

**BUSINESS INCENTIVE AGREEMENT BETWEEN
THE CORPUS CHRISTI B CORPORATION AND SOUTH TEXAS MILITARY
HOUSING, LP FOR THE DEVELOPMENT OF MILITARY HOUSING AND
COMMUNITY IMPROVEMENTS FOR THE CHIEF OF NAVAL AIR TRAINING**

This Business Incentive Agreement for Capital Investments and the development of military housing and a community improvements for the Chief of Naval Air Training (“Agreement”) is entered into between the Corpus Christi B Corporation (“Corporation”) and South Texas Military Housing, LP (“Company”), a Texas limited partnership.

WHEREAS, the Texas Legislature in Chapter 501 et seq. of the Local Government Code (Development Corporation Act of 1979) (the “Act”) empowered local communities with the ability to adopt an optional local sales and use tax as a means of improving the economic health and prosperity of their citizens;

WHEREAS, on November 8, 2016, residents of the City passed Proposition 1, Adopt Type B Sales Tax to Replace Expiring Portion of Type A Sales Tax, which authorized the adoption of a sales and use tax to be administered by a Type B Corporation at the rate of one-eighth of one percent to be imposed for 20 years with use of the proceeds for (1) 50% to the promotion and development of new and expanded business enterprises to the full extent allowed by Texas law, (2) \$500,000 annually for affordable housing, and (3) the balance of the proceeds for the construction, maintenance and repair of arterial and collector streets and roads;

WHEREAS, the 1/8th cent sales tax authorized by passage of Proposition 1 was subsequently enacted by the City Council and filed with the State Comptroller of Texas, effective April 1, 2018, to be administered by the Corpus Christi B Corporation Board;

WHEREAS, the Corpus Christi B Corporation exists for the purposes of encouraging and assisting entities in the creation of jobs for the citizens of Corpus Christi, Texas;

WHEREAS, the Chief of Naval Air Training (“CNATRA”) is a two-star Admiral stationed at Naval Air Station – Corpus Christi, who is in charge of air training for all Navy personnel;

WHEREAS, CNATRA has a staff of 193 military and civilian personnel with an average salary of \$65,000 per year and serves to anchor the air training programs at Naval Air Stations – Corpus Christi and Kingsville;

WHEREAS, there has been at least one attempt in recent years to move CNATRA to a different Naval base and CNATRA's continued operations at Naval Air Station – Corpus Christi as necessary to retain the 193 military and civilian jobs on the base;

WHEREAS, the Company has proposed a development project to replace the previous Admiral's Quarters at Naval Air Station – Corpus Christi, which served as both a home for the Admiral, a location to host visiting guests and dignitaries, and as an entertainment and community venue for the base (the "Project");

WHEREAS, Section 501.073 of the Act requires the City Council to approve all programs and expenditures of the Corporation; and

WHEREAS, the Board and the City Council have determined that it is in the best interests of the citizens of Corpus Christi, Texas that business development funds be provided to Company, through this Agreement with Company, to be used by Company to develop the Project to promote expanded business enterprises;

In consideration of the covenants, promises, and conditions stated in this Agreement, Corporation and Company agree as follows:

1. *Effective Date.* The effective date of this Agreement ("Effective Date") is the latest date that either party executes this Agreement, so long as the Agreement has been approved by the City's City Council. Company understands that this Agreement is dependent upon the approval of City Council.
2. *Term.* The term of this Agreement is beginning on the Effective Date through Completion Date of April 30, 2027, or as amended by agreement of all parties.
3. *Performance Requirements.*
 - a. Company agrees to use these funds towards the project cost of certain Infrastructure improvements allowed under Section 501.103(1) of the Texas Local Government Code needed for the Project and to promote expanded business enterprises.
 - b. Company agrees to provide the Corporation with a sworn certificate by an authorized representative of the Company, certifying the amount expended for certain infrastructure improvements.
 - c. Company must provide the Corporation with a detailed list of infrastructure expenditures each year on or before June 30th annually, until construction is complete.

d. During the term of this Agreement, Company will invest up to \$1,000,000 for construction of infrastructure and site improvements necessary for the Project, which will replace the prior Admiral's quarters at Naval Air Station – Corpus Christi. See **Exhibit A**. The Admiral's quarters must meet all requirements of the United States Navy for a quarters that is intended to serve an Admiral. All design plans must be approved and accepted by the United States Navy in accordance with the standard processes followed by the Company and the United States Navy under their agreements for housing development. Company must, for the full term of this Agreement, maintain the quarters in good condition in accordance with the requirements of its agreement(s) with the United States Navy.

e. Company must complete the certain infrastructure improvements required in **Exhibit A** on or before April 30, 2027 ("Completion Date"), or as extended by mutual agreement of all parties and agreed to in writing as part of an amendment to this agreement.

