

# EXHIBIT “A”

## ECONOMIC DEVELOPMENT PROGRAM AGREEMENT

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This **ECONOMIC DEVELOPMENT PROGRAM AGREEMENT** (“**Agreement**”) is entered into by and between the **CITY OF KELLER, TEXAS** (the “**City**”), a home rule municipal corporation organized under the laws of the State of Texas, and Paul Sewell of The Lucky Acorn, owner of the business located at 152 South Main Street, Keller, Texas (the “**Grantee**”). The City and Grantee are collectively referred to as the “Parties”.

### RECITALS

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

**A.** Grantee owns or operates an existing building located in the City of Keller and will be making eligible improvements to facades in City of Keller. The Eligible Improvements will provide a valuable catalyst for development in the City and increased tax revenues to the City. Eligible improvements will be defined in the program proposal hereto attached as Exhibit “A.2” (Grantee Application).

**B.** In order to maximize the economic benefits that the Eligible Improvements can bring to the City, the City and Grantee desire to enter into this Agreement.

**C.** In accordance with Resolution No. 4371, adopted by the City Council on June 1, 2021, attached hereto as Exhibit “A.3” and hereby made a part of this Agreement for all purposes, the City has established an economic development incentive policy and program pursuant to which the City will, on a case-by-case basis, offer economic incentive packages authorized by Chapter 380 of the Texas Local Government Code, Article III, Section 52-a of the Texas Constitution, and other applicable laws, that include monetary reimbursements and grants of public money up to ten thousand dollars (\$10,000) for Eligible Improvements on the exterior of the building and made visible to the public to businesses and entities that the City Council determines will promote state or local economic development and stimulate business and commercial activity in the City of Keller (the “**380 Program**”).

**D.** The City Council has determined that by entering into this Agreement, the potential economic benefits that will accrue to the City under the terms and conditions of this Agreement are consistent with the City’s economic development objectives and the 380 Program and that construction and continuous operation of the Eligible Improvements will further the goals for positive growth in the City. In addition, the City Council has determined that the 380 Program is an appropriate means to achieve the construction and

operation of the Required Improvements, which the City Council has determined are necessary and desirable, and that the potential economic benefits that will accrue to the City pursuant the terms and conditions of this Agreement are consistent with the City's economic development objectives as outlined in the 380 Program. This Agreement is authorized by Chapter 380 of the Texas Local Government Code and the 380 Program.

**NOW, THEREFORE,** in consideration of the mutual benefits and promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

## **AGREEMENT**

### **1. INCORPORATION OF RECITALS.**

The City Council has found at a duly-called and legally-noticed public meeting through the adoption of City Resolution No. \_\_\_\_, attached hereto as Exhibit "A.1" and hereby made a part of this Agreement for all purposes, and the City and Grantee hereby agree, that the recitals set forth above are incorporated herein and true and correct and form the basis upon which the Parties have entered into this Agreement.

### **2. DEFINITIONS.**

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

**380 Program** has the meaning ascribed to it in Recital C.

**Affiliate** means all entities, incorporated or otherwise, under common control with, controlled by or controlling Grantee. For purposes of this definition, "control" means fifty percent (50%) or more of the ownership determined by either value or vote.

**Completion Date** means the date as of which improvements have been completed as required by the City.

**Completion Deadline** means within one (1) year of grant application approval.

**Construction Costs** means construction costs directly expended by Grantee for the Eligible Improvements.

**Director** means the director of the City's Economic Development Department.

**Effective Date** has the meaning ascribed to it in Section 3.

**Eligible Improvements** has the meaning ascribed to it in Recital A and Exhibit "A.3".

**Land** has the meaning ascribed to it in Recital A.

**Program Grants** means the economic development grants paid by the City to Grantee in accordance with this Agreement and as part of the 380 Program.

**Program Source Funds** means an amount of City funds available for inclusion in a Program Grant that is payable in a given Program Year, which shall equal to a maximum of ten thousand dollars (\$10,000) during the Twelve-Month Period ending in the same Program Year in which the Program Grant for that Program Year is payable.

**Program Year** means a calendar year in which the City is obligated pursuant to this Agreement to reimburse Grantee a Program Grant for Eligible Improvements.

**Term** has the meaning ascribed to it in Section 3.

**Twelve-Month Period** means the period by which the construction of the improvements must be completed.

3. **TERM.**

This Agreement shall be effective as of the date of execution by the Parties (the “**Effective Date**”) and, unless terminated earlier in accordance with this Agreement, shall expire on the date as of which the City has paid all Program Grants required (the “**Term**”).

