

SECOND AMENDED AND RESTATED ORDER GRANTING PETITION FOR CREATION OF A PUBLIC IMPROVEMENT DISTRICT TO BE NAMED “ESPADA SPECIAL IMPROVEMENT DISTRICT NUMBER 1,” AND IMPOSITION OF AD VALOREM, SALES AND USE AND HOTEL OCCUPANCY TAXES, EACH AT A SPECIFIED RATE, WITHIN THE BOUNDARIES OF THE DISTRICT, AND FOR AUTHORITY TO ENTER INTO ECONOMIC DEVELOPMENT AGREEMENTS, GRANTS AND LOANS

Whereas, on January 7, 2008, a petition (the “Original Petition”) was filed with the Bexar County Clerk seeking the creation of Public Improvement Districts to be named “Espada Special Improvement District Number 1” (Espada 1”) and Espada Special Improvement District Number 2 (“Espada 2”) for appointment of directors, and imposition of ad valorem, sales and use, and hotel occupancy taxes, each at a specified rate, within the boundaries of Espada 1 and Espada 2, and for authority to enter into economic development agreements, grants and loans. The Petition was signed by the then owners of taxable real property representing more than fifty percent (50%) of the appraised value of taxable real property within the boundaries of Espada 1 and Espada 2 and prayed that Commissioners Court grant the Original Petition.

WHEREAS, the Bexar County Commissioners Court (“Commissioners Court”) met in regular session, open to the public, at the Bexar County Courthouse at 100 Dolorosa Street, Suite 1.20, San Antonio, Texas, on October 21, 2008 and adopted an Order Conditionally Granting Petition for Creation of Espada 1 (“the “Espada 1 Creation Order;” Exhibit “A”) and adopted an Order Creating Espada 2 (the “Espada 2 Creation Order;” Exhibit “B”); and

WHEREAS, upon creation, Espada 1 become endowed with the powers granted by Article XVI, Section 59, Article III, Section 52, and Article III, Section 52a of the Constitution of the State of Texas, and Chapter 382 (formerly Subchapter C, Chapter 372) of the Code ; and

WHEREAS, upon creation, only that portion of the Espada 2 Petition seeking creation was granted and Commissioners Court reserved and did not delegate to Espada 2 any powers, including those powers contained in Chapter 382; and

WHEREAS, on October 7, 2009, the County, through its Commissioners Court, amended the Creation Orders for Espada 1 and Espada 2 (the “First Amended Orders;” Exhibit “C”) which clarified the purpose, powers, and authority granted to Espada 1 and Espada 2 and amended Espada 1’s boundaries to include approximately 494.794-acres of land and Espada 2’s boundaries to include approximately 758.895-acres of land; and

Whereas, the conditions within Espada 1’s Creation Order and First Amended Creation Order have not been completed, leading to a question regarding Espada 1’s legal standing, and neither Espada 1 nor Espada 2 held a public election to establish the districts as required by Texas Water Code section 49.102; and

Whereas, Texas Water Code section 49.315 permits a district to add or exclude land after a district is created and before a confirmation election; and

WHEREAS, on the _____ day of _____, 2024, Bexar County Commissioners Court (“Commissioners Court”) met in regular session, open to the public, at the Bexar County Courthouse at 100 Dolorosa Street, Suite 2.01, San Antonio, Texas, 78205 to consider adoption of the Second Amended and Restated Order set out below, whereupon roll was called of the members of the Commissioners Court, to wit:

Peter Sakai	County Judge
Rebecca Clay-Flores	Commissioner, Precinct 1
Justin Rodriguez	Commissioner, Precinct 2
Grant Moody	Commissioner, Precinct 3
Tommy Calvert	Commissioner, Precinct 4

All Commissioners were present, except _____.

WHEREAS, among other business conducted by Commissioners Court, Commissioner _____ introduced the Second Amended and Restated Order set out below and moved its adoption, which was seconded by Commissioner _____, and after a full discussion and the question being before the Court, said motion carried by the following vote:

AYE _____ / NO _____

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED BY THE COMMISSIONERS COURT OF BEXAR COUNTY, TEXAS, THAT THIS SECOND AMENDED AND RESTATED ORDER SHALL BE ADOPTED AS FOLLOWS:

On February 21, 2023, Commissioners Court entered the Resolution Of Bexar County Commissioners Court Expressing Its Intent, Subject To The Conditions Specified Herein, To Consider The Future Amendments Of Public Improvement Districts Named The Espada Special Improvement District No. 1 And Espada Special Improvement District No. 2 And To Revise The Boundaries of Said Districts attached as Exhibit “D”.

