

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 Sweet Shop Candies, Inc., acting by and through its CEO, Krista Webb (hereinafter referred to as OWNER).

WITNESSETH:

WHEREAS, on October 6, 2015, the City Council of the City of Mount Pleasant passed Ordinance No. 2015-19 establishing an Reinvestment Zone #2015-3, located in the City of Mount Pleasant, Titus County, Texas, for industrial 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 2015 is \$ 3,198,439 land and improvements.
2. **IMPROVEMENTS**. The Owner will install remodel approximately 6,000 sq. ft. of existing warehouse space, adding upgrades to air conditioning and electric service and other items valued at \$235,000. In addition to these improvements to real property, the owner will install new equipment for use in the production of candies at a value of \$830,000 prior to December 2015. Such equipment shall include: melting and cooling equipment, cooling table, cooling drums, conveyor and product printing equipment.

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 Manufacturing Facility with a minimum of 20 new full time positions giving the facility a total of 132 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 2016 and 2017. Value of this new equipment should at a minimum total \$830,000 for the two years. 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 2016 through 2017 a certified statement that they are compliant with the terms of this abatement and in addition provide copies of fourth quarter Texas Workforce Commission filings (TWC Tax Report C) indicating total full-time employment and wages paid by the company on the premises.

Nothing herein shall require or obligate Owner to disclose any of its confidential, financial or employee salary information in connection with the foregoing and/or the Abatement.

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 Sweet Shop Candies, Inc. 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	2016	90% Abatement of City and County Taxes
Year Two	2017	90% Abatement of City and County Taxes
Year Three	2018	70% Abatement of City and County Taxes
Year Four	2019	30% 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 four years beginning January 1, 2016. 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. 2015-19 adopted by the City Council of the City of Mount Pleasant, Texas, at its regularly scheduled meeting on the sixth day of October, 2015, 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 26TH day of OCTOBER, 2015 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".

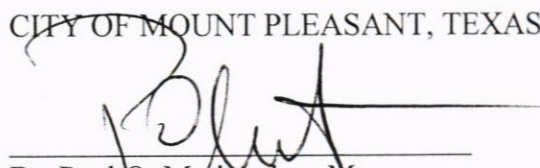
12. SEVERABILITY. This shall constitute a valid and binding Agreement between the CITY and OWNER, when executed in accordance herewith, regardless of whether any other TAXING ENTITY executes this Agreement. If a TAXING ENTITY executes this Agreement, this shall constitute a valid and binding Agreement 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.

ATTEST:


Darleen Denman
Darleen Denman, Acting City Secretary

CITY OF MOUNT PLEASANT, TEXAS

CITY OF MOUNT PLEASANT, TEXAS

Dr. Paul O. Meriwether, Mayor

10-6-2015
Date

TITUS COUNTY

ATTEST:

TITUS COUNTY, TEXAS

Jean Newman
County Clerk

Brian Lee
Brian Lee, Titus County Judge



10-26-15
Date

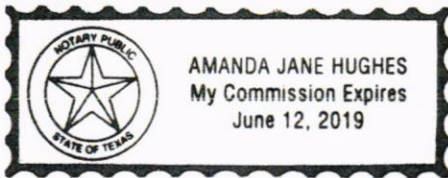
OWNER

ATTEST:

SWEET SHOP CANDIES, INC.

Amanda Jane Hughes

Krista Webb
Krista Webb, CEO



11.5.15
Date

ITEM A

14850

14849

12320

700

1199

E 14th St

E 14th St

Industrial Rd

332

255481

10918

A-358
MERCHANT, B

255482

10916

10920

10921

10923

15963

15964

15965

15966

E 13th St

Belmont

WEBB INDUSTRIAL LLC

Parcel ID: 255481

Geo ID: 01000-03352-00011

Legal Desc: MT PLEASANT CITY

BLOCKS BLK 335-B LOT 1A 4.18 AC

Situs: 1316 INDUSTRIAL RD,,TX

Addr Line 2: 1316 INDUSTRIAL ROAD

Addr City: MOUNT PLEASANT

Addr State: TX

Zip: 75455

School: 903

City: 103

County: 225

Deed Date: 03/27/2008

THE SWEET SHOP USA
FACILITY

14th Street, NW
Washington, DC 20005

Project No.

EXISTING FLOOR PLAN

Project No.
Project Name
Project Location
Project Date

Sheet No.
A2

Scale: 1/8" = 1'-0"

