

**SMALL BUSINESS INCENTIVES AGREEMENT BETWEEN THE CORPUS CHRISTI B CORPORATION AND LIFTFUND INC. FOR AN INTEREST BUY DOWN PROGRAM FOR SMALL BUSINESSES**

This Small Businesses Incentives Agreement for an Interest Buy Down Program for Small Businesses (“Agreement”) is entered into between the Corpus Christi B Corporation (“Corporation”) and LiftFund Inc., a Texas nonprofit corporation (collectively, “the Parties”).

WHEREAS, the Texas Legislature in Section 4A of Article 5190.6, Vernon’s Texas Revised Civil Statutes (Development Corporation Act of 1979), now Title 12, Subtitle C1 (Chapters 501 – 507), Texas Local Government Code, 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 of Corpus Christi, Texas (“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 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 Board of Directors of the Corporation (“Board”), on August 16, 2021, amended the Corporation’s Guidelines and Criteria for Granting Business Incentives (“Type B Guidelines”), which the City Council approved on August 31, 2021;

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

WHEREAS, LiftFund is a Texas nonprofit corporation whose principal mission is to provide loans to small business owners lacking access to commercial credit;

WHEREAS, LiftFund anticipates, over the next twelve months, providing interest buy down to 5.5% for approximately 60 loans with an average value of \$25,000 to low- and moderate-income micro and small business owners in Corpus Christi to generate approximately 20 new permanent full-time jobs; and

WHEREAS, the Board has determined that it is in the best interests of the citizens of Corpus Christi, Texas that business development funds be provided to LiftFund, through this contract with LiftFund, to be used by LiftFund to buy down the interest on commercial loans to 5.5% interest for small businesses and establish a small business grant program, both of which will result in creation of new full-time permanent jobs in the city of Corpus Christi;

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

1. Effective Date. The effective date of this Agreement ("Effective Date") is the latest date that either party executes this Agreement.
2. Term. The term of this Agreement is for one year from October 1, 2023, through September 30, 2024. Per the guidelines, LiftFund must reapply every year for the grant.
3. Interest Buy Down Program.

a. In consideration for creation and maintenance of new jobs as provided in this Agreement, the Corporation agrees to pay LiftFund up to \$200,000 for the Interest Buy-Down Program as follows:

i. LiftFund must first receive a request for a loan from a small business or start-up company that has the ability to produce jobs in the future and is located in Corpus Christi or will be locating in Corpus Christi ("Business").

ii. The request from the applicant must include an affidavit stating that they have applied for normal financing from a bank, or similar lending institution, and have been denied a loan.

iii. LiftFund shall review the request for a loan from the Business.

iv. Upon LiftFund approval of a loan, LiftFund shall submit documentation, in a form acceptable to the Corporation, requesting funds to buy down the interest rate from the interest rate allowable per the underwriting criteria to 5.5% or 0% interest for loans related to recovery from damage caused by a hurricane. The Corporation authorizes an interest buy down up to 7% of the interest rate to finance the loan. Payment by Corporation shall not exceed \$17,500 per loan and shall be calculated using the following formula:

$$(\text{Loan amount} \times \text{interest rate to buy down to } 5.5\%) / 12 = N$$

$N \times \text{number of payments} = \text{interest buy down reimbursement to LiftFund for business loan. (The number of monthly payments shall not exceed sixty (60).)}$

Example:  $(\$10,000 \times 7\%) / 12 = 58.33$

$58.33 \times 36 = \$2,100 = \text{amount to be reimbursed to LiftFund for business loan.}$

v. The Corporation shall reimburse funds within 30 days after evidence of closing the loan is submitted.

vi. The total funds available on an annual basis under the Interest Buy Down Program under this agreement are \$200,000. Of the \$200,000, up to \$10,000 may be used for marketing expenses related to the program.

