business purpose. The certificate, which upon request will be addressed to a prospective purchaser or assignee of Owner, shall include, but not necessarily be limited to, statements (to the actual knowledge of the party providing such) that this Agreement is in full force and effect without any Events of Default (or if an Event of Default exists, the nature of the Event of Default and curative action, which should be undertaken to cure same), the remaining Abatement Term, and such other matters reasonably requested by the Party to receive the certificate.

10.11 Headings Not Controlling.

Headings and titles used in this Agreement are for reference purposes only and shall not be deemed a part of this Agreement.

10.12 Entirety of Agreement.

This Agreement, including any exhibits attached hereto and any documents incorporated herein by reference, contains the entire understanding and agreement between the City and Owner, their assigns and successors in interest, as to the matters contained herein. Any prior or contemporaneous oral or written agreement is hereby declared null and void to the extent in conflict with any provision of this Agreement. This Agreement shall not be amended unless executed in writing by both parties and approved by the City Council. This Agreement may be executed in multiple counterparts, each of which shall be considered an original, but all of which shall constitute one instrument.

10.13 Amendment.

This Agreement may be amended only by the written agreement of the City and Owner.

[Signature page to follow.]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the later date below:

CITY OF FORT WORTH:

By: *Fernando Costa*
Fernando Costa
Assistant City Manager

2925 RACE, LLC:

By: *W. Riddick*
Pretlow Riddick
Manager

ATTEST:

By: *Mary Kayser*
Mary Kayser, City Secretary



APPROVED AS TO FORM AND LEGALITY

By: Melinda Ramos
Melinda Ramos
Sr. Assistant City Attorney

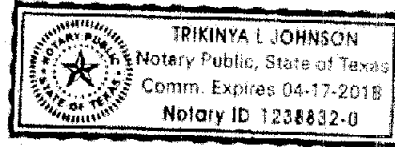
M & C: C-27846

STATE OF TEXAS §
COUNTY OF TARRANT §

BEFORE ME, the undersigned authority, on this day personally appeared Fernando Costa, Assistant City Manager of the CITY OF FORT WORTH, a municipal corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of the said CITY OF FORT WORTH, TEXAS, a municipal corporation, that he was duly authorized to perform the same by appropriate resolution of the City Council of the City of Fort Worth and that he executed the same as the act of the said City for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 2nd day of February, 2016.

Schylar Johnson
Notary Public in and for
the State of Texas

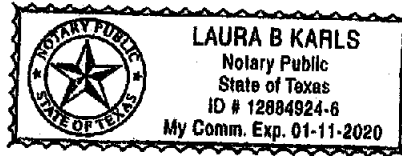


STATE OF TEXAS §
COUNTY OF Dallas §

BEFORE ME, the undersigned authority, on this day personally appeared Pretlow Riddick, Manager of 2925 Race, LLC, a Texas limited liability company, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act of the said 2925 Race, LLC, a Texas limited liability company, for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 30th day of January, 2016.

Laura B Karls
Notary Public in and for
The State of Texas



EXHIBITS

- Exhibit 1: Property Description
- Exhibit 2: Application: (NEZ) Incentives and Tax Abatement
- Exhibit 3: Project description including kind, number, and details of the proposed improvements.
- Exhibit 4: Central City Map

Exhibit 1

Property Description

Lot B-R1, Plumwood Addition, being a replat of a portion of Lot G and all of Lot F in Block 4 of Homer L. Aikman Addition, an addition to the City of Fort Worth, Tarrant County, Texas according to the plat thereof recorded in volume 388-O, page 143 of the Deed Records of Tarrant County, Texas, a portion of Lots 10, 11 and 12 in Block 4 of Homer L. Aikman Addition, an addition to the City of Fort Worth, Tarrant County, Texas according to the plat thereof recorded in volume 626, page 583 of said Deed Records, all of Lot E and a part of Lot A in Plumwood Addition, an addition to the City of Fort Worth, Tarrant County, Texas according to the plat thereof recorded in volume 388-D, page 517 of said Deed Records, all of Lot B-R, Plumwood Addition, an addition to the City of Fort Worth, Tarrant County, Texas according to the plat thereof recorded in volume 388-139, page 49 of said Deed Records, and a portion of the Atkin McLemore Survey, Abstract No. 1056, all situated in the City of Fort Worth, Tarrant County, Texas.



Application No. NZ15-00266

**CITY OF FORT WORTH
NEIGHBORHOOD EMPOWERMENT ZONE (NEZ) PROGRAM**

PROJECT CERTIFICATION APPLICATION

I. APPLICATION CHECK LIST - Please submit the following documentation:

- A completed application form
- A list of all properties owned by the applicant, owner, developer, associates, principals, partners, and agents in the City Fort Worth
- Non Refundable Application fee** – For all Basic Incentives applications **excluding** Tax Abatement the application fee is \$25.00. For multifamily, commercial, industrial, community facilities, and mixed-use tax abatement applications: 0.5% of the total Capital Investment of the project, with a \$200.00 minimum and not to exceed \$2,000.00; For residential tax abatement applications: \$100.00 per house.
- Proof of ownership, such as a warranty deed, affidavit of heirship, or a probated will **OR** evidence of site control, such as option to buy (A registered warranty deed is required for tax abatement application.)
- Title abstract of the property (only if applying for release of City liens)
- A reduced 11x17 floor plan, site plan, and site elevation with a written detailed project description that includes a construction time line
- A detailed line item budget showing the cost breakdown for the project
- Copy of Incorporation Papers noting all principals, partners, and agents if applicable
- Required** - Meet with the Councilmember and Neighborhood & other Organizations representing the NEZ as outlined in the Public Notice requirement of the NEZ Policy and Guidelines revised February 5, 2014 or followed guidelines of NEZ Strategic Plan if a Strategic Plan is in place for the specific NEZ.
- Support letter from Woodhaven Neighborhood Association and Woodhaven Community Development Corporation (For projects located in Woodhaven NEZ only)

INCOMPLETE APPLICATIONS WILL NOT BE PROCESSED FOR CERTIFICATION UNTIL ALL REQUIRED DOCUMENTS SHOWN IN THE ABOVE CHECKLIST ARE SUBMITTED WITHIN 30 DAYS OF THE DATE OF APPLICATION.

YOU MUST APPLY FOR TAX ABATEMENT BEFORE ANY BUILDING PERMITS ARE ISSUED FOR YOUR PROPERTY AND BEFORE ANY IMPROVEMENTS ARE MADE TO YOUR PROPERTY. IT TAKES 60 TO 90 BUSINESS DAYS TO COMPLETE THE TAX ABATEMENT AGREEMENT APPROVAL PROCESS AFTER THE ISSUANCE OF NEZ CERTIFICATION DEPENDING ON THE COMPLEXITY OF YOUR PROJECT. ALL BUILDING PERMITS MUST BE PULLED WITHIN THE 12 MONTH PERIOD THAT CERTIFICATION WAS APPROVED, OR WITHIN THE 12 MONTH PERIOD THAT THE TAX ABATEMENT WAS APPROVED, OR YOU WILL BE REQUIRED TO RE-APPLY FOR NEZ INCENTIVES.