On May 30, 2024, a petition, signed by the current owners of taxable real property representing more than 50 percent (50%) of the appraised value of taxable real property within the boundaries of the District (the "Petition;" attached hereto as Exhibit “E”), was filed with the Bexar County Clerk and prayed for the amendment of the District’s boundaries, restatement of the board of directors, and confirmation of ad valorem, sales and use tax, and hotel occupancy taxes permitted to be levied within the boundaries of the District.

Commissioners Court conducted a public hearing to consider the Petition and heard the evidence, both oral and documentary, of all persons who appeared and offered evidence with reference thereto, and find the following:

1. On August 6, 2024, the Petition, duly signed, praying for the amendment of Espada 1’s boundaries, restatement of Espada 1’s board of directors, and confirmation of tax authority authorized to be levied by the District as permitted under Chapter 382, of the Texas Local Government Code (the “Code”) and for authorization to use such tax revenues to finance Espada

1's economic development program through issuance of economic development agreements, grants and loans, and planned improvements instead of assessments was considered by Commissioners Court at a public hearing. The Petition met the requirements of law relating thereto and upon due consideration of said Petition, it was set on the agenda for consideration by this Court on this date. Court proceedings began at 9:00 a.m. at the Bexar County Courthouse, San Antonio, Bexar County, Texas and public notice of the hearing was given in accordance with the requirements of Chapter 382 of the Code.

2. Commissioners Court is authorized to (a) consider the Petition; (b) enter an order consenting to the amendment of Espada 1's boundaries and designating that Espada 1's operation shall be pursuant to the provisions of Chapter 382 of the Code; (c) restate the board of directors; and, (d) authorize the board of directors of the District to impose ad valorem, sales and use, and hotel occupancy taxes within Espada 1, each at a specified rate, to be used to finance Espada 1's planned economic development program and improvements and to induce and incentivize economic development projects through the use of economic development agreements, grant and loans.

3. This Second Amended Order confirms Espada 1's authority to exercise powers granted by Article XVI, Section 59, Article III, Section 52, and Article III, Section 52a of the Constitution of the State of Texas, and Chapter 382 of the Code. The powers granted by Article III, Section 52 cannot be exercised by Espada 1 until the City of San Antonio, Texas (the "City") consents by resolution for Espada 1 to exercise these powers.

4. Espada 1 lies outside the full purpose city limits of any incorporated area and within Bexar County. The area proposed to be included within Espada 1 lies entirely within the extra territorial jurisdiction of the City. At the present time, there are fewer than 1,000 inhabitants residing in Espada 1.

5. Commissioners Court, for its authority to undertake action herein, relies upon the law as specifically found in Chapter 382 of the Code, wherein it is provided that a commissioners court of certain counties with a population of more than 1.5 million may create and/or consent to the amendment of a public improvement district, and authorize such a district to take such actions as are authorized under Chapters 382, 381, and 380 of the Code, including imposition of ad valorem, sales and use, and hotel occupancy taxes, at rates specified by such county, within the boundaries of the public improvement district (collectively the "Laws") if such taxes are approved by the qualified voters in Espada 1 at an election called for that purpose.

6. Commissioners Court relies upon the authority granted in Chapter 271 of the Texas Election Code authorizing political subdivisions, such as Espada 1, to conduct a joint election, and the request of the Petitioner that Bexar County agree to conduct a joint election with Espada 1 in order to facilitate the orderly conduct of the election required to approve the ad valorem tax, hotel occupancy tax, and sales and use tax authorized by this Second Amended and Restated Order.

7. Commissioners Court recognizes the prayer in the Petition that Espada 1 be amended and re-authorized under Chapter 382 of the Code, and that Espada 1 impose taxes in lieu of

assessments, and finds that Espada 1 is not required to submit a feasibility report or assessment plan pursuant to the requirements of such statute.

