

**OPTION TO GROUND LEASE
(Shreveport Millennium Housing IV, LLC)**

THIS OPTION TO GROUND LEASE (this “Agreement”) effective as of _____, 2021 (the “Effective Date”) between the **City of Shreveport**, a political subdivision of the State of Louisiana (hereinafter referred to as “**Lessor**”) and **Shreveport Millennium Housing IV, LLC**, (“**Lessee**”), a duly organized Louisiana limited liability company with its principal place of business at 2500 Line Avenue in Shreveport, Louisiana, represented herein by its managing member, as lessee., each, a “party” and collectively, the “parties.”

RECITALS

WHEREAS, Article VII, Section 14 of the Louisiana Constitution provides that “[f]or a public purpose, the state and its political subdivisions or political corporations may engage in cooperative endeavors with each other, with the United States or its agencies, or with any public or private association, corporation or individual”; and

WHEREAS, Lessor is the owner of those certain parcels of real property, located in the City of Shreveport, Caddo Parish, Louisiana, and more fully described on Exhibit “A” attached hereto, together with all servitudes and appurtenances (the “Property”); and

WHEREAS, the Lessee proposes to lease the Property from the City pursuant to a Cooperative Endeavor Lease Agreement (“ground lease”); and

WHEREAS, Lessor and Lessee desire to enter into this Agreement to provide Lessee with limited control (site control) of the Property to obtain necessary funding to develop, construct, operate and maintain the Project, as hereinafter defined, and to enter into a ground lease of the Property; and

WHEREAS, Lessee intends to utilize Low Income Housing Tax Credits to develop, construct, operate and maintain seventy (70) housing units to be known as Millennium Studios Apartments Phase IV (the “Project”) at the Property. In developing the Property, Lessee agrees to comply with any reasonable requirements imposed by Lessor in connection with the Project and contained within the ground lease and any other document required by Lessor; and

WHEREAS, Lessor finds that any expenditure or transfer of public funds according to the terms of this cooperative endeavor, taken as a whole, is not gratuitous, and that it has a demonstrable, objective, and reasonable expectation of receiving at least equivalent value in exchange for the expenditure or transfer of public funds; and

NOW, THEREFORE, in consideration of the mutual undertakings of the parties hereto, it is hereby agreed as follows:

1. Recitals. The Recitals set forth above are incorporated in, and made a part of, this Agreement.

2. Option; Consideration. In consideration of One Hundred and No/100 (\$100.00) Dollars and other good and valuable consideration (the "Option Fee"), which shall be payable within five (5) calendar days from the Effective Date, the receipt and adequacy of which is hereby acknowledged by Lessor, Lessor hereby grants to Lessee, and its successors and assigns, the exclusive right and option to enter into a ground lease of the Property (the "Lease") for three successive terms of twenty-five (25) years followed by one term of twenty-four (24) years for a total term of ninety-nine (99) years. This option is hereinafter referred to as the "Option".

3. Term of Option. The Option conferred upon Lessee shall commence on the Effective Date and continue until December 31, 2022 (the "Option Period"). Upon the expiration of the Option Period, the Option shall automatically terminate, and the parties hereto shall have no further obligations to the other (except for any obligations or liabilities that expressly survive termination of this Agreement), without any further action of either party hereto, unless the Option is exercised as hereinafter provided.

4. Qualification for and Exercise of Option. Prior to and as a condition of execution of the documents required for the ground lease, the Lessee shall provide proof of all financing and interim construction financing to the Lessor. It is understood that the Lessee will provide a budget and any other documentation as it relates to development, construction, soft costs and other allowable costs/activities and said documents shall identify all sources and uses of funds, and illustrate compliance with the Lessor objects of affordable housing. Upon satisfactory evidence of financing as determined by Lessor, Lessee may exercise its Option by notifying Lessor, in writing on or before the expiration of the Option Period. Within one hundred eighty (180) days of Lessee's exercise of the Option, Lessor and Lessee shall enter into a ground lease of the Property. Such lease shall contain the terms and conditions as agreed to by Lessor and Lessee.

5. Rent. The annual rental payment pursuant to the Lease shall be \$1,200.00 commencing on the date of Closing (hereinafter defined), and (ii) Lessee shall pay all documented out-of-pocket costs actually incurred by Lessor in connection with the execution of the Lease of the Property, including, but not limited to, property inspection or testing, attorney's fees, survey, title, property and liability insurance, taxes, interest payments made to any lender providing financing for the development and construction of the Project.

6. Lease; Sale. In the event that the Option is exercised by Lessee within the time specified in this Agreement, Lessor shall lease to Lessee, and Lessee shall lease from Lessor, the

Property on the terms and conditions set forth herein.

7. Closing. The execution of the Lease of the Property and other documents reasonably required in connection therewith (“Closing”) shall take place on or before June 30, 2023.

8. Due Diligence. On and after the Effective Date and upon and after exercise of the Option, the following shall apply:

(A) Lessee shall have the right to conduct an appraisal and physical and environmental tests and due diligence on the Property. Lessor shall reasonably cooperate to permit Lessee access to the Property to conduct such tests.