II. APPLICANT / AGENT INFORMATION

1. Applicant:	<u>2805 Belknap, LLC</u>	2. Contact Person:	<u>J. Brandon Hancock</u>
3. Address:	<u>14160 N Dallas Pkwy., Suite 750</u>	Dallas	TX 75254
	Street	City	State Zip
4. Phone no.:	<u>214.393.4116</u>	5. Fax No.:	_____
6. Email:	<u>bhancock@criteriondp.com</u>		
7. Agent (if any)	_____		
8. Address:	_____		
	Street	City	State Zip
9. Phone no.:	_____	10. Fax No.:	_____
11. Email:	_____		



Application No. NZ15-002166

PROJECT ELIGIBILITY

1. Please list the addresses and legal descriptions of the project and other properties your organization owns in Fort Worth. Attach metes and bounds description if no address or legal description is available. Attach a map showing the location of the project.

Table 1 Property Ownership

Address (Project Location)	Zip Code	Legal Description		
		Subdivision Name	Lot No.	Block No.
See Exhibit A				
Other properties owned in the City of Fort Worth - continue on a separate sheet and attach if necessary.				
See Exhibit A				

2. For each property listed in Table 1, please check the boxes below to indicate if:
- there are taxes past due; or
 - there are City liens; or
 - You (meaning the applicant, developer, associates, agents, principals) have been subject to a Building Standards Commission's Order of Demolition where the property was demolished within the last five years.

Table 2 Property Taxes and City Liens

Address	Property Taxes Due	City Liens on Property				
		Weed Liens	Board-up/Open Structure Liens	Demolition Liens	Paving Liens	Order of Demolition
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(Please attach additional sheets of paper as needed.)

If there are taxes due or liens against any property in the City of Fort Worth you may not be eligible for NEZ incentives



3. Do you own other properties under other names? Yes No

If Yes, please specify _____ See Exhibit A

4. Does the proposed project conform with City of Fort Worth Zoning? Yes No

If no, what steps are being taken to insure compliance?

5. Project Type:	<input type="checkbox"/> Single Family	<input type="checkbox"/> Multi-Family	<input type="checkbox"/> Commercial	<input type="checkbox"/> Industrial	<input type="checkbox"/> Community Facilities	<input checked="" type="checkbox"/> Mixed-Use
------------------	--	---------------------------------------	-------------------------------------	-------------------------------------	---	---

Owner Occupied

Rental Property

6. Please describe the proposed residential or commercial project: Mixed-use development with multifamily, commercial, live/work and retail uses.

7. If your project is a commercial, industrial, or mixed-use project, please describe the types of businesses that are being proposed: Mixed-use residential development

8. Is this a new construction or rehab project? New Construction Rehab

9. How much is the total development cost of your project? \$49,000,000.00

10. Will the eligible rehabilitation work* be equal to at least 30% of the Tarrant Appraisal District (TAD) assessed value of the structure during the year rehabilitation occurs? Yes No

*Eligible rehabilitation includes only physical improvements to real property. It does NOT include: Front yard fencing consisting of chain-link or solid material construction; personal property such as furniture, appliances, equipment, and/or supplies. Total eligible rehabilitation costs shall equal to or exceed 30% of the TAD appraised value of the structure during the year rehabilitation occurs.

11. How much is the total square footage of your project? 363,000 square feet

*** If applying for a tax abatement please answer questions 12 – 16. If not skip to part III Incentives**

12. For a single-family homeownership, mixed-use, or multi-family development project, please fill out the number of residential units based on income range of owners or renters in the following table.

Table 3 Number of Residential Units and Income Range of Owners or Renters

Income Range	Number of Units	Percentage
> 80% of AMFI**	376	100%
At or below 80% of AMFI	-	0%
Total Units		

**AMFI: Area Median Family Income. Please see attachment for income and housing payment guidelines.

13. For a multifamily project to be qualified for tax abatement, at least 20% of total units shall be affordable to families at or below 80% of AMFI. Check the box if you are requesting a waiver of this requirement.

14. For a commercial, industrial or community facilities project, indicate square footage of non-residential space.

Commercial	Industrial	Community Facilities
_____ square feet	_____ square feet	_____ square feet

15. How much will be your Capital Investment*** on the project? Please use the following table to provide the details and amount of your Capital Investment (Attached additional sheets if necessary).

Table 4 Itemized Budget of the Project

Items	Amount	Notes
See Exhibit B		
Total		

***Capital Investment includes only real property improvements such as new facilities and structures, site improvements, facility expansion, and facility modernization. Capital Investment DOES NOT include land acquisition costs and/or any existing improvements, or personal property (such as machinery, equipment, and/or supplies or inventory).

16. For a commercial, industrial, community facility or mixed-use project, how many employees will the project generate? Three (3) employees for phase I and three (3) employees for phase II.

17. For a mixed-use project, please indicate the percentage of all uses in the project in the following table.

Table 5 Percentage of Uses in a Mixed-Use Project

Type	Square Footage	Percentage
Residential	330,000	90%
Office/Live/Work/Retail	30,000	10%
Eating		
Entertainment		
Retail sales		
Service		
Total	363,000	100%

III. INCENTIVES - What incentives are you applying for?

Municipal Property Tax Abatements

Must provide Final Plat Cabinet and Slide for Tax Abatement Cabinet _____ Slide _____

- 5 years More than 5 years
- Residential owner occupied Residential Rental Property Apartments (5 plus units) Commercial

Development Fee Waivers

- All building permit related fees (including Plans Review and Inspections)
- Plat application fee (including concept plan, preliminary plat, final plat, short form replat)
- Zoning application fee Board of Adjustment application fee
- Demolition fee Structure moving fee
- Community Facilities Agreement (CFA) application fee
- Street and utility easement vacation application fee

Impact Fee Waivers - The maximum water/wastewater impact fee waiver amount for a commercial, industrial, mixed-use, or community facility development project is equivalent to the water/wastewater impact fee of two 6-inch meters

- Water (Meter Size TBD) (No. of meters TBD) Transportation

Release of City Liens

- Weed liens Paving liens Board up/open structure liens Demolition liens



Application No. NZ15-00266

III. ACKNOWLEDGMENTS

I hereby certify that the information provided is true and accurate to the best of my knowledge. I hereby acknowledge that I have received a copy of NEZ Basic Incentives, which governs the granting of tax abatements, fee waivers and release of City liens, and that any VIOLATION of the terms of the NEZ Basic Incentives or MISREPRESENTATION shall constitute grounds for rejection of an application or termination of incentives at the discretion of the City.

I understand that the approval of fee waivers and other incentives shall not be deemed to be approval of any aspect of the project. I understand that I am responsible in obtaining required permits and inspections from the City and in ensuring the project is located in the correct zoning district.

I understand that my application will not be processed if it is incomplete. I agree to provide any additional information for determining eligibility as requested by the City.