- b. The loans assisted with the program must be within the range of \$5,000 to \$75,000.
- c. This program must result in the creation of one permanent full-time job per every loan of at least \$50,000 assisted with the Interest Buy Down Program. LiftFund shall ensure that the loan will result in the creation of one new full-time permanent job in the city of Corpus Christi.
- d. Businesses assisted through this program must be:
  - i. A start-up or existing small business that is unable to obtain a loan from a traditional financial institution or unable to qualify for the total needed for a business loan through a bank or credit union, in which case LiftFund can loan the remaining amount with the buy down interest rate program in conjunction with the bank\credit union.
  - ii. An existing small business that needs assistance to expand.
  - iii. Any business assisted under the provisions of paragraphs i or ii of this subsection, must be:
    - A. Located in or locating in Corpus Christi city limits.
    - B. Current on payment of all sales taxes.
    - C. Current on payment of all ad valorem taxes in the City of Corpus Christi.
- e. The following projects are ineligible for this program:
  - i. Refinancing of existing loans or debt
  - ii. Businesses located outside the Corpus Christi city limits
  - iii. Home-based businesses
  - iv. Loans to existing businesses which are not planning on expanding
  - v. Business retention.
- f. LiftFund may use up to \$200,000 to assist start-up and existing small businesses that have little or no access to traditional credit.
- g. LiftFund shall provide the Corporation with quarterly reports, in a form acceptable to the Corporation, to identify the loans made, name and address of the business receiving the loan, jobs created under the Interest Buy Down Program, and other reports as requested by the Corporation.
- h. LiftFund shall provide funds for operations and loan capital to implement and sustain the program.
- i. LiftFund shall develop loan underwriting criteria and payment terms and conditions for its loan program and provide to the Corporation.

4. Job Creation Qualification.

- a. In order to count as a created job under this Agreement, the job must pay wages at least as high as the median wage of the occupation in the Corpus Christi MSA as determined by Texas Workforce Commission's Texas Industry Profiles report.
- b. A "job" is defined in the Type B Guidelines as a full-time employee, contractor, consultant, or leased employee who has a home address in the Corpus Christi MSA.
- c. LiftFund agrees to confirm and document to the Corporation that each job created as a result of funding provided by this Agreement is maintained throughout the term of the loan to the Business.
- d. LiftFund agrees to provide Corporation with a sworn certificate by authorized representative of each shall business assisted under this Agreement certifying the number of full-time permanent employees employed by the small business.
- e. LiftFund shall ensure that the Corporation is allowed reasonable access to personnel records of the small businesses assisted under this Agreement.

5. Buy Local Provision.

- a. LiftFund agrees to use its best efforts to give preference and priority to local manufacturers, suppliers, contractors, and labor, except where not reasonably possible to do so without added expense, substantial inconvenience, or sacrifice in operating efficiency.
- b. 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.

6. Local Offices. Two staff persons of LiftFund offices shall be located in Corporation designated offices or a mutually agreeable location.

7. Warranties. LiftFund warrants and represents to Corporation the following:

- a. LiftFund is a corporation duly organized, validly existing, and in good standing under the laws of the State of Texas, and further has all corporate power and authority to carry on its business as presently conducted in Corpus Christi, Texas.
- b. LiftFund has the authority to enter into and perform, and will perform, the terms of this Agreement.
- c. LiftFund has timely filed and will timely file all local, State, and Federal tax reports and returns required by laws to be filed and all Texas, 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. LiftFund has received a copy of the Act and acknowledges that the funds granted in this Agreement must be utilized solely for purposes authorized under State law and by the terms of this Agreement.

e. If an audit determines that the funds were not used for authorized purposes, LiftFund agrees to reimburse Corporation for the sums of money spent for purposes not authorized by law within 30 days written notice requesting reimbursement.

f. The parties executing this Agreement on behalf of LiftFund are duly authorized to execute this Agreement on behalf of LiftFund.

g. LiftFund does not and agrees that it will not knowingly employ an undocumented worker. If, after receiving payments under this Agreement, LiftFund is convicted of a violation under 8 U.S.C. Section 1324a(f), LiftFund shall repay the payments at the rate and according to the terms as specified by City Ordinance, as amended, not later than the 120<sup>th</sup> day after the date LiftFund has been notified of the violation.

8. Compliance with Laws. LiftFund shall observe and obey all applicable laws, ordinances, regulations, and rules of the Federal, State, county, and city governments.