8. After full consideration by Commissioners Court, including presentation of testimony and evidence at a public hearing as required by Chapter 382 of the Code, Commissioners Court affirmatively finds that:

- (a) the Petition conforms to the requirements of the Laws and amendment of Espada 1 under Chapter 382 of the Code is in the best interests of Bexar County; and
- (b) confirmation of directors, and imposition of ad valorem, sales and use, and hotel occupancy taxes at the rates specified in this Second Amended and Restated Order is beneficial and advisable to Bexar County in order to finance economic development programs and improvements and induce and incentivize economic development projects through the use of economic development agreements, grants and loans proposed for Espada 1 in lieu of assessments, through the issuance of bonds or other financing methods; and
- (c) amendment of Espada 1 will provide for the improvement and construction of transportation infrastructure, creation of single-family housing as well as stimulate business and commercial activity and lead to job creation, and would serve the public purpose of economic development, specifically, providing new jobs, expanding commercial development, attracting retail facilities, and construction of residential housing.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED BY THE COMMISSIONERS COURT OF BEXAR COUNTY, TEXAS, THAT:

Section 1. The Petition for amendment of Espada 1 is in all respects granted. Espada 1 shall continue to be known as the “Espada Special Improvement District Number 1”, authorized to operate pursuant to the provisions of Chapter 382 of the Code; directors are hereby confirmed and named in this Second Amended and Restated Order; and, subject to the approval of the qualified voters in Espada 1, an ad valorem tax, sales and use, and hotel occupancy tax is hereby authorized to be imposed within the boundaries of Espada 1, at the rate set forth in this Second Amended and Restated Order, as prayed for in the Petition to fund Espada 1’s planned public improvements and economic development grants, by the issuance of bonds or other methods. Assessments may not be levied or imposed by Espada 1’s board of directors , and a public improvement district is hereby created, subject to the following conditions:

- 1. Espada 1 shall comply with the City’s Unified Development Code, as applicable to properties in the City’s extraterritorial jurisdiction, excluding any provisions or building standards triggered by the City’s zoning regulations, including, but not limited to, setbacks, buffers, and parking requirements; and
- 2. Espada 1 shall comply with the City’s Major Thoroughfare Plan; and

3. as each development/phase occurs, Espada 1 shall submit plans, or cause plans to be submitted to, and the same must be approved by Bexar County Public Works for roads and rights-of-way shown on the City's Major Thoroughfare Plan and described herein above; and

4. Espada 1 shall construct, or cause the construction of, paved roads in accordance with City standard pavement practices, as applicable to properties in the City's extraterritorial jurisdiction; and

5. Espada 1 shall ensure that the master development plan ("MDP") complies with the City's Major Thoroughfare Plan.

Section 2. Espada 1 will be known as the "Espada Special Improvement District Number 1" to be authorized by, and to operate pursuant to, the provisions of Chapter 382 of the Code. Directors are hereby appointed and are named in this Second Amended Order and, subject to the approval of the qualified voters in Espada 1, ad valorem, sales and use, and hotel occupancy taxes are hereby authorized to be imposed within the boundaries of Espada 1, at the rates set forth in this Second Amended and Restated Order, as prayed for in the Petition to finance Espada 1's planned improvements and economic development grants, by the issuance of bonds or other methods. Assessments may not be levied or imposed by Espada 1's board of directors. Except as may be provided for herein, Commissioners Court hereby delegates to Espada 1 all of the powers granted in Chapter 382 of the Code. In addition, Bexar County hereby grants to Espada 1 the powers and duties of a road district, except the power of eminent domain and annexation authority, and the power to provide water, wastewater and drainage facilities, except retail provision of water, wastewater and drainage services, contingent upon consent from the City for such a grant of power. Espada 1, upon approval from Commissioners Court, is authorized to issue bonds for any District purpose secured by any District revenue.

Section 2. Espada 1 is required to obtain the approval of the County if it desires to increase the tax rate authorized in this Second Amended and Restated Order. Espada 1 may not enter into, and the Commissioners Court does not give Espada 1 authority to execute, an Economic Development Agreement without first obtaining the approval of the Commissioners Court. Espada 1 may not enter into, and the Commissioners Court does not give Espada 1 authority to execute, any agreements to make a loan or grant of District proceeds without first obtaining the approval of the Commissioners Court. In addition, Espada 1 may not issue bonds, and the Commissioners Court does not give Espada 1 authority to issue bonds, without first obtaining the Commissioners Court approval.