W. Prathap Riddick
(PRINTED OR TYPED NAME)

[Signature]
(AUTHORIZED SIGNATURE)

10/12/15
(DATE)

Please mail or fax your application to:
City of Fort Worth Planning and Development Department
1000 Throckmorton Street, Fort Worth, Texas 76102
Tel: (817) 392-2222 Fax: (817) 392-8116

Electronic version of this form is available on our website. For more information on the NEZ Program, please visit our web site at www.fortworthgov.org/planninganddevelopment

		For Office Use Only	
Application No. <u>NZ15-00266</u>	In which NEZ? <u>Six Points</u>	Council District	<u>9</u>
Application Completed Date (Received Date): <u>10/27/15</u>	Conform with Zoning?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Type? <input type="checkbox"/> SF <input type="checkbox"/> Multifamily <input type="checkbox"/> Commercial <input type="checkbox"/> Industrial <input type="checkbox"/> Community facilities <input checked="" type="checkbox"/> Mixed-Use	Construction completion date? <input type="checkbox"/> Before NEZ <input checked="" type="checkbox"/> After NEZ	Ownership/Site Control	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
TAD Account No. <u>00012823</u>	Consistent with the NEZ plan?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Meet affordability test? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Minimum Capital Investment?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Rehab at or higher than 30%? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Meet mixed-use definition?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Tax current on this property? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Tax current on other properties?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
City liens on this property?	City liens on other properties?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
• Weed liens <input type="checkbox"/> Yes <input type="checkbox"/> No	• Weed liens <input type="checkbox"/> Yes <input type="checkbox"/> No		
• Board-up/open structure liens <input type="checkbox"/> Yes <input type="checkbox"/> No	• Board-up/open structure liens <input type="checkbox"/> Yes <input type="checkbox"/> No		
• Demolition liens <input type="checkbox"/> Yes <input type="checkbox"/> No	• Demolition liens <input type="checkbox"/> Yes <input type="checkbox"/> No		
• Paving liens <input type="checkbox"/> Yes <input type="checkbox"/> No	• Paving liens <input type="checkbox"/> Yes <input type="checkbox"/> No		
• Order of demolition <input type="checkbox"/> Yes <input type="checkbox"/> No	• Order of demolition <input type="checkbox"/> Yes <input type="checkbox"/> No		
Certified? <input type="checkbox"/> Yes <input type="checkbox"/> No	Certified by _____	Date certification issued? _____	
If not certified, reason _____			
Referred to: <input type="checkbox"/> Economic Development <input type="checkbox"/> Housing <input type="checkbox"/> Development <input type="checkbox"/> Water <input type="checkbox"/> Code <input type="checkbox"/> TPW			

Exhibit 3

Project Description

Overview

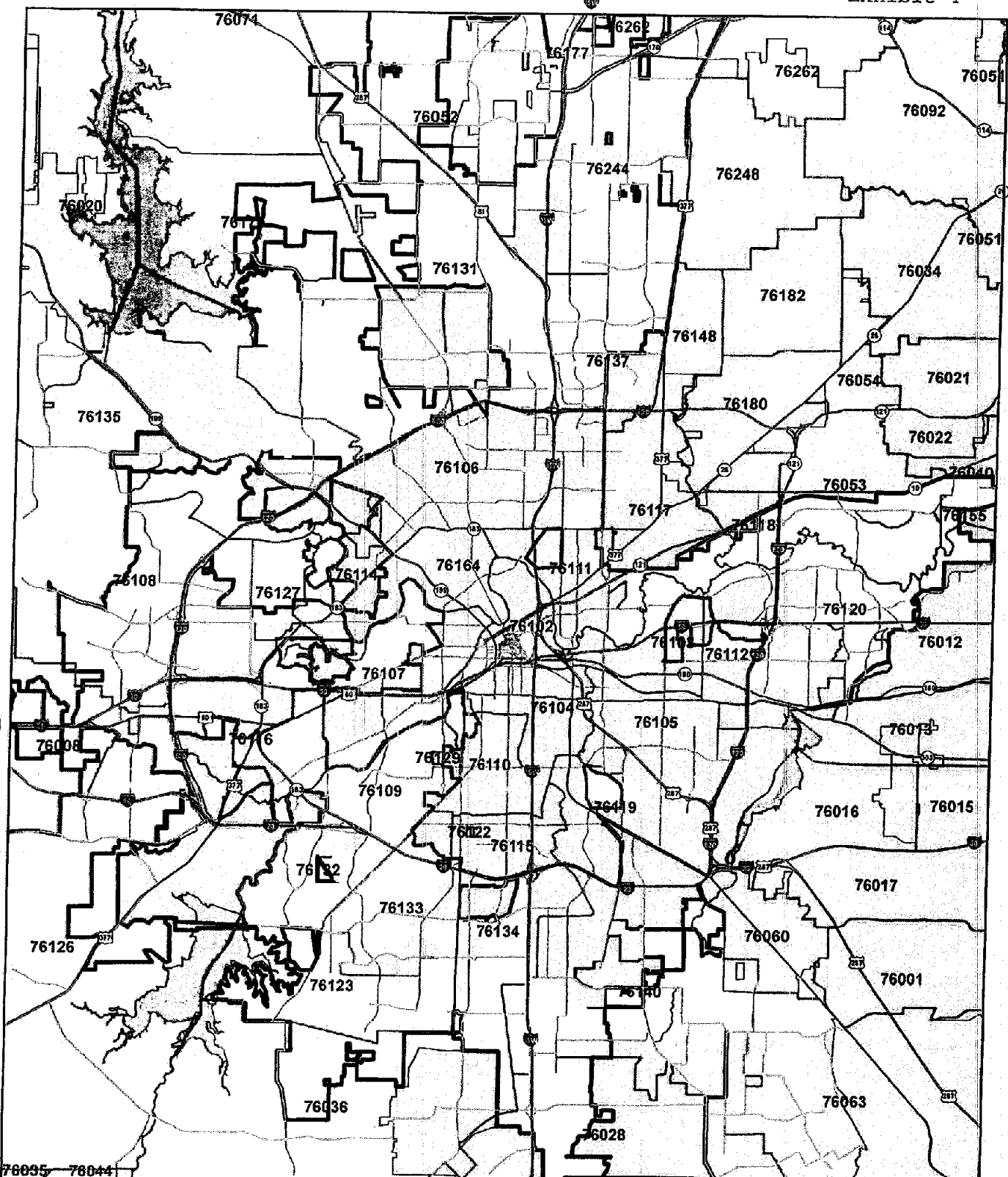
- One Hundred fifty two (152) residential rental units
- Thirteen thousand eight hundred (13,800) square feet of office, restaurant, entertainment, retail sales and service uses, and/or live /work space
- Multi-level parking garage to accommodate the apartment residents and retail customers

Features

- Pool with sundeck
- Indoor/outdoor living area
- Grilling area
- Fenced yards on at least 50% of the ground floor units
- Leasing office
- Club/Lounge/Bar
- Co-work space
- Fitness center
- Bike storage room w/Dero "fix it" station
- Postal center with parcel kiosk system

Design

- Hardi panel and Brick
- Glazing at pedestrian level
- Landscaping with pedestrian realm



- Legend**
- Central City Boundary
 - Zip Codes
 - CDBG Eligible Area
 - City Limit

FORT WORTH

Updated 08/27/2014

Neighborhood Services Department
CDBG Eligible Areas & Central City

EXHIBIT "C"

TARRANT COUNTY TAX ABATEMENT APPLICATION



Tarrant County

Application for Tax Abatement/Reinvestment Zone

I. APPLICANT INFORMATION

Applicant/Property Owner: 2925 Race, LLC

Company/Project Name: Race Street Mixed-Use

Mailing Address: 14610 North Dallas Parkway, Suite 750 Dallas, TX 75254

Telephone: 214-393-4100

Fax:

Applicant's Representative for contact regarding abatement request:

Name and Title: Pretlow Riddick

Mailing Address: 14610 North Dallas Parkway, Suite 750 Dallas, TX 75254

Telephone: 214-393-4100

Fax: **E-mail:** priddick@criteriondp.com

II. PROPERTY AND PROJECT DESCRIPTION

Address and legal description of property to be considered for Tax Abatement/Reinvestment Zone: The property is located at Plumwood Street and Race Street in the Six Points Neighborhood Empowerment Zone in the City of Fort Worth and is approximately 2.63 acres and designated as Neighborhood Empowerment Reinvestment Zone No. 93.

