

Lofty, LLC
(Double R Lofts)
Summary Page

Project Goal:

Lofty, LLC received financial assistance to convert a 37,152 ft² warehouse into 25 residential units.

Incentive Details:

Agreement Start Year: 2017

Agreement End Year: 2036

Developer's Obligations:

- Invest a minimum of \$2,912,500 in construction to convert the warehouse into residential units.

City's Obligations:

- Annually reimburse 90 percent of Property Tax Increment for 20 years

Performance Criteria

- Secure not less than \$2,912,500 in private investment
- Comply with all terms, conditions, and obligations within the Agreement
- Obtain Certificate of Occupancy on or before 12/31/16

Benefit to City:

1. Enhances and diversifies economic and housing base of Amarillo area.
2. Contributes to urban residential development goal of Ord. 7012.
3. Attracts major investment that will be of benefit to the City.
4. Contributes to the economic development of the City.

**DEVELOPER AGREEMENT
TAX INCREMENT REINVESTMENT ZONE NO. 1,
CITY OF AMARILLO, TEXAS**

This DEVELOPER AGREEMENT ("Agreement") is entered into by and between the TAX INCREMENT REINVESTMENT ZONE NUMBER ONE, CITY OF AMARILLO, TEXAS (the "Zone"), by and through its administrative board appointed in accordance with Chapter 311 of the Texas Tax Code (the "Act") to oversee the administration of the Zone, a reinvestment zone designated by ordinance of the City of Amarillo, Texas ("City") in accordance with the Act, and Lofty, LLC (Developer).

The Zone and Developer hereby agree that the following statements are true and correct and constitute the basis upon which the Zone and Developer have entered into this Agreement:

WHEREAS, on December 19, 2006, the City Council approved Ordinance No. 7012 establishing Tax Increment Reinvestment Zone Number One, City of Amarillo, Texas, (the "Zone") in accordance with the Tax Increment Financing Act, as amended (V.T.C.A., Tax Code, Chapter 311) to promote development and redevelopment in the area through the use of tax increment financing;

WHEREAS, on November 13, 2007, pursuant to Ordinance No. 7076, the CITY did approve Tax Increment Financing Reinvestment Zone Number One, City of Amarillo, Texas, Project and Financing Plan (the "Plan") and certain amendments to Ordinance No. 7012;

WHEREAS, pursuant to the Plan, certain tax revenues will flow into a fund to be administered by the Zone, known as the Tax Increment Fund (TIF); also, the Zone may receive other gifts, grants or other revenue to be accounted for separately from the TIF but used only for duly approved authorized purposes of the Zone;

WHEREAS, pursuant to Section 311.010 of the Act and the provisions of City Ordinance No. 7012, as amended, City has delegated to the Zone the powers necessary for the implementation of the Plan, which powers include the power to enter into agreements for the construction of both private and public improvements that accomplish or enhance one of these four goals: 1) Convention Hotel, 2) Urban Residential Development, 3) Office/Commercial/Retail Development, or 4) Ballpark/Family Entertainment Venues;

WHEREAS, the Zone and City recognize the importance of its continued role in local economic development, including incentives under Chapter 380, Texas Local Government Code;

WHEREAS, Developer owns or controls certain property located within the Zone and has requested reimbursement for constructing certain improvements pursuant to the Plan; and,

WHEREAS, Developer's proposed project was approved for TIRZ participation by the Amarillo City Council on January 19, 2016;

NOW THEREFORE, in consideration of the mutual covenants and obligations herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Section 1. Site

Developer owns or is under contract to purchase certain real property (the "Property"), which is within the city limits of Amarillo and the boundaries of the Zone. The Property is specifically described in Exhibit A. The property is currently developed.

Section 2. Project & Financing

The project involves renovation of a 37,152 square foot warehouse located at 705 SE Grant Street into 25 residential units (the "Private Improvements"), which are more particularly described on Exhibit B-1. The project has received a Certificate of Appropriateness from the Downtown Amarillo Urban Design Review Board.

Developer understands and agrees that the cost of the Private Improvements associated with the Project shall be funded by and through Developer's own capital or other financing means arranged and obtained by Developer. Further, the TIF payments made to Developer pursuant to this Agreement are not intended to reimburse Developer for all of its costs incurred in connection with performing its obligations under this Agreement.