4. **OBLIGATIONS OF GRANTEE.**

4.1. **Façade Improvements.**

4.1. **Completion Deadline Guidelines.**

In accordance with the terms and conditions of this Agreement, by September 5, 2024, the Completion Date, Grantee shall have completed the Grant application attached hereto as Exhibit “A.2” and have made the Eligible Improvements starting ninety (90) days after grant application and after all appropriate construction permits have been obtained. The Completion Date for the Eligible Improvements must occur on or before the Completion Deadline. All guidelines for application must be made to be eligible for the Program Grant. Grants will be reviewed by the Keller City Council on a first-come-first-served basis until all available funds have been allocated. Submission of an application does not guarantee approval.

5. **CITY OBLIGATIONS.**

5.1. **Issuance of Grant Money for Completion of Eligible Improvements**

The City will make payment of the grant in the form of reimbursement in an amount not to exceed five thousand six hundred and twenty-five dollars and no cents (\$5,625.00) after work is satisfactorily completed. The work must be completed within one (1) year after grant application approval. All costs must be documented with receipts and invoices and attached hereto as part of the application. The Director will issue Grantee a certificate stating the reimbursement allowed for the Eligible Improvements.

**5.2. Program Grants.**

**5.2.1. Amount.**

Subject the terms and conditions of this Agreement, provided that (i) Grantee made Eligible Improvements to facades in Keller as referenced in Exhibit “A.2” by Completion Date; (ii) the Completion Date occurred on or before the Completion Deadline; (iii) the Eligible Improvements must be made to an existing building located in the City of Keller; and (iv) Eligible Improvements must comply with all applicable state and local requirements, Zoning Design Standards, and must be on exterior and visible to the public, then Grantee will be entitled to receive from the City a Program Grant in an amount up to five thousand six hundred and twenty-five dollars and no cents (\$5,625.00). Notwithstanding the above, should the Director, through the review of actual invoices, bills, statements, or other data determine that the actual costs of the Eligible Improvements are less, the amount of the Program Grant shall be reduced to the actual costs, as determined by the Director, not to exceed five thousand six hundred and twenty-five dollars and no cents (\$5,625.00).

**5.2.2. Deadline for Payments and Source of Funds.**

Construction of Eligible Improvements must be completed within one (1) year of grant application approval. Payment will be made after all work has been satisfactorily completed according to terms of approved grant application and all costs are documented with receipt and/or invoices. It is understood and agreed that all Program Grants paid pursuant to this Agreement shall come from currently available general revenues of the City and not directly from Sales Tax Revenues. Grantee understands and agrees that any revenues of the City other than those dedicated for payment of a given annual Program Grant pursuant to this Agreement may be used by the City for any lawful purpose that the City deems necessary in the carrying out of its business as a home rule municipality and will not serve as the basis for calculating the amount of any future Program Grant or other obligation to Grantee.

**5.2.3 Completed Eligible Improvements**

Eligible Improvements completed under the City of Keller Façade Improvement Grant Program shall become permanent fixtures of the building and shall not be removed or altered for a period of twenty-four (24) months without the express written consent of the City.

6. **DEFAULT, TERMINATION AND FAILURE BY GRANTEE TO MEET VARIOUS DEADLINES AND COMMITMENTS.**

6.1. **Failure to Complete Eligible Improvements.**

If Grantee fails to make the Eligible Improvements by the Completion Date, or if the Completion Date does not occur by the Completion Deadline, the City shall have the right to terminate this Agreement by providing written notice to Grantee without further obligation to Grantee hereunder.

6.2 **Failure to Pay City Taxes.**

An event of default shall occur under this Agreement if any legally-imposed City taxes owed on the Land by Grantee or an Affiliate or arising on account of Grantee or an Affiliate's operations on the Land become delinquent and Grantee or the Affiliate does not either pay such taxes or follow the legal procedures for protest and/or contest of any such taxes. In this event, the City shall notify Grantee in writing and Grantee shall have sixty (60) calendar days to cure such default. If the default has not been fully cured by such time, the City shall have the right to terminate this Agreement immediately by providing written notice to Grantee and shall have all other rights and remedies that may be available to it under the law or in equity.

6.3. **Violations of City Code, State or Federal Law.**

An event of default shall occur under this Agreement if any written citation is issued to Grantee or an Affiliate due to the occurrence of a violation of a material provision of the City Code on the Land or on or within any improvements thereon (including, without limitation, any violation of the City's Building or Fire Codes and any other City Code violations related to the environmental condition of the Land; the environmental condition of other land or waters which is attributable to operations on the Land; or to matters concerning the public health, safety or welfare) and such citation is not paid or the recipient of such citation does not properly follow the legal procedures for protest and/or contest of any such citation. An event of default shall occur under this Agreement if the City is notified by a governmental agency or unit with appropriate jurisdiction that Grantee or an Affiliate, or any successor in interest thereto, any third party with access to the Land pursuant to the express or implied permission of Grantee or an Affiliate, or any a successor in interest thereto, or the City (on account of the Improvements or the act