9. Non-Discrimination. LiftFund covenants and agrees that LiftFund 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 Facility, 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 LiftFund 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 LiftFund 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. LiftFund 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. LiftFund 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 LiftFund activities conducted under or incidental to this Agreement, including any injury, loss or damage caused by the sole or contributory negligence of any or all of the Indemnitees. LiftFund 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 cost and expenses of any kind arising from the liability, damage, loss, claims, demands, or actions. Indemnification is not applicable for any settlement, final judgment or award rendered in connection with a claim, suit, action or proceeding in which the final judgment or award, or for purposes of settlement the available evidence is clear and***

***convincing, that any Indemnitee is liable in whole or in part for the claims or causes of action asserted by a third party.***

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

- a. Failure of LiftFund to timely, fully, and completely comply with any one or more of the requirements, obligations, duties, terms, conditions, or warranties of this Agreement.
- b. The Corporation or City determines that any representation or warranty on behalf of LiftFund 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.
- c. Any judgment is assessed against LiftFund or any attachment or other levy against the property of LiftFund with respect to a claim remains unpaid, undischarged, or not dismissed for a period of 30 days.
- d. LiftFund makes an assignment for the benefit of creditors.
- e. LiftFund files a petition in bankruptcy, or is adjudicated insolvent or bankrupt.
- f. If taxes owed by LiftFund become delinquent, and LiftFund fails to timely and properly follow the legal procedures for protest or contest.
- g. LiftFund changes the general character of business as conducted of the date this Agreement is approved by the Corporation.

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

15. Results of Uncured Default. After exhausting good faith attempts to address any default during the cure Period, and taking into account any extenuating circumstances that might have occurred through no fault of LiftFund, as determined by the Board of Directors of the Corporation, the following actions must be taken for any default that remains uncured after the Cure Period.

- a. LiftFund shall immediately repay all funds paid by Corporation under this Agreement.
- b. LiftFund shall pay Corporation reasonable attorney fees and costs of court to collect amounts due to Corporation.
- c. The Corporation shall have no further obligations to LiftFund under this Agreement.
- d. Neither the City nor the Corporation may be held liable for any consequential damages.
- e. The Corporation may pursue all remedies available under law.

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 LiftFund' default may not be considered an estoppel against the Corporation.
- d. It is expressly understood that if at any time LiftFund 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. LiftFund specifically agrees that Corporation shall only be liable to LiftFund for the actual amount of the money grants to be conveyed to LiftFund, and shall not be liable to LiftFund 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, being October 1, 2023, through September 30, 2024. 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 LiftFund to be accompanied by all necessary supporting documentation. THIS SECTION DOES NOT APPLY WHERE LOSSES RESULT FROM BREACH OF CONFIDENTIALITY, REFUSAL TO PERFORM, DEATH, BODILY INJURY, DAMAGE TO PERSONAL PROPERTY, VIOLATION OF APPLICABLE LAW, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

18. Notices.

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

LiftFund:

LiftFund Inc.  
Attn.: Amy Hereford, General Counsel  
2014 S. Hackberry St.  
San Antonio, Texas 78210

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.: 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.

19. Incorporation of other documents. The Corpus Christi B Corporation Guidelines and Criteria for Granting Business Incentives ("Corporation Guidelines"), as amended, are incorporated into this Agreement.

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 LiftFund 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 LiftFund. 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 the Interest Buy Down Program shall survive the termination of this agreement.

APPROVED AS TO FORM: \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Aimee Alcorn-Reed  
Assistant City Attorney  
For City Attorney

**Corpus Christi B Corporation**

By: \_\_\_\_\_  
Leah Pagan Olivarri  
President

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

**Attest:**

By: \_\_\_\_\_  
Rebecca Huerta  
Assistant Secretary

**LiftFund Inc.**

By: \_\_\_\_\_  
Nelly Rojas-Moreno  
COO/CFO

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

**THE STATE OF TEXAS     §**  
  **§**  
**COUNTY OF BEXAR         §**

This instrument was acknowledged before me on \_\_\_\_\_, 20\_\_, by Nelly Rojas-Moreno, COO/CFO for LiftFund Inc., a Texas non-profit corporation, on behalf of the corporation.

\_\_\_\_\_  
Notary Public  
State of Texas