Section 3. TIF Participation: partial reimbursement of tax increment

Subject to all limitations and conditions precedent contained in this Agreement and the attached exhibits, Zone agrees to provide: annual reimbursement to Developer of ninety percent (90%) of the annual ad valorem tax increment from participating taxing entities that is generated by the Property's ad valorem tax revenue for a term not to exceed twenty (20) years after the effective date stated herein. The term "tax increment" means the difference in tax revenue on the

Property between the year in which City approved this Agreement and January 1 of each subsequent tax year during the term of this Agreement.

Unless explicitly provided differently in an exhibit attached hereto, all grants, loans, reimbursements and any other financial payment to Developer under this Agreement shall be made in annual installments in June of each year (commencing in the first year following project completion), provided all current taxes have been paid on the Property and any other prerequisites stated in this Agreement have been satisfied.

During each fiscal year for the term of this Agreement, payment of the annual installment to Developer shall have priority for reimbursement over all other Zone expenditures subject only to (i) preexisting debt service and (ii) any pre-existing annual expenditures required to be made pursuant to other Developer Agreements prior in time to this Agreement.

Zone also reserves the right, when payments come into the Tax Increment Fund, to prepay all or any portion of the total amount to be reimbursed under this Agreement at any given time. If City in its sole discretion issues Tax Increment Funds Bonds to pay for previous and future projects, Zone may fully reimburse Developer from bond proceeds received, the existing unpaid balance plus accrued interest under this Agreement, and under any other outstanding developer agreements within the Zone.

Section 4. Reimbursement Limited to TIF Fund

Developer understands and agrees that any and all payments, obligations, grants, loans, reimbursements and any other form of financial obligation imposed on the Zone by this Agreement ("Reimbursement") shall be made solely from then-currently available revenues in the TIF Fund and subject to pre-existing commitments and all other terms of this Agreement and applicable laws. In the event that there is not sufficient revenue in the TIF Fund to timely pay Developer any part of the Reimbursement, the Zone will pay Developer such portion of the Reimbursement that may be available at the time. The balance of any due but unpaid Reimbursement shall be carried forward without interest and paid by the Zone in the first year in which there is sufficient revenue in the TIF to pay such balance. Developer agrees that it will not look to other funds of the Zone, bonds or funds of the City, or any property of the Zone or City for all or any portion of the Reimbursement. Upon termination of the Zone on December 19, 2036, as provided by Ordinance No. 7012 or such other date as may be specified in a subsequent ordinance adopted in accordance with Section 311.017 of the Act, any portion of the Reimbursement that has not been paid due to the unavailability of revenue in the TIF Fund or due to Developer's failure to meet any precondition under this Agreement for receipt of the Reimbursement shall no longer be considered Project Costs of the Zone, and any obligation of the Zone to pay Developer any remaining balance of the Reimbursement shall automatically expire.

Section 5. Term

The term of this Agreement shall begin upon the effective date and end upon the earlier of: (a) the complete performance of all obligations and conditions precedent by parties to this Agreement; (b) expiration of twenty years after effective date; or (c) the expiration of the term of the Zone.

Section 6. Exhibits

The parties agree that each and every exhibit that is mentioned in and attached to this Agreement is a material part of this Agreement and each such exhibit is by this reference, incorporated into this agreement for all purposes as though set forth verbatim here.

Section 7. Force Majeure

It is expressly understood and agreed by the parties that if the performance of any obligation hereunder is delayed by reason of war, civil commotion, acts of God, inclement weather, governmental restrictions, regulations, or interferences, delays caused by the franchise utilities (SPS/Xcel Electric, Southwestern Bell Telephone, Atmos Gas, Suddenlink Cable or their Contractors or other utilities or their contractors), fire or other casualty, court injunction, necessary condemnation proceedings, acts of the other party, its affiliates/related entities and/or their contractors, or any actions or inactions of third parties or other circumstances which are reasonably beyond the control of the party obligated or permitted under the terms of this Agreement to do or perform the same, regardless of whether any such circumstance is similar to any of those enumerated or not, the party so obligated or permitted shall be excused from doing or performing the same during such period of delay, so that the time period applicable to such design or construction requirement shall be extended for a period of time equal to the period such party was delayed.