4. *Grant Award.*

a. The Corporation will grant Company the amount not to exceed \$1,000,000, which will be paid in quarterly installments in accordance with a construction and expenditure schedule approved by the City Manager or designee. The Company can request payments no earlier than 60 days after the approval of this Agreement and the construction and expenditure schedule, which must provide for the amounts that Company requires for construction in each calendar quarter beginning April 1, July 1, October 1, and January 1.

b. Along with any request for funding, Company must submit certification that there are no mechanics, contractor's or materialman's liens against the property and provide documentation establishing infrastructure expenses up to the date of the request as per the approved construction and expenditure schedule.

5. *Utilization of Local Contractors and Suppliers.* Company agrees to exercise reasonable efforts in utilizing local contractors and suppliers in the construction of the Project, except where not reasonably possible to do so without added expense, substantial inconvenience, or sacrifice in operating efficiency in the normal course of business, with a goal of 50% of the total dollar amount of all construction contracts and supply agreements being paid to local contractors and suppliers. For the purposes of this section, the term "local" as used to describe manufacturers, suppliers, contractors, and labor includes firms, businesses, and persons who reside in or maintain an office within a 50-mile radius of Nueces County. Company agrees, during the construction of the Project and for four years after Completion, to maintain written records documenting the efforts of Company to comply with the Local Requirement, and to provide an annual report to the City Manager or designee, from which the City Manager or designee shall

determine if Company is in compliance with this requirement. Failure to substantially comply with this requirement may be a default hereunder.

6. *Utilization of Disadvantaged Business Enterprises (“DBE”)*. Company agrees to exercise reasonable efforts in utilizing contractors and suppliers that are determined to be DBEs, including minority business enterprises, women-owned business enterprises and historically-underutilized business enterprises. In order to qualify as a business enterprise under this provision, the firm must be certified by the City, the Regional Transportation Authority or another governmental entity in the jurisdiction of the home office of the business as complying with state or federal standards for qualification as such an enterprise. Company agrees to a goal of 30% of the total dollar amount of all construction contracts and supply agreements being paid to DBEs, with a priority made for DBEs which are local. Company agrees, during the construction of the Project and for four years after Completion, to maintain written records documenting the efforts of Company to comply with the DBE Requirement, and to provide an annual report to the City Manager or designee, from which the City Manager or designee shall determine if Company is in compliance with this requirement. Failure to substantially comply with this requirement may be a default hereunder. For the purposes of this section, the term “local” as used to describe contractors and suppliers that are determined to be DBEs, including minority business enterprises, women-owned business enterprises and historically-underutilized business enterprises includes firms, businesses, and persons who reside in or maintain an office within a 50 mile radius of Nueces County.

7. *Warranties*. Company warrants and represents to Corporation the following:

a. Company is duly organized, validly existing, and in good standing under the laws of the State of Texas, has all power and authority to carry on its business as presently conducted in Corpus Christi, Texas.

b. Company has the authority to enter into and perform, and will perform, the terms of this Agreement to the best of its ability.

c. Company has timely filed and will timely file all local, State, and Federal tax reports and returns required by laws to be filed and all taxes, assessments, fees, and other governmental charges, including applicable ad valorem taxes, have been timely paid, and will be timely paid, during the term of this Agreement.

d. Company has received a copy of the Act and acknowledges that the funds granted under this Agreement must be utilized solely for purposes authorized under State law and by the terms of this Agreement.

e. The person executing this Agreement on behalf of Company is duly authorized to execute this Agreement on behalf of Company.

f. Company does not and agrees that it will not knowingly employ an undocumented worker. If, after receiving payments under this Agreement, Company is convicted of a violation under 8 U.S.C. Section 1324a(f), Company shall repay the amount of payments received under this Agreement to the City, that had been found to be paid to undocumented workers in violation of 8 U.S.C. Section 1324a(f), with interest at the Wall Street Journal Prime Rate, not later than the 120th day after the date Company has been notified of the violation.

8. *Compliance with Laws.* During the Term of this Agreement, Company shall observe and obey all applicable laws, ordinances, regulations, and rules of the Federal, State, county, and city governments.