(B) If Lessee is dissatisfied with the results of its investigations of the Property for any reason, Lessee may terminate this Agreement or the Option by giving written notice to, in which case the Option shall terminate, and this Agreement shall be null and void. If Lessee fails to give the notice required in this Paragraph within ninety (90) days of the Effective Date, Lessee shall be deemed to have waived any right to refuse to go forward with its lease of the Property by reason of the condition of the Property, and this Agreement shall remain in full force and effect.

(C) All activities undertaken by Lessee in connection with the lease of the Property, including but not limited to inspections, environmental assessments, appraisals, title and survey shall be at Lessee’s sole cost and expense. Lessee shall be obligated to reimburse Lessor for all documented out-of-pocket costs actually incurred by Lessor in connection with the execution of the lease of the Property while this Agreement is in effect, including but not limited to property inspection or testing, attorney’s fees, survey, title, property and liability insurance, taxes, interest payments made to any lender providing financing for the development, construction and operation of the Project, security, repairs and maintenance and fencing, whether or not the Closing occurs.

9. Title and Survey. Lessee shall obtain any necessary survey and commitment for title insurance.

10. Right to Terminate. Lessee shall have the right to terminate the Option and this Agreement at any time during the Option Period.

11. Documents for Closing. Lessor and Lessee shall execute and deliver at the Closing a ground lease of the Property, memorandum thereof for recordation, if required by Lessee, and any other reasonable documents necessary to close in accordance with the terms of this Option. All documents shall be prepared by, and at the expense of, Lessee, and shall be subject to Lessor’s and Lessor’s counsels’ approval.

12. Property Taxes; Rentals. Any property taxes related to the Property shall be prorated as of Closing and shall be paid by Lessee following Closing.

13. Closing Expenses. Lessee shall pay all reasonable costs and expenses in connection with the transaction contemplated by this Agreement, including (i) the owner's title insurance premium, plus any endorsements to the title policy, (ii) the cost of any of Lessee's examinations and inspections of the Property, including the cost of any of its appraisals, environmental, asbestos, and physical studies; (iii) all documentary transfer taxes, (iv) the legal fees and expenses of Lessee and Lessor, and (v) the cost of all certificates, instruments, documents and papers required to be delivered, or caused to be delivered, by either party hereunder. Lessor shall pay the costs payable in connection with the discharge of any title defects caused by Lessor's own acts.

14. Possession. Lessor shall lease the Property to Lessee at Closing.

15. Indemnity. Lessee shall defend, indemnify, and hold Lessor harmless from and against any claims or actions asserted or made against Lessor for any loss or damage to life or Property, directly or indirectly resulting from Lessee's access to or use of the Property prior to the Closing, including but not limited to the performance of any of the tests, inspections, due diligence and leasing activities, except for loss or damage arising out of the gross negligence or willful misconduct of Lessor, its agents, employees, or contractors. This indemnity shall survive the execution and delivery of this Agreement, the termination of this Agreement, and the Closing of the Property.

16. Default; Remedies.

(A) If Lessee should breach this Agreement by failing to lease from Lessor the Property (other than a refusal for a reason permitted by this Agreement), Lessor shall be entitled to specific performance of Lessee's obligation to lease from Lessor the Property, or, at Lessor's option, to terminate this Agreement and to be paid by Lessee a sum to reimburse Lessor for its out-of-pocket costs, including reasonable attorney's fees, incurred by reason of Lessee's default and \$5,000.00 as stipulated damages arising out of Lessee's default. Failure of Lessee to appear at the Closing, unless all necessary Closing related documents have been executed and placed in escrow in advance, shall be deemed an immediate default, without the necessity of notice or demand.

(B) If Lessor should breach this Agreement by failing to lease to the Lessee the Property (other than a failure for a reason permitted by this Agreement), Lessee shall be entitled to terminate this Agreement and to be paid by Lessor a sum to reimburse Lessee for its out-of-pocket costs, including reasonable attorney's fees, incurred by reason of Lessor's default as stipulated damages arising out of Lessor's default in an amount to exceed \$5,000.00.

17. Notice. Any notice required or permitted to be given hereunder by one party to the other shall be in writing and shall be given (i) by delivery in person to the address set forth below for the party to whom the notice is given, or (ii) by placing in the United States mail, postage prepaid, by registered or certified mail, return receipt requested, or (iii) by sending via a nationally recognized commercial express courier service, addressed to the party at the address hereinafter specified:

To Lessor: The City of Shreveport, Louisiana
505 Travis
Shreveport, Louisiana 71101
Attention: Bonnie Moore
Telephone: (318) 673-5900

To Lessee: Shreveport Millennium Housing IV, LLC
c/o ITEX Development, LLC
3735 Honeywood Trail
Port Arthur, Texas 77642
Attention: Christopher A. Akbari
Telephone: (409) 724-0020
Fax: (409) 504-5820

or to such other address or facsimile number and person as either party may communicate to the other by like written notice.