Project Description: A mixed-use residential and retail development.

Description of activities, products, or services produced and/or provided at project location: Residential and retail uses

Current Assessed Value: **Real Property:** \$875,880 **Personal Property:** \$1,000

Estimated start date of construction/site improvements: July 2017

Projected date of occupancy/commencement of operations at project site:

Please indicate dates for phases if applicable: Phase I: December 2019, Phase II: December 2021

Location of existing company facilities: N/A

Requested level of Tax Abatement: 50% of eligible property for ten (10) years.

Explain why tax abatement is necessary for the success of this project. Include business pro-formas or other information to substantiate your request.

III. PROJECTED VALUE OF IMPROVEMENTS

Estimated Value of Real Property Improvements \$49 Million

Estimated Value of Personal Property Improvements \$ 200,000

Will any infrastructure improvements (roads, drainage, etc.) be requested of Tarrant County for this project?

Yes

No

If yes, describe requested infrastructure improvements:

Detail any direct benefits to Tarrant County as a result of this project (i.e., inventory tax, etc.):

IV. EMPLOYMENT IMPACT AT PROJECT LOCATION

A. NEW EMPLOYMENT

Projected number of new jobs created as a result of the proposed improvements:

Full-time 5 Part-Time

Provide types of jobs created and average salary levels: Average salary \$44,415.

Start date and annual payroll of new permanent positions (if positions to be phased in, provide figures for each phase year): July 2019, \$230,365.

Percentage of new jobs too be filled be Tarrant County residents: 50%

Number of employees transferring from other company locations: 0

B. CONSTRUCTION RELATED EMPLOYMENTS

Projected number of construction related jobs: 125

Estimated total construction payroll: \$7,380,788

Commitment as to percentage of construction dollars to be spent with Tarrant County contractors or subcontractors: 30%

Commitment as to percentage & total dollars of construction contracts to be awarded to DBE: 25%

C. CURRENT COMPANY/PROJECT LOCATION EMPLOYMENT

Current Number of Employees: Full-time Part-time

Average annual payroll: \$

Detail on workforce diversity – percentage breakdown of current employees by gender and ethnicity:

D. COMPANY SPONSORED HEALTH CARE BENEFITS ARE AVAILABLE

Full-time Employees Part-time Employees Employee Dependents Not Available

Average monthly employee cost for health care benefits: Individual: \$ Family: \$

Other employee benefits provided or offered:

V. LOCAL BUSINESS & DISADVANTAGED BUSINESS ENTERPRISES (DBE) IMPACT

Estimated amount of annual supply and services expenses: \$

Detail any supply/services expenses that are sole source:

Percentage of total supplier/services expenses committed to Tarrant County businesses:

Percentage of total supplier and services expenses committed to DBE:

VI. ENVIRONMENTAL IMPACT OF PROJECT

Indicate if development, construction, equipment, distribution methods, and/or operational processes may impact the environment in the following areas, attach detail if necessary:

Air Quality Water Quality Solid Waste Disposal Storm/Water Runoff

Floodplain/Wetlands Noise levels Other (specify) "[Response]"

Provide detail on existing and new fleet vehicles, specifying types of vehicles, quantities and fuel used (gasoline, diesel, LP gas, CNG, etc.): "[Response]"


VII. ADDITIONAL INFORMATION (TO BE ATTACHED)

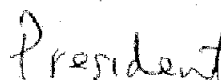
- Letter addressing Economic Qualifications and additional criteria for abatement, Section III (h) and (i) of Tarrant County Tax Abatement Policy
- Descriptive list and value of real and personal property improvements
- Plat/Map of Project Location
- Project Time Schedule
- Owner's policy regarding use of disadvantaged Business Enterprises
- Owner's policy addressing regional air quality/non-attainment status (use of alternative fuels, employee trip reduction, etc.) and plan for participation in regional Ozone Action Program
- Tax Certificate showing property taxes paid for most recent year

VIII. CERTIFICATION

Upon receipt of a completed application, Tarrant County may require such financial and other information as may be deemed appropriate for evaluating the financial capacity and other factors of the applicant.*

I certify the information contained in this application (including all attachments) to be true and correct to the best of my knowledge. I further certify that I have read the "Tarrant County Tax Abatement Policy" and agree to comply with the guidelines and criteria stated therein.


Signature


Title

W. Prithvi Reddy
Printed Name

8/15/16
Date

Return completed application and attachments to:

Economic Development Coordinator

Tarrant County Administrator's Office

100 E. Weatherford Street, Suite 404

Fort Worth, Texas 76196-0609

You may also forward an electronic copy of the completed report to:

lmcmillan@tarrantcounty.com

Please note that if you do submit this form electronically, you must also submit an original hard copy of the report to the above stated physical address for proper filing and review.

For assistance call: (817) 884-2643

* As per Section IV (f) of the Tarrant County Tax Abatement Policy Guidelines and Criteria, this application must be filed prior to commencement of construction or installation of improvements in order to be eligible for County tax abatement.



August 17, 2016

Lisa McMillan

Economic Development Coordinator

Tarrant County Government

100 E. Weatherford

Suite 404

Fort Worth, Texas 76196

RE: Tarrant County Tax Abatement Request

Dear Ms. McMillan:

Criterion Development Partners is excited to submit the attach Tax Abatement Application and various exhibits for tax abatement consideration by Tarrant County. We have been working diligently on the project for many years and have overcome many unique challenges to get to this point. This is an exciting time for the Race Street area and we need Tarrant County's help to make it all happen.

The project is unique in that it will be a catalyst and the anchor for the transformation of Race Street and the surrounding neighborhoods that desperately need new capital investment and more importantly passion for doing quality development. The project will have a minimum investment of \$20 million in development costs (excluding land) and yield a minimum of 152 residential units with 10 live/work, retail spaces. Construction is anticipated to begin in July 2017 and completed by July 2019.

We appreciate the County's efforts to date and look forward to a fruitful partnership in making this part of Tarrant County flourish. If you have any questions or need additional information, please do not hesitate to contact me at 214.393.4107 or David Pettit at 817.312.6341.

Sincerely,

W. Pretlow Riddick

President

C R I T E R I O N D E V E L O P M E N T P A R T N E R S

DALLAS 14160 NORTH DALLAS PARKWAY, SUITE 750 DALLAS, TEXAS 75254 (O) 214.393.4100 (F) 214.393.4110

BOSTON 1601 TRAPELO ROAD, SUITE 280 WALTHAM, MASSACHUSETTS 02451 (O) 781.890.5800 (F) 781.209-5553

Criterion Race Street Mixed Use Design Concepts

Overview

- Minimum of 152 residential units
- Approximately 10 live/work, retail spaces
- Structured parking, parallel street parking, "urban neighborhood feel"

The goal is to create a project that will be a catalyst and the anchor for the transformation of Race Street and surrounding neighborhoods. Criterion will create an urban development that addresses the street, and offers sophisticated housing options for residents looking to make Race Street their home. We believe creating a truly unique destination will have the gravity to pull people to this rejuvenated neighborhood.

Design

The design direction will be modern, clean, with hardi panel and brick, as well as generous glazing at the pedestrian level to engage the urban street.