Section 3. Espada 1 is created and organized under the terms and provisions of Article XVI, Section 59, Article III, Section 52; and Article III, Section 52a of the Constitution of the State of Texas, and Chapter 382, 381 and 380 of the Code, as amended. Espada 1 may not exercise the powers granted by Article III, Section 52 unless the City grants approval for Espada 1 to exercise these powers.

Section 4. Espada 1 is expressly authorized to impose the taxes listed in this Second Amended and Restated Order and except as conditioned herein, to use tax revenues if, as, and when collected to fund improvements, as defined in Chapter 372, 382, 381 and 380 in the Code,

in lieu of assessments and for the payment or repayment of Espada 1's costs, by use of bond issuances or other means, to manage economic development projects, and to make grants and loans of public money to promote state and local economic development and to stimulate investment of private capital, business and commercial activity in Espada 1, and job creation in Espada 1 and Bexar County, subject to the approval of the voters within Espada 1.

Section 5. Upon calling for an election by Espada 1, Espada 1 will be permitted to negotiate and enter into an agreement to conduct a joint election with the County in order to facilitate the orderly conduct of Espada 1's confirmation, tax and bond election, which may be held November 5, 2024, or on another uniform election date. Espada 1's qualified voters shall cast their ballots for or against Espada 1 and its proposed taxes, economic development agreement authority, and bonds at a regular Bexar County polling place because no public building will exist within Espada 1 at the time of such election. Bexar County agrees to enter into an agreement to conduct a joint election pursuant to Chapter 271 of the Texas Election Code, and will negotiate the terms of such election with Espada 1's Board of Directors.

Section 6. As a condition of the Commissioners Court to amend Espada 1, the Commissioners Court may require Espada 1 to prepare an annual report to be presented to the Commissioners Court on the status of District improvements and services, including the compliance with negotiated terms and conditions in any economic development agreement. In addition, on the request of the Commissioners Court, quarterly reports shall be made to the County's SMWBE Advisory Committee and Program Office regarding all District expenditures to specifically include the efforts made in regards to outreach, solicitation and awards to certified small, minority and women-owned businesses on contracted work opportunities within Espada 1.

Section 7. Espada 1 Directors nominated in the Petition are hereby appointed and confirmed, and shall serve staggered two (2) year terms as set forth in Chapter 382 of the Code. The directors listed below are hereby appointed and confirmed:

1. Katie Farias
2. Maggie Morales Garcia
3. Clifton Karam
4. Amy Putney
5. Shad Schmid
6. Albert P. Uresti IV
7. Richard Mott

The aforementioned Directors shall qualify for office by providing the bond and taking the oath of office provided by law. Thereafter, the Board of Directors shall organize as soon as reasonably possible. Espada 1 shall provide for any compensation required under Chapter 382 of the Code to the Board of Directors from Espada 1's proceeds.

Section 8. Subject to the approval of the qualified voters in Espada 1, the taxes that are hereby authorized to be levied and imposed within Espada 1 and the rates at which they are authorized to be imposed are as follows:

Ad Valorem Tax: \$0.54159 per \$100 valuation, subject to applicable state and local ad valorem tax requirements

Sales and Use Tax: 2% per taxable sale, subject to the state and local sales and use tax rates in Espada 1

Hotel Occupancy Tax: 9% or the rate imposed by the City of San Antonio, whichever is greater

Section 9. Espada 1’s boundaries are described in a metes and bounds legal description revised as of the date of this Second Amended and Restated Order which updates the boundaries of Espada 1, all in accordance with the Code. The revised metes and bounds legal description is attached as Exhibit “F” attached hereto and incorporated herein for all purposes.

A certified copy of this Second Amended and Restated Order shall be filed with the County Clerk of Bexar County, Texas, and recorded in a book kept for that purpose, and a certified copy shall be provided to Espada 1. In addition, a certified copy of this Second Amended and Restated Order shall be filed in the Real Property Records of Bexar County.

PASSED, ADOPTED, ORDERED AND EFFECTIVE this ____ day of _____, 2024.

Peter Sakai County Judge

Rebecca Clay-Flores Commissioner, Precinct 1

Justin Rodriguez Commissioner, Precinct 2

Grant Moody Commissioner, Precinct 3

Tommy Calvert Commissioner, Precinct 4

ATTEST:

Lucy Adame-Clark, County Clerk