9. *Non-Discrimination.* Company covenants and agrees that Company will not discriminate nor permit discrimination against any person or group of persons, with regard to employment and the provision of services at, on, or in the Project, on the grounds of race, religion, national origin, marital status, sex, age, disability, or in any manner prohibited by the laws of the United States or the State of Texas.

10. *Force Majeure.* If the Corporation or Company is prevented, wholly or in part, from fulfilling its obligations under this Agreement by reason of any act of God, unavoidable accident, acts of enemies, fires, floods, governmental restraint or regulation, other causes of force majeure, or by reason of circumstances beyond its control, then the obligations of the Corporation or Company are temporarily suspended during continuation of the force majeure. If either party's obligation is affected by any of the causes of force majeure, the party affected shall promptly notify the other party in writing, giving full particulars of the force majeure as soon as possible after the occurrence of the cause or causes relied upon.

11. *Assignment.* Company may not assign all or any part of its rights, privileges, or duties under this Agreement without the prior written approval of the Corporation and City. Any attempted assignment without approval is void and constitutes a breach of this Agreement.

12. Indemnity. Company covenants to fully indemnify, save, and hold harmless the Corporation, the City, their respective officers, employees, and agents (“Indemnitees”) against all liability, damage, loss, claims, demands, and actions of any kind on account of personal injuries (including, without limiting the foregoing, workers’ compensation and death claims), or property loss or damage of any kind, which arise out of or are in any manner connected with, or are claimed to arise out of or be in any manner connected with Company’s activities conducted under or incidental to Company’s performance under this Agreement, including any injury, loss or damage caused by the sole or contributory negligence of any or all of the Indemnitees. Company must, at its own expense, investigate all those claims and demands, attend to their settlement or other disposition, defend all actions based on those claims and demands with counsel satisfactory to Indemnitees, and pay all charges of attorneys and all other costs and expenses of any kind arising from the liability, damage, loss, claims, demands, or actions.

13. *Events of Default by Company.* The following events constitute a default of this Agreement by Company:

- a. The Corporation or City determines that any representation or warranty on behalf of Company contained in this Agreement or in any financial statement, certificate, report, or opinion submitted to the Corporation in connection with this Agreement was incorrect or misleading in any material respect when made.
- b. Any judgment related to the reconstruction of this project is assessed against Company or any attachment or other levy against the property of Company with respect to a claim remains unpaid, undischarged, or not dismissed for a period of 120 days.
- c. Company makes an assignment for the benefit of creditors.
- d. Company files a petition in bankruptcy or is adjudicated insolvent or bankrupt.

e. If taxes owed by Company become delinquent, and Company fails to timely and properly follow the legal procedures for protest or contest.

f. Company changes the general character of business as conducted as of the date this Agreement is approved by the Corporation.

g. Company fails to complete all of the infrastructure improvements listed in **Exhibit A** on or before the Completion Date, or fails to comply with one or more terms of this Agreement.

14. *Notice of Default.* Should the Corporation or City determine that Company is in default according to the terms of this Agreement, the Corporation or City shall notify Company in writing of the event of default and provide 60 days from the date of the notice (“Cure Period”) for Company to cure the event of default.

15. *Results of Uncured Default by Company.* The following actions must be taken for any default that remains uncured after the Cure Period.

a. Company shall immediately repay all funds paid by Corporation to it under this Agreement.

b. Company shall pay Corporation’s reasonable attorney fees and costs of court to collect amounts due to Corporation if not immediately repaid upon demand from the Corporation.

c. Upon payment by Company of all sums due, the Corporation and Company shall have no further obligations to one another under this Agreement.

16. *No Waiver.*

a. No waiver of any covenant or condition, or the breach of any covenant or condition of this Agreement, constitutes a waiver of any subsequent breach of the covenant or condition of the Agreement.

b. No waiver of any covenant or condition, or the breach of any covenant or condition of this Agreement, justifies or authorizes the nonobservance on any other occasion of the covenant or condition or any other covenant or condition of this Agreement.

c. Any waiver or indulgence of Company's default may not be considered an estoppel against the Corporation.

d. It is expressly understood that if at any time Company is in default in any of its conditions or covenants of this Agreement, the failure on the part of the Corporation to promptly avail itself of the rights and remedies that the Corporation may have, will not be considered a waiver on the part of the Corporation, but Corporation may at any time avail itself of the rights or remedies or elect to terminate this Agreement on account of the default.