The site will have a walkable urban neighborhood feel driven from the building relationship with the streets. The buildings will pay special attention to interaction with the pedestrian realm where the live/work and retail units meet the street.

Conceptual Unit Mix

Our pro forma shows an average unit size of approximately 860 square feet:

1BR: 78%

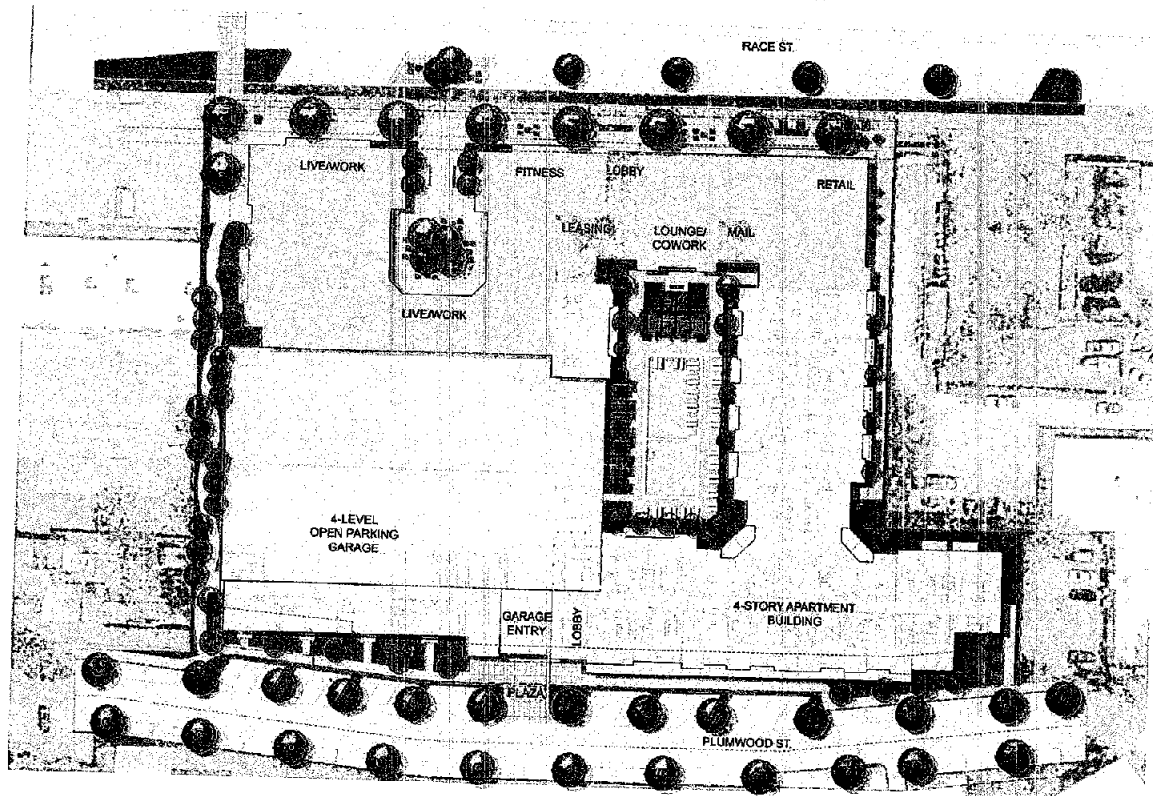
2BR: 22%

Amenities (conceptual)

- Pool with sundeck
- Indoor/outdoor living area
- Grilling area
- Fenced yards for as many 1st floor units as possible
- Leasing office
- Club/Lounge/Bar (potentially open to public)
- Co-work space space (potentially open to public)
- Fitness center (potentially open to public)
- Retail space
- Live/work units
- Bike storage room, Dero "fix it" station
- Postal center with parcel kiosk system
- Parking garage with 230 spaces

Timeline (preliminary)

- Construction start: July 2017
- First Units: September 2018
- Construction completion: July 2019



MIXED-USE AT RACE STREET

#14320
01.30.2015

Sheet No.
AXXX



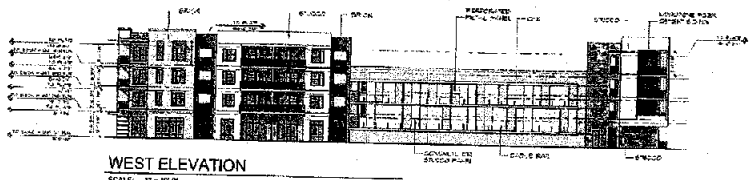
RACE STREET RENDERINGS

MIXED-USE AT RACE STREET

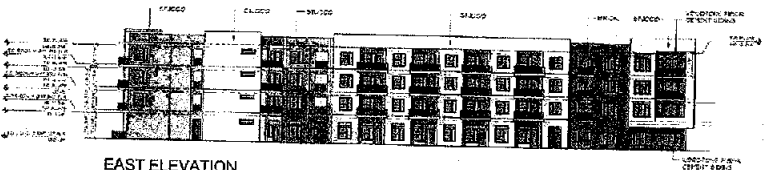
Sheet No.

A107

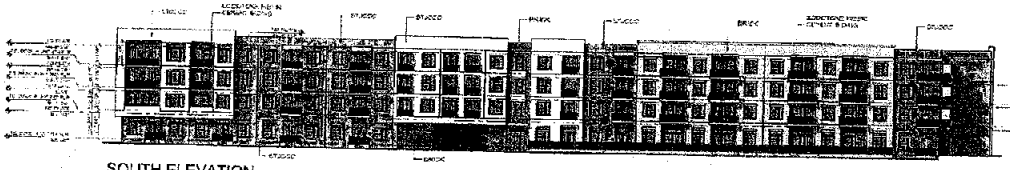
#14320
01.30.2015



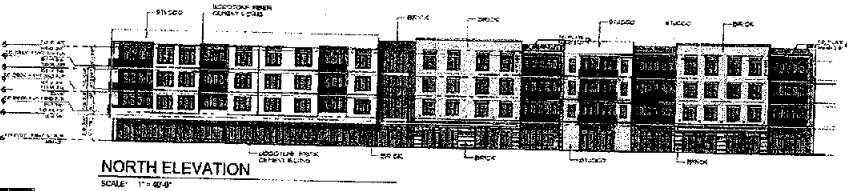
WEST ELEVATION
SCALE: 1/8" = 1'-0"



EAST ELEVATION
SCALE: 1/8" = 1'-0"



SOUTH ELEVATION
SCALE: 1/8" = 1'-0"



NORTH ELEVATION
SCALE: 1/8" = 1'-0"



MIXED-USE AT RACE STREET

Sheet No.