Section 8. Indemnity

DEVELOPER AGREES TO DEFEND, INDEMNIFY AND HOLD THE ZONE, THE BOARD, THE CITY AND THEIR RESPECTIVE OFFICERS, AGENTS AND EMPLOYEES, ASSIGNS AND SUCCESSORS, HARMLESS AGAINST ANY AND ALL CLAIMS, DEMANDS, LAWSUITS, JUDGMENTS, COSTS AND EXPENSES, INTEREST, AND ATTORNEY FEES FOR PERSONAL INJURY (INCLUDING DEATH), PROPERTY DAMAGE (INCLUDING LOSS) OR OTHER HARM FOR WHICH RECOVERY OF DAMAGES IS SOUGHT THAT MAY ARISE OUT

OF OR BE OCCASIONED BY DEVELOPER'S BREACH OF ANY OF THE TERMS OR PROVISIONS OF THIS AGREEMENT, OR BY ANY NEGLIGENT ACT OR OMISSION OF DEVELOPER, ITS OFFICERS, AGENTS, ASSOCIATES, EMPLOYEES, CONTRACTORS OR SUBCONTRACTORS IN THE PERFORMANCE OF THIS AGREEMENT; EXCEPT THAT THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH SHALL NOT APPLY TO ANY LIABILITY RESULTING FROM THE SOLE NEGLIGENCE OF THE ZONE, BOARD OR CITY OR THEIR RESPECTIVE OFFICERS, AGENTS, EMPLOYEES OR CONTRACTORS, AND IN THE EVENT OF JOINT AND CONCURRENT NEGLIGENCE OF BOTH DEVELOPER AND ZONE, RESPONSIBILITY, IF ANY, SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS. HOWEVER, NOTHING IN THIS SECTION WAIVES ANY IMMUNITY OR OTHER DEFENSE AVAILABLE TO THE ZONE, BOARD OR CITY UNDER TEXAS OR FEDERAL LAW.

Section 9. M/WBE Goals

In satisfaction of the Zone's obligations under Section 311.0101 of the Act, Developer shall make a good faith effort to comply with City's policy regarding participation of business enterprises eligible as small, minority, or women-owned business enterprises in subcontracting any of the construction performed on the Project. Upon Developer's request, City shall provide Developer with access to the list of companies that qualify as such a business enterprise. Developer shall: (i) maintain records showing its contracts, supply agreements, and service agreements with such Business Enterprises, as well as its efforts to identify and award contracts to such Business Enterprises; and, (ii) provide a report to the Zone annually during construction, in a manner reasonably prescribed by the Board, documenting its efforts to comply with this paragraph.

Section 10. Events of Default & Remedies

A default shall exist if either party fails to perform or observe any material covenant contained in this Agreement, including exhibits, which is not otherwise excused under the terms of this Agreement. The non-defaulting party shall immediately notify the defaulting party in writing upon becoming aware of any change in the existence of any condition or event that would constitute a default or, with the giving of notice or passage of time, or both, would constitute a default under this Agreement. Such notice shall specify the nature and the period of existence thereof and what action, if any, the non-defaulting party requires or proposes to require with respect to curing the default.

If a default shall occur and continue, after thirty (30) day's notice to cure default, the non-defaulting party may, at its option, pursue any and all remedies it may be entitled to, at law or in equity, in accordance with Texas law, without the necessity of further notice to or demand upon the defaulting party. The Zone shall not, however, pursue remedies for as long as Developer proceeds in good faith and with due diligence to remedy and correct the default, provided that Developer has commenced to cure such default within the 30 days following notice.

Section 11. Venue and Governing Law

This Agreement is performable in Potter County, Texas and venue of any action arising out of this Agreement shall be exclusively in Potter County. This Agreement shall be governed and construed in accordance with the Charter, ordinances, and resolutions of the City of Amarillo, applicable federal and state laws, the violation of which shall constitute a default of this Agreement. To the extent permitted by law, the law of the state of Texas shall apply without regard to applicable principles of conflicts of law, and the parties submit to the jurisdiction of the state and federal courts in Amarillo, Potter County, Texas.