or omission of any party other than the City on or after the effective date of this Agreement) is in violation of any material state or federal law, rule or regulation on account of the Land, improvements on the Land or any operations thereon (including, without limitation, any violations related to the environmental condition of the Land; the environmental condition of other land or waters which is attributable to operations on the Land; or to matters concerning the public health, safety or welfare). Upon the occurrence of such default, the City shall notify Grantee in writing and Grantee shall have (i) thirty (30) calendar days to cure such default or (ii) if Grantee has diligently pursued cure of the default but such default is not reasonably curable within thirty (30) calendar days, then such amount of time that the City reasonably agrees is necessary to cure such default. If the default has not been fully cured by such time, the City shall have the right to terminate this Agreement immediately by providing written notice to Grantee and shall have all other rights and remedies that may be available to it under the law or in equity.

#### **6.4. Knowing Employment of Undocumented Workers.**

Grantee 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. Grantee *hereby certifies that Grantee, and any branches, divisions, or departments of Grantee, 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 Grantee, or any branch, division, or department of Grantee, 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 Grantee) and Grantee shall repay, within one hundred twenty (120) calendar days following receipt of written demand from the City, the aggregate amount of the Program Grants received by Grantee hereunder, if any, plus Simple Interest at a rate of four percent (4%) per annum; 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 Grantee, Grantee shall repay, within one hundred twenty (120) calendar days following receipt of written demand from the City, the aggregate amount of the Program Grants received by Grantee hereunder, if any, plus Simple Interest at a rate of four percent (4%) per annum.*

For the purposes of Section 6.4, “**Simple Interest**” is defined as a rate of interest applied to the aggregate amount of the Program Grants. This Section 6.4 does not apply to convictions of any subsidiary or affiliate entity of Grantee, by any

franchisees of Grantee, or by a person or entity with whom Grantee contracts. Notwithstanding anything to the contrary herein, this Section 6.4 shall survive the expiration or termination of this Agreement.

**6.5. General Breach.**

Unless stated elsewhere in this Agreement, Grantee shall be in default under this Agreement if Grantee breaches any term or condition of this Agreement. In the event that such breach remains uncured after thirty (30) calendar days following receipt of written notice from the City referencing this Agreement (or, if Grantee 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 City shall have the right to terminate this Agreement immediately by providing written notice to Grantee.

**7. NO INDEPENDENT CONTRACTOR OR AGENCY RELATIONSHIP.**

It is expressly understood and agreed that Grantee shall not operate as an independent contractor or as an agent, representative or employee of the City. Grantee shall have the exclusive right to control all details and day-to-day operations relative to the Required Improvements, Land 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. Grantee acknowledges that the doctrine of *respondeat superior* will not apply as between the City and Grantee, its officers, agents, servants, employees, contractors, subcontractors, licensees, and invitees. Grantee further agrees that nothing in this Agreement will be construed as the creation of a partnership or joint enterprise between the City and Grantee.

**8. INDEMNIFICATION.**

***GRANTEE, 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 GRANTEE'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) GRANTEE BREACH OF ANY OF THE TERMS OR PROVISIONS OF THIS AGREEMENT; OR (ii) ANY ACT OR OMISSION OR INTENTIONAL MISCONDUCT OF GRANTEE, ITS OFFICERS, AGENTS, ASSOCIATES, EMPLOYEES, CONTRACTORS (OTHER THAN THE CITY, OR ITS EMPLOYEES, OFFICERS, AGENTS, ASSOCIATES, CONTRACTORS OR SUBCONTRACTS), OR SUBCONTRACTORS DUE OR RELATED TO OR ARISING FROM THE***

***REQUIRED IMPROVEMENTS AND ANY OPERATIONS AND ACTIVITIES ON THE LAND OR OTHERWISE TO THE PERFORMANCE OF THIS AGREEMENT.***

**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 Keller

Attn: City Manager

P.O. Box 770  
Keller, Texas 76244

**Grantee:**

Paul Sewell  
The Lucky Acorn

Address:

152 South Main Street  
Keller, TX 76248

**With Copies to (which shall not constitute notice):**

Boyle & Lowry, L.L.P.  
Attn: L. Stanton Lowry  
4201 Wingren Dr., Suite 108  
Irving, Texas 75062