#14320
01.30.2015

A106



Form BSMF
Feb 1983

DEVELOPMENT BUDGET - PHASE I

4.10

Development Budget Uses	Development Budget Total	Per Unit 189 Units	Per SF 488 Avg.	% of Total Cost
Real Estate Taxes	\$47,000	\$249	\$0.28	0.18%
Architect and Engineering	851,000	5,243	6.88	3.43%
Construction - \$185 / NR.SF @ 60.5 units / acre	21,839,800	115,874	130.89	75.90%
Contingency (Bid and Sell Cost)	1,057,000	5,604	6.54	3.80%
Development Fee	1,057,000	5,604	6.54	3.80%
Financing and Legal Expenses	630,000	2,852	3.21	1.86%
Furniture, Fixtures and Equipment	345,000	1,825	2.05	1.16%
Interest Interest - Construction Loan @ 5.00%	163,000	862	0.97	0.56%
Interest Interest - Investor Equity Partner	0	0	0.00	0.00%
Interest Interest - Preferred Equity	454,000	2,402	2.70	1.57%
Land Cost @ \$46.54 / sqft	1,505,000	7,983	8.97	5.21%
Marketing	185,000	973	0.98	0.57%
Operating Deficit - 4 months	253,000	1,339	1.57	0.91%
Pre-Development/Zone Diligence	234,000	1,238	1.33	0.81%
Title	65,000	344	0.38	0.22%
Reimbursements				
TOTAL DEVELOPMENT BUDGET COST	\$28,982,800	\$151,124	\$177.75	100.00%

Development Budget Sources

Equity contribution	\$5,068,000	\$26,772.49	\$36.14	17.51%
Civilas Mezzanine Loan	\$6,000,000	\$31,746.03	\$35.74	20.76%
Bank Debt repaid by Enhanced CFA funds	\$1,250,000	\$6,613.76	\$7.45	4.22%
Bank Construction Loan	\$16,550,000	\$87,783.65	\$98.85	57.41%

Stabilized Return on Cost 5.85%

Funding Gap Analysis Phase I

Notes

Stabilized Return on Cost		5.85%	
NOI without abatements	5,710,000		
NOI with abatements	1,840,000		
NOI data and effect on yield	161,000	0.56%	Effect would be less if applied present value to the tax savings
Enhance CFA effect on yield	1,250,000	0.22%	
Final Development Yield		6.72%	

Funding Gap Analysis Phase I	Current Yield	Needed Yield	Cost at Current Yield	Cost at Needed Yield	Funding Gap
	5.85%	7.00%	\$28,982,800	\$28,857,143	\$1,245,657

EXHIBIT "D"
PROJECT DESCRIPTION

Project Description

Overview

- One Hundred fifty two (152) residential rental units
- Thirteen thousand eight hundred (13,800) square feet of office, restaurant, entertainment, retail sales and service uses, and/or live /work space
- Multi-level parking garage to accommodate the apartment residents and retail customers

Features

- Pool with sundeck
- Indoor/outdoor living area
- Grilling area
- Fenced yards on at least 50% of the ground floor units
- Leasing office
- Club/Lounge/Bar
- Co-work space
- Fitness center
- Bike storage room w/Dero "fix it" station
- Postal center with parcel kiosk system

Design

- Hardi panel and Brick
- Glazing at pedestrian level
- Landscaping with pedestrian realm

EXHIBIT "E"

TARRANT COUNTY TAX ABATEMENT POLICY AND GUIDELINES



TARRANT COUNTY

TAX ABATEMENT POLICY GUIDELINES AND CRITERIA

I. GENERAL PURPOSE AND OBJECTIVES

As authorized under Chapter 312 of the Texas Tax Code, Tarrant County has established this policy so as to work in concert with other taxing authorities as part of an overall publicly supported incentive program designed to create job opportunities that bring new economic advantages or strengthen the current economic base of our community.

It is the intent of the Commissioners Court to consider approval or denial of any request for tax abatement for projects in unincorporated Tarrant County or participation in any tax abatement agreement agreed to and adopted by an incorporated city, which meets the minimum eligibility criteria as set forth in this policy, following the filing of a formal application for tax abatement from the County. As prescribed by Section 312.206 of the Tax Code, the Commissioners Court may approve participation with a municipality in a tax abatement agreement no later than the 90th day after the date the municipal agreement is executed. Further it is the intent of Tarrant County that the County will not approve nor join an abatement agreement that provides one Tarrant County city a competitive advantage over another Tarrant County city seeking the same project or encourages an applicant to move from one Tarrant County city to another, unless such agreement is agreeable to both such incorporated cities and both parties have indicated their approval in writing to Tarrant County.

In the case where the property is located within a municipality's extraterritorial jurisdiction, the municipality shall be the initiating taxing entity unless expressly deferred to the County. For those areas within Tarrant County that are not located within the boundaries of an incorporated municipality and a municipality has deferred to the County or in unincorporated areas not located in a municipality's extraterritorial jurisdiction, the guidelines and criteria contained in this policy will be applied by the Commissioners Court when considering the establishment of a reinvestment zone and the adoption of an abatement agreement.

II. DEFINITIONS

- (a) "Abatement" means the full or partial exemption from ad valorem taxes of certain real and/or personal property in a reinvestment zone designated for economic development purposes.

- (b) "Eligible Jurisdiction" means Tarrant County and any municipality, school district, college district, or other entity, which is located in Tarrant County, that levies ad valorem taxes upon and provides services to property located within the proposed or existing reinvestment zone.
- (c) "Agreement" means a contractual agreement between a property owner and/or lessee and an eligible jurisdiction for the purposes of tax abatement.
- (d) "Base Year Value" means the assessed value of the applicant's real and personal property located in a designated reinvestment zone on January 1 of the year of the execution of the agreement, plus the agreed upon value of real and personal property improvements made after January 1, but before the execution of the agreement.
- (e) "Economic Life" means the number of years a property improvement is expected to be in service in a facility.
- (f) "Deferred Maintenance" means improvements necessary for continued operations which do not improve productivity or alter the process technology.
- (g) "Disadvantaged Business Enterprise (DBE)" means:
- (1) a corporation formed for the purpose of making a profit and at least 51 percent of all classes of the shares of stock or other equitable securities of which are owned by one or more persons who are socially or economically disadvantaged because of their identification as members of certain groups that have been subject to racial or ethnic prejudice or cultural bias without regard to their qualities as individuals or capabilities as a business, and whose ability to compete in the free enterprise system is impaired due to diminished opportunities to obtain capital and credit as compared to others in the same line of business who are not socially disadvantaged. "DBE" includes the State of Texas definition of historically underutilized businesses (HUBs) as defined in Texas Government Code 407.101 and as it may be updated.
 - (2) a sole proprietorship formed for the purpose of making a profit that is owned, operated, and controlled exclusively by one or more persons described in paragraph (1);
 - (3) a partnership that is formed for the purpose of making a profit in which 51 percent of the assets and interest in the partnership is owned by one or more persons described by paragraph (1), and in which minority or women partners have proportionate interest in the control, operation, and management of the partnership affairs.

- (h) "Expansion" means the addition of buildings, structures, fixed machinery and equipment, and fixed personal property for the purposes of increasing production capacity.
- (i) "Facility" means property improvements completed or in the process of construction which together comprise an integral whole.
- (j) "Fixed Machinery and Equipment and/or Personal Property" means tangible machinery, equipment, or personal property that is securely placed or fastened and stationary within a building or structure, or which is movable but remains at and is used solely at the project site.
- (k) "Manufacturing Facility" means buildings and structures, including fixed machinery and equipment, and fixed personal property, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.
- (l) "Modernization" means the replacement and upgrading of existing facilities which increases the productive input or output, updates the technology or substantially lowers the unit cost of the operation, and extends the economic life of the facility. Modernization may result from the construction, alteration or installation of buildings, structures, fixed machinery and equipment, and fixed personal property. It shall not be for the purpose of reconditioning, refurbishing, repairing, or completion of deferred maintenance.
- (m) "New Facility" means a property previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.
- (n) "Other Basic Industry" means buildings and structures including fixed machinery and equipment, and fixed personal property not elsewhere described, used or to be used for the production of products or services which primarily serve a market outside Tarrant County [or the Fort Worth Consolidated Metropolitan Statistical Area] and result in the creation of new permanent jobs and bring new wealth in to Tarrant County.
- (o) "Regional Distribution Center Facility" means building and structures, including fixed machinery and equipment, and fixed personal property, used or to be used primarily to receive, store, service or distribute goods or materials owned by the facility operator.
- (p) "Non-Manufacturing Facilities" means buildings and structures, used to service and/or house individuals on a permanent or temporary basis.
- (q) "Regional Service Facility" means building and structures, including fixed machinery and equipment, and fixed personal property, used or to be used to service goods.

