

STATE OF TEXAS §

COUNTY OF TITUS§

TAX ABATEMENT AGREEMENT

This Agreement is entered into by and between the City of Mount Pleasant, Texas, duly acting herein by and through its Mayor, (hereinafter referred to as the CITY); and Titus County, Texas duly acting herein by and through its County Judge; (hereinafter collectively referred to as TAXING ENTITIES); and The Lodge at Mount Pleasant,LLC., acting by and through its Manager, (hereinafter referred to as OWNER).

WITNESSETH:

WHEREAS, on May 19, 2014, the City Council of the City of Mount Pleasant passed Ordinance No. 2014-4 establishing a Reinvestment Zone #2014-1, located in the City of Mount Pleasant, Titus County, Texas, for a Residential Health Care Facility tax abatement, hereinafter referred to as the ORDINANCE, as authorized by the Texas Tax Code 312.31 , hereinafter referred to as the ACT; and

WHEREAS, the CITY has adopted Guidelines and Criteria governing tax abatement agreements (the "CRITERIA"); and

WHEREAS, the CRITERIA constitutes appropriate guidelines and criteria governing tax abatement agreements to be entered into by the CITY as contemplated by the ACT; and

WHEREAS, the contemplated use of the PREMISES, as hereinafter defined, the contemplated improvements to the PREMISES in the amount as set forth in this Agreement and the other terms hereof are consistent with encouraging economic development of said Reinvestment Zone in accordance with the purposes for its creation and are in compliance with the CRITERIA and the ORDINANCE and similar guidelines and criteria adopted by the CITY and all applicable law;

NOW THEREFORE, the parties hereto do mutually agree as follows:

1. **PROPERTY DESCRIPTION**. The property to be the subject of this Agreement shall be that property depicted on the drawing attached hereto as Exhibit "A", each exhibit made a part hereof and shall be hereinafter referred to as PREMISES. The total assessed value of the PREMISES for tax year 2013 is \$105,505.00 land and improvements.
2. **IMPROVEMENTS**. The OWNER shall commence construction of the health care facility in May of 2014.

3. OWNER'S RESPONSIBILITIES. The OWNER agrees and covenants that it will diligently and faithfully in a good and workmanlike manner, pursue the completion of the IMPROVEMENTS as a good and valuable consideration of this Agreement. OWNER further covenants and agrees that all construction of the IMPROVEMENTS will be in accordance with all applicable state and local laws and regulations. In further consideration, OWNER shall thereafter, from the date of completion until thirty (30) months after the expiration of the abatement period, continuously operate and maintain the PREMISES as a Residential Health Care Facility with a minimum of seventeen full time employees. Use of the property during the Abatement Period shall be limited to uses consistent with the general purpose of encouraging development or redevelopment of the zone. OWNER is to provide the CITY and TAXING ENTITIES a copy of their Tax Rendition to the Titus County Tax Appraisal District for years 2015 and 2016. Value of this new equipment should at a minimum total \$100,000 over the two year period. Upon completion and occupation, OWNER is to call for the inspection of new real property and verification of construction within the terms of this agreement. OWNER is to provide annually in the month of December in years 2015 through 2020 a certified statement that they are compliant with the terms of this abatement and in addition provide copies of quarterly Texas Workforce Commission filings (TWC Tax Report C) indicating total full-time employment and wages paid by the company on the premises.

4. DEFAULT. In the event that: (1) THE OWNER of the property fails to create all or a portion of the number of new full-time jobs provided by the agreement; or (2) the appraised value of the IMPROVEMENTS for which an abatement has been granted does not attain a value specified in the agreement; or (3) The IMPROVEMENTS are not completed in accordance with this Agreement; or (4) OWNER allows its ad valorem taxes owed the CITY and TAXING ENTITIES to become delinquent and fails to timely and properly follow the legal procedures for protest and/or contest of any such ad valorem taxes; or; (5) OWNER breaches any of the terms or conditions of this Agreement, then this Agreement shall be in default. In the event that the OWNER defaults as provided above in (1), (2), (3), (4) or (5), then the CITY or TAXING ENTITIES shall give the OWNER written notice of such default and if the OWNER has not cured such default within thirty (30) days of said written notice, or if such default cannot be cured by the payment of money and cannot with due diligence be cured within a ninety (90) day period owing to causes beyond the control of the OWNER, this Agreement may be terminated by the CITY or TAXING ENTITIES. Notice shall be in writing and shall be delivered by personal delivery or certified mail to the Owners of The Lodge at Mount Pleasant, LLC. , at its corporate headquarters address of record.