Section 12. Notices

Any notice required by this Agreement shall be deemed to be properly served if deposited in the U.S. mail by certified letter, return receipt requested, addressed to the recipient at the recipient's address shown below, subject to the right of either party to designate a different address by notice given in the manner just described.

If intended for Zone, to:

Tax Increment Reinvestment Zone No. 1
c/o City of Amarillo Director of Planning
509 S.E. 7th Street, Suite 208
Amarillo TX 79101
Fax: 806/378-9388

If intended for Developer, to:

Lofty, LLC
Darin Hudson, President
6508 Robbie Street
Amarillo, TX 79119

Copy to:

Office of the City Attorney
509 S.E. 7th Street, Suite 303
Amarillo, Texas 79101
Fax: 806/378-3018

Copy to:

Same as Developer

Section 12. Severability

In case any one or more of the provisions of this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect by a court or agency of competent jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other remaining provisions hereof and this Agreement shall remain in full force and effect and be construed as if such invalid, illegal, or unenforceable provision had never been contained in this Agreement.

Section 13. Counterparts & Signatures

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument. This agreement may be executed in multiple originals. This agreement may be executed by facsimile signatures which shall be deemed originals and equally admissible as originals.

Section 14. Captions

The captions to the various clauses of this Agreement are for informational purposes only and shall not alter the substance of the terms and conditions of this Agreement.

Section 15. Successors and Assigns

The terms and conditions of this Agreement are binding upon the successors and assigns of all parties hereto. Provided, however, Developer shall not assign this Agreement without prior Zone approval, which approval shall not be unreasonably withheld. Notwithstanding the foregoing, written approval of the Zone shall not be required for an assignment to an Affiliate of Developer. "Affiliate of Developer" as used herein, includes any parent, sister, partner, joint venturer, or subsidiary entity of Developer; any entity in which Developer is a major shareholder, owns an equity interest, or is a joint venturer or partner (whether general or limited), or to the Developer's financial institution.

Section 16. Limited Rights and Non-waiver

This agreement is intended only to establish the rights and obligations as between the Parties hereto and it creates no right, expectation, benefit or obligation for or toward any other person or entity. Nothing stated or omitted from this Agreement shall be construed as a waiver of any defense, affirmative defense, or immunity available to the Zone or the City and their respective officials, directors, members, employees, agents, assigns, successors.

Section 17. Entire Agreement

This Agreement embodies the complete agreement of the parties hereto, superseding all oral or written previous and contemporary agreements between the parties and relating to matters in this Agreement, and except as otherwise provided herein cannot be modified without written agreement of the parties to be attached to and made a part of this Agreement.

EXECUTED as of the dates shown below so as to be effective for all purposes as of the last date upon which all persons and parties for whom a blank is provided have signed (the "effective date").

TAX INCREMENT REINVESTMENT ZONE
NUMBER ONE, CITY OF AMARILO,
TEXAS

Lofty, LLC

By: 

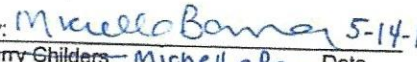
Scott Bentley
Chairman of Board

By: 

Darin Hudson
President

CITY OF AMARILO, TEXAS

APPROVED AS TO FORM AND LEGALITY
FOR CITY & ZONE

By: 