18. Entire Agreement. This Agreement contains the entire understanding between the parties and supersedes any prior understandings and agreements between them respecting the subject matter hereof. There are no other representations, agreements, arrangements or understandings, oral or written, between and among the parties hereto or any of them, relating to the subject matter of this Agreement. No amendment of or supplement to this Agreement shall be valid or effective unless made in writing and executed by the parties hereto.

19. Construction. Any section headings throughout this Agreement are for convenience and reference only, and the words contained in them shall not be held to expand, modify, amplify or aid in the interpretation, construction or meaning of this Agreement. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identification of the person or persons, firm or firms, corporation or corporations may require. "Person" shall mean an individual, firm, association, corporation, trust or any other form of business or legal entity. The location adverbs "herein", "hereunder", "hereto", "hereby", "hereinafter", etc., whenever the same appear in this Agreement, mean and refer to this Agreement in its entirety and not to any specific section or subsection hereof. All parties hereto

have been represented by legal counsel in this transaction and accordingly hereby waive the general rule of construction that an agreement shall be construed against its drafter.

20. Time. Time is of the essence in each and every covenant and condition of this Agreement. Any reference herein to "days" means consecutive calendar days. If any time period for satisfying or waiving a condition or Closing this transaction or taking any other action required or permitted hereunder expires on a weekend day or a day which is a legal holiday on which the recorder's office for real property records for the parish where the Property is located is closed, then such period shall be deemed to be extended until the next day on which such recorder's office is open.

21. Applicable Law. This Agreement shall be construed and interpreted under the laws of the State of Louisiana and enforced in Caddo Parish, Louisiana.

22. Binding Effect. This Agreement becomes effective when signed by both Lessee and Lessor and shall then apply to and bind each party and their heirs, executors, administrators, successors and assigns.

23. No-Waiver. No provision of the Agreement shall be deemed amended or waived unless such amendment or waiver is set forth in a writing signed by Lessee and Lessor. No act or failure to act by either party shall be deemed a waiver of its rights hereunder, and no waiver in any one circumstance or of any one provision shall be deemed a waiver in other circumstances or of other provisions.

24. Holidays. If any date set forth in this Agreement or computed pursuant to this Agreement falls on a Saturday, Sunday or national holiday, such date shall be deemed automatically amended to be the first business day following such weekend day or holiday.

25. Assignment. This Agreement may be assigned by Lessee to an affiliate or subsidiary of Lessee without the written approval of Lessor. Further, during the term of the Lease, Lessee may mortgage, sublease or otherwise encumber its leasehold interest in the Property.

26. Severability. In the event any of the provisions of this Agreement are deemed to be unenforceable, the enforceability of the remaining provisions of this Agreement shall not be affected.

27. Recordation. Lessee shall be entitled to record a Memorandum of this Agreement and/or the Lease in the conveyance records of Caddo Parish, Louisiana.

28. Additional Documents. Each party agrees to take such action and to execute, acknowledge and deliver such documents and instruments as may be reasonably requested by the other party to more effectively carry out the purposes of this Agreement.

29. Eminent Domain. If any portion of the Property is the subject of a condemnation or eminent domain action or threatened therewith prior to Closing, Lessee may elect by written notice to Lessor prior to Closing to terminate this Agreement.

30. Counterparts/Facsimile. This Agreement may be executed in any number of counterparts, and all counterparts shall be deemed to constitute a single agreement. The execution and delivery of any counterpart by any person shall have the same force and effect as if that person had executed and delivered all other counterparts. The electronic facsimile transmittal of a copy hereof bearing any person's signature shall have the same force and effect as the physical delivery to the same recipient of copy hereof bearing such person's original signature.

31. Conflict of Interest. The Lessee has no conflict of interest and shall inform the Lessor of any subsequent potential conflict of interest that would: impair the Lessee's ability to effectuate orderly progress of the Project.

32. Successors. The terms, covenants, agreements, provisions, and conditions contained herein shall bind and inure to the benefit of the parties hereto, their successors and assigns.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.
SIGNATURE PAGE FOLLOWS.]

COUNTERPART SIGNATURE PAGE TO OPTION TO LEASE

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the respective dates set forth below to be effective as of the last date of execution hereof.

LESSOR:

The City of Shreveport, Louisiana,
a political subdivision of the State of Louisiana

By: _____
Name: _____
Its: _____

Date: _____, 2021

COUNTERPART SIGNATURE PAGE TO OPTION TO LEASE

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the respective dates set forth below to be effective as of the last date of execution hereof.

LESSEE:

**SHREVEPORT MILLENNIUM HOUSING IV, LLC,
a Louisiana limited liability company**

By: HACS Millennium IV, LLC,
a Louisiana limited liability company
Its: Managing Member

By: Shreveport Leased Housing Corporation,
a Louisiana non-profit corporation
Its: Manager and sole Member

By: _____
Name: Bobby Collins
Title: Chief Executive Officer

_____, 2021

EXHIBIT "A"

Legal Description

Lots 8-21, Schumpert's Subdivision of Ten Acre Lot No. 23 of the City of Shreveport, as recorded in Book 26, Page 359, Conveyance Records of Caddo Parish, Louisiana