17. Company specifically agrees that Corporation shall not be liable to Company for any actual or consequential damages, direct or indirect, interest, attorney fees, or cost of court for any act of default by Corporation under the terms of this Agreement. Payment by Corporation is strictly limited to those funds so allocated, budgeted, and collected solely during the grant term of this Agreement. Corporation shall use its best efforts to anticipate economic conditions and to budget accordingly. However, it is further understood and agreed that, should the actual total sales tax revenue collected for any one year be less than the total amount of grants to be paid to all contracting parties with Corporation for that year, then in that event, all contracting parties shall receive only their pro rata share of the available sales tax revenue for that year, less Corporation's customary and usual costs and expenses, as compared to each contracting parties' grant amount for that year, and Corporation shall not be liable to for any deficiency at that time or at any time in the future. In this event, Corporation will provide all supporting documentation, as requested. Payments to be made shall also require a written request from Company to be accompanied by all necessary supporting documentation.

18. The parties mutually agree and understand that funding under this Agreement is subject to annual appropriations by the City Council; that each fiscal year's funding must be included in the budget for that year; and the funding is not effective until approved by the City Council.

19. *Notices.*

a. Any required written notices shall be sent mailed, certified mail, postage prepaid, addressed as follows:

Company:
South Texas Military Housing, LP
Attn: Regis Matejcik

5501 A Balcones Drive #232
Austin, Texas 78731

Corporation:

Corpus Christi B Corporation
Attn.: Executive Director
1201 Leopard Street
Corpus Christi, Texas 78401

b. A copy of all notices and correspondence must be sent the City at the following address:

City of Corpus Christi
Attn.: Assistant City Manager
P.O. Box 9277
Corpus Christi, Texas 78469-9277

c. Notice is effective upon deposit in the United States mail in the manner provided above.

20. *Amendments or Modifications.* No amendments or modifications to this Agreement may be made, nor any provision waived, unless in writing signed by a person duly authorized to sign Agreements on behalf of each party.

21. *Relationship of Parties.* In performing this Agreement, both the Corporation and Company will act in an individual capacity, and not as agents, representatives, employees, employers, partners, joint-venturers, or associates of one another. The employees or agents of either party may not be, nor be construed to be, the employees or agents of the other party for any purpose.

22. *Captions.* The captions in this Agreement are for convenience only and are not a part of this Agreement. The captions do not in any way limit or amplify the terms and provisions of this Agreement.

23. *Severability.*

a. If for any reason, any section, paragraph, subdivision, clause, provision, phrase or word of this Agreement or the application of this Agreement to any person or circumstance is, to any extent, held illegal, invalid, or unenforceable under present or future law or by a final judgment of a court of competent jurisdiction, then the

remainder of this Agreement, or the application of the term or provision to persons or circumstances other than those as to which it is held illegal, invalid, or unenforceable, will not be affected by the law or judgment, for it is the definite intent of the parties to this Agreement that every section, paragraph, subdivision, clause, provision, phrase, or word of this Agreement be given full force and effect for its purpose.

b. To the extent that any clause or provision is held illegal, invalid, or unenforceable under present or future law effective during the term of this Agreement, then the remainder of this Agreement is not affected by the law, and in lieu of any illegal, invalid, or unenforceable clause or provision, a clause or provision, as similar in terms to the illegal, invalid, or unenforceable clause or provision as may be possible and be legal, valid, and enforceable, will be added to this Agreement automatically.

24. *Venue.* Venue for any legal action related to this Agreement is in Nueces County, Texas.

25. *Sole Agreement.* This Agreement constitutes the sole Agreement between Corporation and Company. Any prior Agreements, promises, negotiations, or representations, verbal or otherwise, not expressly stated in this Agreement, are of no force and effect.

26. *Survival of terms of Agreement and obligations of parties.* The terms of this Agreement and the obligation of the parties relating to Section 14 shall survive the termination of this Agreement.

(Remainder of this page intentionally left blank)

Corpus Christi B Corporation

By: _____

Leah Pagan Olivarri
President

Date: _____

APPROVED AS TO FORM:

Jacqueline Bazan
Assistant City Attorney

Attest:

By: _____

Rebecca Huerta
Assistant Secretary

South Texas Military Housing, LP

By: _____

Name: _____

Title: _____

Date: _____

THE STATE OF TEXAS
COUNTY OF NUECES

This instrument was acknowledged before me on _____, 2024, by
_____, _____, of South Texas Military Housing,
LP, a Texas limited partnership, on behalf of the partnership.

Notary Public
State of Texas