5. RECAPTURE. In the event of default, all taxes for the years covered by this Agreement which have been abated by the CITY and TAXING ENTITIES under this Agreement (but without the addition of penalty; interest will be charged at the statutory rate for delinquent taxes as determined by Section 33.01 of the Property Tax Code of the State of Texas) shall be refunded to the CITY and TAXING ENTITIES in their respective amounts and shall be due, and paid to the CITY and TAXING ENTITIES within sixty (60) days of the expiration of the above mentioned applicable cure period. CITY and TAXING ENTITIES shall have a

prior and superior lien on the PREMISES for any unpaid taxes, or any taxes required to be refunded to the CITY and TAXING ENTITIES for default under this Agreement.

6. CONFLICT OF INTEREST. The CITY and the TAXING ENTITIES each represent and warrant that the PREMISES do not include any property that is owned by a member of their respective councils or boards, agencies, commissions, or other governmental bodies approving, or having responsibility for the approval of this Agreement.
7. ASSIGNMENT. The terms and conditions of this Agreement are binding upon the successors and assigns of all parties hereto. This Agreement cannot be assigned by OWNER other than to wholly-owned subsidiary of OWNER unless written permission is first granted by the CITY and TAXING ENTITIES, which permission shall be at the sole discretion of the CITY and TAXING ENTITIES.
8. INDEPENDENT CONTRACTOR. It is understood and agreed between the parties that the OWNER, in performing its obligations hereunder, is acting independently, and the CITY and TAXING ENTITIES assume no responsibilities or liabilities in connection therewith to third parties and OWNER agrees to indemnify and hold harmless therefrom.
9. RIGHT OF ACCESS. The OWNER further agrees that the CITY and TAXING ENTITIES, their agents and employees, shall have reasonable right of access to the PREMISES to inspect the IMPROVEMENTS in order to insure that the construction of the IMPROVEMENTS are in accordance with this Agreement and all applicable state and local laws and regulations or valid waiver thereof. After completion of the IMPROVEMENTS, the CITY and TAXING ENTITIES shall have the continuing right to inspect the PREMISES to insure that the PREMISES are thereafter maintained and operated in accordance with this Agreement.
10. DURATION OF ABATEMENT. Subject to the terms and conditions of this Agreement, and subject to the rights and holders of any outstanding bonds of the CITY and TAXING ENTITIES, a portion of ad valorem real property taxes from the PREMISES otherwise owed to the CITY and TAXING ENTITIES shall be abated. Said abatement shall be an amount equal to:

Year One	2015	90 % Abatement of City and County Taxes
Year Two	2016	90 % Abatement of City and County Taxes
Year Three	2017	90 % Abatement of City and County Taxes
Year Four	2018	75 % Abatement of City and County Taxes
Year Five	2019	75%_Abatement of City and County Taxes

of the taxes assessed upon the increased value of the eligible IMPROVEMENTS over the value in the year in which this Agreement is executed and in accordance with the terms of this Agreement and all applicable state and local regulations or valid waiver thereof; provided that the OWNER shall have the right to protest and/or contest any assessment of the PREMISES and said abatement shall be applied to the amount of taxes finally determined to be due as a result of any such protest and/or contest. Said abatement shall extend for a period

of five (5) years beginning January 1, 2015. Use of the property during the Abatement Period shall be limited to uses consistent with the general purpose of encouraging development or redevelopment of the zone.

10. This Agreement was authorized by Ordinance No. 2014-4 adopted by the City Council of the City of Mount Pleasant, Texas, at its regularly scheduled meeting on the 19th day of May, 2014, authorizing the Mayor to execute the Agreement on behalf of the City of Mount Pleasant, Texas, a copy of which is attached as Exhibit "C".


11. This Agreement was authorized and approved by the Titus County Commissioners Court on the 27th day of MAY, 2014 whereupon it was duly determined that the County Judge would execute the Agreement on behalf of Titus County, a copy of said minutes is attached as Exhibit "D".

12. SEVERABILITY. This shall constitute a valid and binding Agreement between the CITY and OWNER, when executed in accordance herewith, regardless of whether any other TAXING ENTITY executes this Agreement. If a TAXING ENTITY executes this Agreement, this shall constitute a valid and binding Agreement between said TAXING ENTITY and OWNER, when executed on behalf of said parties, for the abatement of such TAXING ENTITY's taxes in accordance therewith. If any provision of this Agreement is held to be invalid or unenforceable, the remainder of the Agreement shall be unaffected, but shall be enforced to the greatest extent permitted by law.