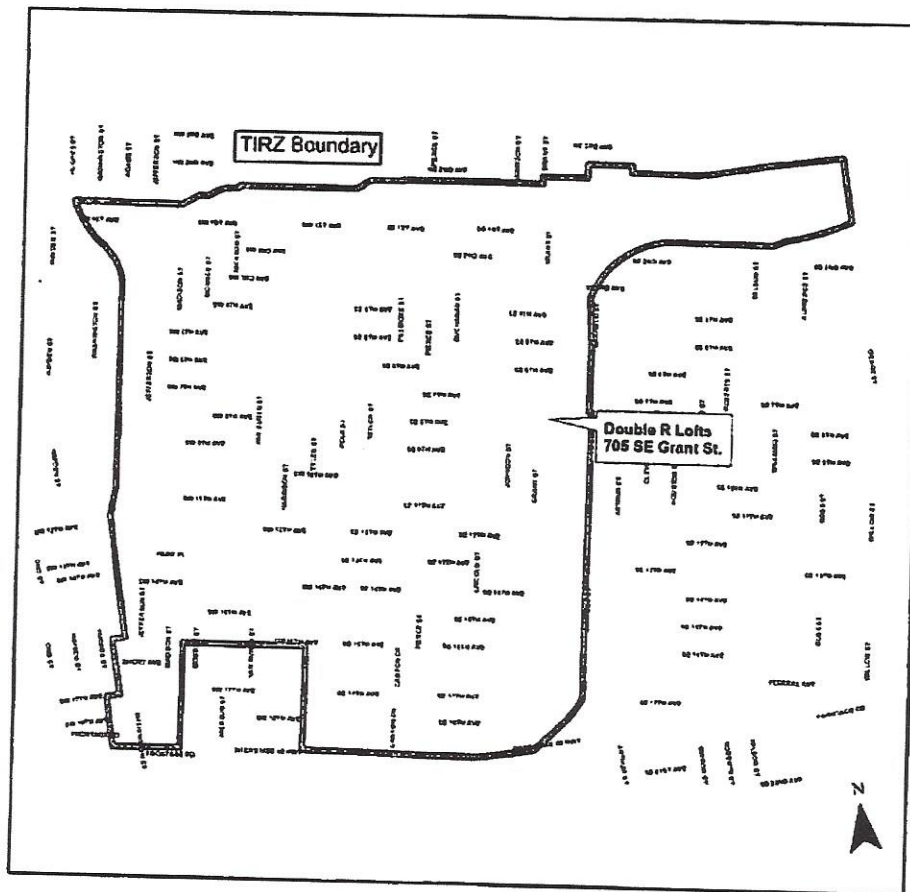
Terry Childers - Michelle Bonner
Interim-City Manager
Asst

By: 

Claud Drinnen
Assistant-City Attorney

Attachments that are part of this Agreement:
Exhibit A Site description & map
Exhibit B-1 Private Property Improvement

EXHIBIT A
MAP OF TIRZ BOUNDARY AND SITE LOCATION



SITE LEGAL DESCRIPTION

Double R Lofts, 705 SE Grant Street and legally described as:

LOTS	13-24
BLOCK	378
ADDITION	Mirror's Addition
CITY	Amarillo, Texas
COUNTY	Potter County, Texas

EXHIBIT B-1
PRIVATE PROPERTY IMPROVEMENT

SECTION 1. IMPROVEMENTS TO BE CONSTRUCTED

Developer promises to construct the following improvements to the Property described in Exhibit A:

Business/Land Use	37,152 sq. ft. building consisting of 25 residential units
Other improvements	Associated parking for residential units
Streetscape Improvements	NA

SECTION 2. FINANCIAL ANALYSIS

Staff has analyzed data that indicates the financial feasibility of the Project is negatively affected given market uncertainty and lack of a comparable property. The proposed gap assistance will encourage and support the Project and is consistent with the goals of the Zone and public purpose to diversify the economy, eliminate un- and under-employment in the Zone, develop or expand business, and commercial activity in the TIRZ. Making grants and loans from the TIF of the Zone will serve those ends.

In order to make Developer's planned development or redevelopment financially feasible, Developer has requested that the Zone reimburse Developer for certain actual costs incurred for financial "gap" assistance per §311.010 of the Texas Tax Code and chapter 380 of the Texas Local Government Code.

SECTION 3. DEVELOPER'S OBLIGATIONS

As conditions precedent to the Zone making any payment from the TIF to Developer, the Developer must:

- Secure not less than \$2,912,500 in private investment for the Project on the Property.
- Comply with all terms, conditions, and obligations of this Exhibit B-1 and the Agreement to which it is attached.
- Obtain a Certificate of Occupancy for the building on or before December 31, 2016.
- Anticipate the first reimbursement no earlier than June 30, 2017. There will be no reimbursement until a Certificate of Occupancy is issued, all taxes on the Property are paid to current, and all other conditions of this exhibit and the Agreement are satisfied.

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