- (r) "Reinvestment Zone" is an area designated as such for the purpose of tax abatement as authorized by Chapter 312 of the Texas Tax Code.
- (s) "Regional Entertainment Facility" means buildings and structures, including machinery and equipment, used or to be used to provide entertainment through the admission of the general public where the majority of the users reside at least 100 miles from its location in the County.
- (t) "Regional Retail Facility" means buildings and structures including fixed machinery and equipment used or to be used to provide retail services from which a large portion of the revenues generated by the activity at the facility are derived from users outside the County.
- (u) "Research Facility" means building and structures, including fixed machinery and equipment, and fixed personal property, used or to be used primarily for research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production processes thereto.

III. ABATEMENT AUTHORIZED

- (a) Authorized Facility. A facility may be eligible for abatement if it is a Manufacturing Facility, a Research Facility, a Regional Distribution Center Facility, A Regional Service Facility, a Regional Entertainment Facility, Regional Retail Facility, a Non-Manufacturing Facility, or Other Basic Industry as defined. The economic life of a facility and any improvements must exceed the life of the abatement agreement.
- (b) Creation of New Value. Abatement may be only granted for the additional value of eligible property improvements made subsequent to and listed in an abatement agreement between the County and the property owner and lessee, subject to such limitations as Commissioners Court may require.
- (c) New and Existing Facilities. Abatement may be granted for new facilities and improvements to existing facilities for purposes of modernization or expansion.
- (d) Eligible Property. Abatement may be extended to the value above the Base Year Value of buildings, structures, fixed machinery and equipment, fixed personal property, and site improvements plus that office space and related fixed improvements necessary to the operation and administration of the facility.
- (e) Ineligible Property. The following types of property shall be fully taxable and ineligible for abatement: land; inventories; supplies; tools; furnishings, and other forms of movable personal property; vehicles; vessels; private aircraft; deferred maintenance investments; property to be rented or leased except as provided in Section 3 (f); also, any property included in the calculation of base year value as defined.

- (f) **Owned/Leased Facilities.** If a leased facility is granted abatement the agreement shall be executed with the lessor and the lessee.
- (g) **Value and Term of Abatement.** Abatement shall be granted effective with the execution of the agreement. The value of the abatement will be determined based on the merits of the project, including, but not limited to, total capital investment value and added employment. Up to one hundred percent of the value of new eligible properties may be abated for a total term of abatement not to exceed ten years. However, a project must provide an extraordinary economic benefit to the County to be considered for a one hundred percent abatement.
- (h) **Economic Qualification.** In order to be eligible for designation as a County reinvestment zone and/or receive County tax abatement, the planned improvement:
- (1) for new businesses, must be reasonably expected to produce a minimum added value of Five Million Dollars (\$5,000,000) in real and personal property to Tarrant County and create and sustain a minimum of 25 new full-time jobs.
 - (2) for expansions or modernizations of existing businesses, must be reasonably expected to produce a minimum added value of Three Million Dollars (\$3,000,000) in real and personal property improvements to Tarrant County, and sustain existing employment levels.
 - (3) must not be expected to solely or primarily have the effect of transferring employment from one part of Tarrant County to another without a majority vote of approval from the Commissioners Court.
 - (4) must be necessary for expansion and/or modernization because the capacity cannot be provided efficiently utilizing existing improved property when reasonable allowance is made for necessary improvements.
 - (5) the above investment and employment minimums may be waived at the discretion of the Commissioners Court for projects located in Federal or State designated Enterprise Zones.
- (i) **Additional Criteria For Abatement.** To be eligible for abatement, the project must be expected to meet the specific goals and requirements as noted below. If a company is unable to meet the minimum requirements of this section, a variance must be requested with a detailed explanation as to the circumstances that preclude the company from meeting the minimum requirements.
- (1) **Use of DBE and Tarrant County Businesses.** The project must provide for the utilization of Disadvantaged Business Enterprises for a minimum of 15% of the total costs for construction contracts and annual supply and service contracts.

Additionally, the project must provide for the utilization of Tarrant County businesses for a minimum of 25% of the total costs for construction contracts and annual supply and services contracts.

- (2) **Tarrant County Employment.** The company must hire Tarrant County residents for a minimum of 25% of the new full time jobs to be created by the project. Residents, for the purpose of this policy, are those employees who reside in Tarrant County, whether through relocation or existing residency.
 - (3) **Environmental Impacts.** Environmental impact information must be provided, noting any anticipated impacts of the project on the environment, including, but not limited to, water quality, storm water and runoff, floodplain and wetlands, solid waste disposal, noise levels, and air quality. Additionally, the company must provide a written company policy on air quality mitigation, the company's plan for participation in the region's Ozone Action Program, and a report of employer assistance in encouraging alternative commute programs and employee trip reductions. For companies new to the region, the above policies and plan must be completed and presented within the first year of the abatement.
 - (4) **Employee Benefits.** The company must offer a health benefit plan to its full-time employees at a rate that is reasonable to the majority of its employees and which allows access to the plan by the employees' dependents. For additional consideration, the company may provide information on other employee benefits provided, such as retirement/pension programs and subsidies for education, job-training, transportation assistance and child/elderly care.
- (j) **Taxability.** From the execution of the abatement to the end of the agreement period taxes shall be payable as follows:
- (1) The value of ineligible property as provided in Section III (e) shall be fully taxable;
 - (2) The base year value of existing eligible property shall be fully taxable, as well as the value of any existing personal property currently on the tax rolls in Tarrant County that is either moved to a new abated location or is replaced due to modernization or expansion.
 - (3) The additional value of new eligible property shall be taxable in the manner and for the period provided for in the abatement agreement, subject to the terms described in Section III (g); and
 - (4) The additional value of new eligible property shall be fully taxable at the end of the abatement period.