13. VENUE. This Agreement is executed in Titus County, Texas, is performable in Titus County, Texas, and shall be construed under the laws of the State of Texas. Venue for any lawsuit arising out of the terms or obligations of this Agreement shall be in Titus County, Texas.

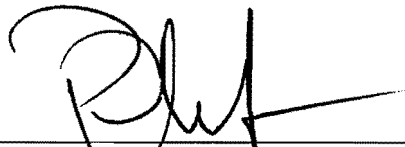
CITY OF MOUNT PLEASANT, TEXAS

ATTEST:



Brenda Reynolds, City Secretary





Dr. Paul Meriwether, Mayor

5/19/14

Date

TITUS COUNTY

ATTEST:

Dianne Norris
County Clerk



ATTEST:

[Signature]

TITUS COUNTY, TEXAS

Brian Lee
Brian Lee, County Judge

5-27-14
Date

OWNER

THE LODGE AT MOUNT PLEASANT, LLC

Sheela Singaperumal
Dr. Sheela Singaperumal, Officer

6/4/14
Date

Legal description of the land:

All that certain tract or parcel of land situated in the County of Titus, State of Texas, being a portion of the AMBROSE RIPLEY SURVEY, Abstract No. 478, and also being all of that certain called 10.66 acre tract conveyed by Dwayne Chapman joined pro forma by Carolyn Chapman to Wayne Tippitt as recorded in Vol. 1743, p. 54 of Titus County Real Property Deed Records, said 10.66 acre tract being the same 10.66 acre tract conveyed by Glenda W. Chapman to Dwayne Chapman (Quitclaim Deed) as recorded in Vol. 807, p. 6 of Titus County Real Property Deed Records, and bounded as follows:

BEGINNING at a 5/8" steel rebar with red surveyor's cap marked "Wright Bros." found at fence corner in north line of AMBROSE RIPLEY SURVEY and south line of the J. R. MITCHELL SURVEY, Abstract No. 384 for northwest corner of this tract, northwest corner of Tippitt 10.66 acre tract, northwest corner of Chapman 10.66 acre tract, southwest corner of that certain 2.605 acre tract conveyed by Shakti, L. C. a Texas Limited Liability Company to Mt. Pleasant Lodging, Ltd. as recorded in Vol. 1692, p. 68 of Titus County Real Property Deed Records, and angle point corner of that certain 20.816 acre tract described in Vol. 1034, p. 266 of Titus County Real Property Deed Records (Affiants Nonhomestead Property - Affiants : Harold K. Smith and Tobi L Smith), said steel rebar being in south line of City Block No. 345;

THENCE NORTH 89° 45' 16" EAST with survey line, with south line of City Block No. 345, with north line of this tract, with north line of Tippitt and Chapman 10.66 acre tract, with south line of Mt. Pleasant Lodging, Ltd. 2.605