**10. ASSIGNMENT AND SUCCESSORS.**

Grantee may at any time assign, transfer or otherwise convey any of its rights or obligations under this Agreement to an Affiliate without the approval of the City so long as Grantee, the Affiliate and the City first execute an agreement under which the Affiliate agrees to assume and be bound by all covenants and obligations of Grantee under this Agreement. Grantee may also assign its rights and obligations under this agreement to a financial institution or other lender for purposes of granting a security interest in the Improvements and/or Land, provided that such financial institution or other lender first executes a written agreement with the City governing the rights and obligations of the City, Grantee and the financial institution or other lender with respect to such security interest. Otherwise, Grantee may not assign, transfer or otherwise convey any of its rights or obligations under this Agreement to any other person or entity without the prior consent of the City Council, which consent shall not be unreasonably withheld, conditioned on (i) the prior approval of the assignee or successor and a finding by the City Council that the proposed assignee or successor is financially capable of meeting the terms and conditions of

this Agreement and (ii) prior execution by the proposed assignee or successor of a written agreement with the City under which the proposed assignee or successor agrees to assume and be bound by all covenants and obligations of Grantee under this Agreement. Any attempted assignment without the City Council's prior consent shall constitute a breach and be grounds for termination of this Agreement and following receipt of written notice from the City to Grantee. Any lawful assignee or successor in interest of Grantee of all rights under this Agreement shall be deemed "Grantee" for all purposes under this Agreement.

**11. COMPLIANCE WITH LAWS, ORDINANCES, RULES AND REGULATIONS.**

This Agreement will be subject to all applicable federal, state and local laws, ordinances, rules and regulations, including, but not limited to, all provisions of the City's Charter, codes, and ordinances, as amended.

**12. GOVERNMENTAL POWERS.**

It is understood that by execution of this Agreement, the City does not waive or surrender any of its governmental powers or immunities that are outside of the terms, obligations, and conditions of this Agreement.

**13. NO WAIVER.**

The failure of either party to insist upon the performance of any term or provision of this Agreement or to exercise any right granted hereunder shall not constitute a waiver of that party's right to insist upon appropriate performance or to assert any such right on any future occasion.

**14. VENUE AND JURISDICTION.**

If any action, whether real or asserted, at law or in equity, arises on the basis of any provision of this Agreement, venue for such action shall lie in state courts located in Tarrant County, Texas or the United States District Court for the Northern District of Texas – Fort Worth Division. This Agreement shall be construed in accordance with the laws of the State of Texas.

**15. NO THIRD-PARTY RIGHTS.**

The provisions and conditions of this Agreement are solely for the benefit of the City and Grantee, and any lawful assign or successor of Grantee, and are not intended to create any rights, contractual or otherwise, to any other person or entity.

**16. FORCE MAJEURE.**

It is expressly understood and agreed by the Parties to this Agreement that if the performance of any obligations hereunder is delayed by reason of war, civil commotion, acts of God, inclement weather, or other circumstances which are reasonably beyond the control or knowledge 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 requirement shall be extended for a period of time equal to the period such party was delayed. Notwithstanding anything to the contrary herein, it is specifically understood and agreed that Grantee failure to obtain adequate financing to complete the Required Improvements by the Completion Deadline shall not be deemed to be an event of force majeure and that this Section 16 shall not operate to extend the Completion Deadline in such an event.

**17. INTERPRETATION.**

In the event of any dispute over the meaning or application of any provision of this Agreement, this Agreement shall be interpreted fairly and reasonably, and neither more strongly for or against any party, regardless of the actual drafter of this Agreement.

**18. SEVERABILITY CLAUSE.**

It is hereby declared to be the intention of the Parties that sections, paragraphs, clauses and phrases of this Agreement are severable, and if any phrase, clause, sentence, paragraph or section of this Agreement shall be declared unconstitutional or illegal by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality or illegality shall not affect any of the remaining phrases, clauses, sentences, paragraphs or sections of this Agreement since the same would have been executed by the Parties without the incorporation in this Agreement of any such unconstitutional phrase, clause, sentence, paragraph or section. It is the intent of the Parties to provide the economic incentives contained in this Agreement by all lawful means.

**19. CAPTIONS.**

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

**20. 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 Grantee, and any lawful assign and successor of Grantee, 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. Notwithstanding anything to the contrary herein, this Agreement shall not be amended

unless executed in writing by both parties and approved by the City Council of the City in an open meeting held in accordance with Chapter 551 of the Texas Government Code.

**21. COUNTERPARTS.**

This Agreement may be executed in multiple counterparts, each of which shall be considered an original, but all of which shall constitute one instrument.

**EXECUTED** as of the last date indicated below:

**CITY OF KELLER:**

**GRANTEE:**

By: \_\_\_\_\_  
Mark Hafner  
City Manager

By: \_\_\_\_\_  
Paul Sewell  
The Lucky Acorn

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

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

**APPROVED AS TO FORM AND LEGALITY:**

By: \_\_\_\_\_  
L. Stanton Lowry  
City Attorney

**EXHIBITS**

**“A.1” – City of Keller Resolution No. \_\_\_\_\_ (Proposed Resolution)**

**“A.2” – Grantee Application**

**“A.3” – City of Keller Resolution No. 4371 which includes current policy and application of the City of Keller Façade Grant Program**