IV. APPLICATION

- (a) Any present or potential owner of taxable property in Tarrant County may request the creation of a reinvestment zone and/or tax abatement by filing a written request with the County Judge.**
- (b) The application shall consist of a completed application form including, but not limited to: a general description of the new improvements to be undertaken; a descriptive list of the improvements for which an abatement is requested; a list of the kind, number and location of all proposed improvements of the property; a map and property description; a time schedule for undertaking and completing the proposed improvements; employment and contract information; the location of existing company locations in Tarrant County and the surrounding counties and the expected number of transferring employees; details of the environmental impacts of the project, and employee benefit information. In the case of modernization a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The County may require such financial and other information as deemed appropriate for evaluating the financial capacity and other factors pertaining to the applicant, to be attached to the application.**
- (c) All applications for creation of reinvestment zones or abatements shall incorporate a feasibility study estimating the economic effect of the proposed reinvestment zone and tax abatement on Tarrant County, other eligible participating jurisdictions, and the applicant.**
- (d) Upon receipt of a completed application for creation of a reinvestment zone, the County Judge shall notify in writing and provide a copy of the application to the presiding officer of the governing body of each eligible jurisdiction.**
- (e) Upon receipt of a completed application and/or request to participate with a municipality in an abatement agreement, Tarrant County Administrator's Office must review and provide recommendation to the Commissioners Court within 30 days and before the public hearing.**
- (f) The County shall not establish a reinvestment zone, nor participate in an abatement, if it finds that the application for County reinvestment zone/tax abatement was filed after the commencement of construction, alteration, or installation of improvements related to the proposed modernization, expansion or new facility.**
- (g) Variance. Request for variance from the provisions of this policy must be made in written form to the County Judge and submitted with the application for abatement, provided, however, the total duration of an abatement shall in no instance exceed ten years. Such request shall include a complete description of the circumstances explaining why the applicant should be granted a variance. Request for variance must**

be approved by a majority vote of the Commissioners Court.

V. PUBLIC HEARINGS AND APPROVAL

- (a) For projects in unincorporated Tarrant County, the Commissioners Court may not adopt a resolution designating a County reinvestment zone until it has held a public hearing at which interested persons are entitled to speak and present evidence for or against the designation. Notice of the hearing shall be clearly identified on the Commissioners Court agenda at least 30 days prior to the hearing. The presiding officers of eligible jurisdictions shall be notified in writing at least 15 days prior to the hearing.
- (b) Prior to entering into a tax abatement agreement the Commissioners Court may, at its option, hold a public hearing at which interested persons shall be entitled to speak and present written materials for or against the approval of the tax abatement agreement.
- (c) In order to enter into a tax abatement agreement, the Commissioners Court must find that the terms of the proposed agreement meet these Guidelines and Criteria and that:
 - (1) there will be no substantial adverse affect on the provision of the jurisdiction's service or tax base: and
 - (2) the planned use of the property will not constitute a hazard to public safety, health or morals.
- (d) Any application requesting a variance under Section IV (g) shall be approved by a majority vote of the Commissioners Court. No application which deviates from the requirements of these Guidelines and Criteria shall be approved unless accompanied by a request for variance as provided under Section IV (g).

VI. AGREEMENT

- (a) After approval the County shall formally pass a resolution and execute an agreement with the owner of the facility and lessee as required. The Court Order shall include:
 - (1) estimated value of real and personal property to be abated and the base year value;
 - (2) percent of value to be abated each year as provided in Section III (g);
 - (3) the commencement date and the termination date of abatement;
 - (4) the proposed use of the facility; nature of construction, time schedule, map, property description and improvement list as provide in Section IV (b);

- (5) contractual obligations in the event of default, violation of terms or conditions, delinquent taxes, recapture, administration and assignment as provided in Sections III (a), III (e), III (g) VII, VIII, and IX, or other provisions that may be required for uniformity or by state law, and;
- (6) a statement of the facility owner's policy regarding Disadvantaged Business Enterprises (DBEs), and the estimated dollar amount and percentage of total contracts to be awarded to DBEs for construction, professional services, purchases of equipment and supplies and other services required for the abated improvements;
- (7) amount of investment and average number of jobs involved; and
- (8) an assessment of the environmental impacts of the project, including a statement of the owner's policy addressing regional air quality and information on the use of alternative fuels in fleet vehicles.
- (9) a statement indicating the provision of a health care benefit plan for employees and dependents.

Such agreement shall normally be executed within 60 days after the applicant has forwarded all necessary information and documentation to the County.

- (b) Participation in tax abatement agreements with municipalities requires additional information to be included in the Court Order approving the agreement, as follows:
 - (1) a copy of the agreement between the applicant and municipality shall be attached and made apart of the Court Order for all purposes;
 - (2) authorization for the County Judge to execute a signatory page on behalf of the Commissioners Court which shall be attached and made part of the original agreement.

VII. RECAPTURE

Commissioners Court reserves the right to review compliance for full or partial recapture in the event that the applicant fails to perform in "good faith." If a project is not completed as specified in the tax abatement agreement, the County has the right to cancel the abatement agreement and abated taxes shall become due to the County and other affected taxing units as provided by law. If any of the provisions contained in the tax abatement agreement, i.e., employment, amount of investment, etc., are not met, the County shall have the right to reduce or cancel the abatement agreement. If a project granted a tax abatement ceases to operate or is no longer in conformance with the tax abatement agreement, the agreement shall not be in

effect for the period of time during which the project is not operating or is not in conformance.

VIII. ADMINISTRATION

- (a) **The Chief Appraiser of the County shall annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving abatement shall furnish the assessor with such information as may be necessary for the abatement. Once value has been established, the chief Appraiser shall notify the affected jurisdictions which levies taxes of the amount of the assessment.**

- (b) **The agreement shall stipulate that employees and/or designated representatives of the County will have access to the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and conditions of the agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the company or individual and in accordance with its safety standards.**

- (c) **Upon completion of construction the County and/or the jurisdiction creating the reinvestment zone shall annually (or at such other times as deemed appropriate by the Commissioners Court) evaluate each facility receiving abatement to ensure compliance with the agreement and report possible violations to the contract and agreement to the Commissioners Court and the District Attorney. On or before April 30th of every year during the life of the abatement agreement, the company or individual receiving the abatement shall complete and file a Tax Abatement Evaluation Report, along with other required written documentation, detailing and certifying the abatement recipient's compliance with the terms of the abatement agreement. Failure to provide information requested in the compliance evaluation by the prescribed deadline may result in taxes abated in the prior year being due and payable. The company or individual receiving a tax abatement shall provide information to the County for the evaluation which shall include, but not be limited to, the following:**
 - (1) **the number and dollar amounts of all construction contracts and subcontracts awarded on the project;**

 - (2) **the total number of employees of the company, their gross salaries, and the number of employees residing in Tarrant County and their gross salaries, reported in job classifications appropriate to the employee;**

 - (3) **the gross dollars spent on supplier and professional service contracts, indicating the amounts by contract awarded and performed by Tarrant County business and individuals;**

- (4) the dollar amount of contracts awarded to Disadvantaged Business Enterprises;
- (5) detail of actions taken to mitigate any adverse environmental impacts of the project, if applicable; and
- (6) should the dollars, percentages, or actions not meet the original or modified requirements of the abatement agreement, a statement shall be provided explaining the reason for the failure to meet the requirements and a recommended course of rectification.

IX. ASSIGNMENT

Tax abatement agreements may be assigned to a new owner or lessee of the facility with the written consent of the Commissioners Court, which consent shall not be unreasonably withheld. Any assignment shall provide that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the assignor upon the same terms and conditions as set out in the agreement. Any assignment of a tax abatement agreement shall be to an entity that contemplates the same improvements or repairs to the property, except to the extent such improvements or repairs have been completed. No assignment shall be approved if the assignor or the assignee are indebted to the County for ad valorem taxes or other obligations.

X. SUNSET PROVISION

These Guidelines and Criteria are effective on January 1 of the year following the date of their adoption and will remain in force for two years, at which time all reinvestment zones and tax abatement contracts created pursuant to its provisions will be reviewed by the County to determine whether the goals have been achieved. Based on that review, the guidelines and Criteria will be modified, renewed or eliminated. These Guidelines and Criteria may be amended by Commissioners Court at any time during their effective period.