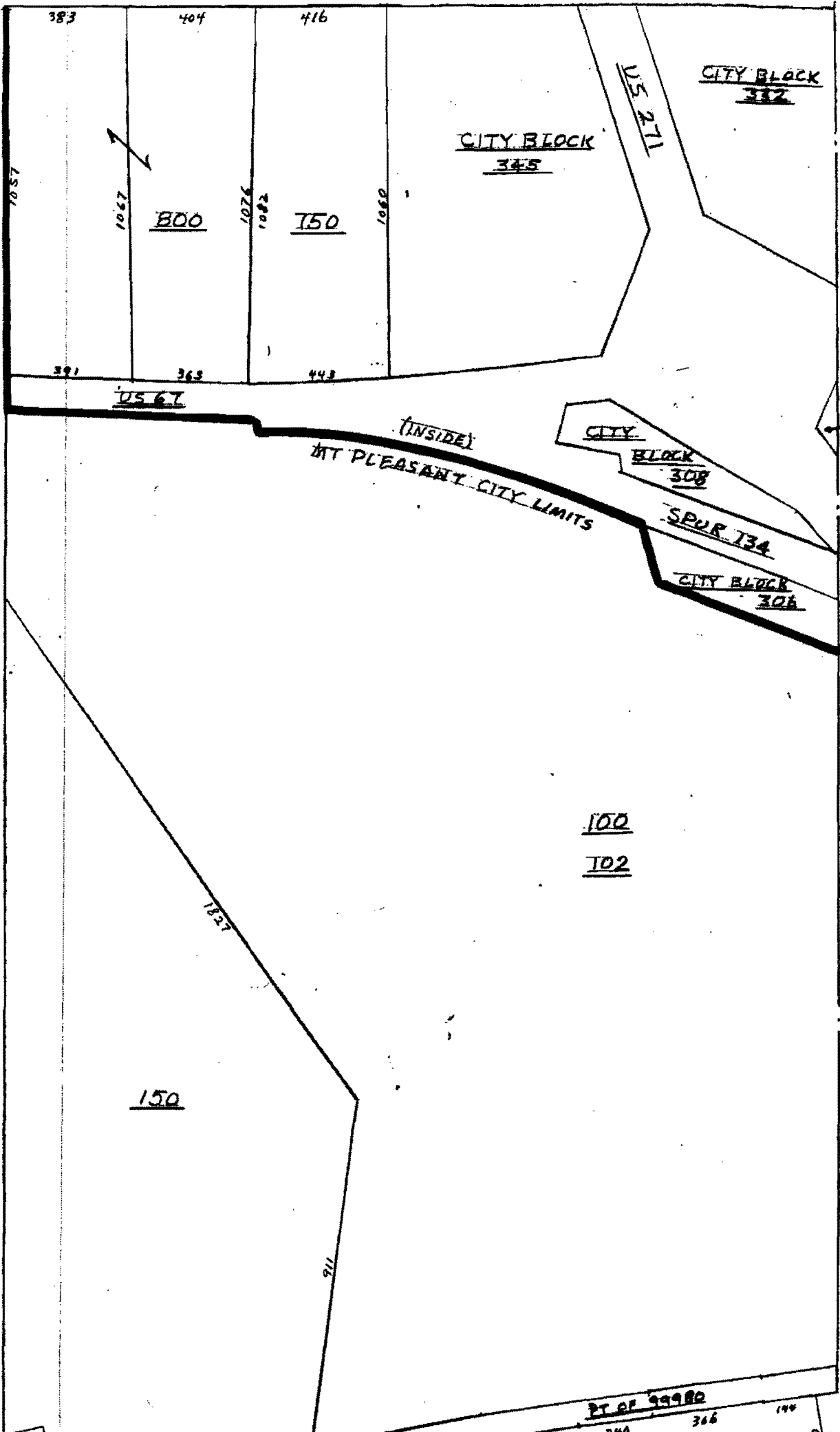
acre tract, and along old fence, 415.79 feet to a 2" steel pipe found at fence corner for northeast corner of this tract, northeast corner of Tippitt and Chapman 10.66 acre tract, and existing northwest corner of that certain 16.926 acre tract (designated Lot-2B) conveyed by Continental Oil Company, a Delaware Corporation to William Clark Chambers, Jr. as recorded in Vol. 408, p. 853 of Titus County Deed Records, said pipe being a ell corner of City Block No. 345;

THENCE SOUTH 0° 06' 40" EAST with east line of this tract, with east line of Tippitt and Chapman 10.66 acre tract, with west line of Chambers tract, with west line of City Block No. 345, and along old fence line, 1060.34 feet to a 1/2" steel rebar found at fence corner in north right-of-way curve of U. S. Highway No. 67 for southeast corner of this tract, southeast corner of Tippitt and Chapman 10.66 acre tract, southwest corner of Chambers tract, and southwest corner of City Block No. 345;

THENCE in a westerly direction around north right-of-way curve to the right having a central angle of 4° 04' 13" a radius of 6229.23 feet a arc length of 442.52 feet a chord bearing of SOUTH 87° 29' 28" WEST and a long chord of 442.43 feet to a 5/8" steel rebar found at fence corner for southwest corner of this tract, southwest corner of Tippitt and Chapman 10.66 acre tract, and southeast corner of Harold and Tobi Smith 20.816 acre tract;

THENCE NORTH 1° 17' EAST (Basis of Bearing) with west line of this tract, with west line of Tippitt and Chapman 10.66 acre tract, with east line of Smith 20.816 acre tract, and along traces of old fence, 1078.19 feet to the place of BEGINNING and containing 10.5505 acres of land.

Ex "A"



383

404

416

CITY BLOCK
342

CITY BLOCK
345

US 271

1057

1067

800

1076

1082

150

1080

391

363

443

US 67

(INSIDE)

MT PLEASANT CITY LIMITS

CITY
BLOCK
308

CITY
361

SPUR 134

CITY BLOCK
306

100

102

1837

150

911

PT. OF 99980

366

140