

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 Priefert Manufacturing and PMCI Properties, acting by and through David Smith, CFO, (hereinafter referred to as OWNER).

WITNESSETH:

WHEREAS, on October 6, 2015 and November 17, 2015, the City Council of the City of Mount Pleasant, Texas passed Ordinance Numbers 2015-18 and 2015-24 establishing an Reinvestment Zones #2015-2 and 2015-4, located in the City of Mount Pleasant, Titus County, Texas, for industrial tax abatement, hereinafter referred to as the ORDINANCES, 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 Enterprise 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.
2. IMPROVEMENTS. The OWNER shall commence construction of new manufacturing space as described here:

Construct a Railroad Crossover Building consisting of approximately 6,000 sq. ft. and costing an estimated \$300,000.

In addition, the Owner will install equipment in a previously constructed building on parcel 292962 are components of a "tube mill" including mill with an integrated welder, cutoff and run out equipment. Equipment specific to a tube mill valued at \$2,500,000.

Total equipment and improvements on this project \$2,800,000.

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 856 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 2018 and 2019. 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 2018 through 2027 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. The notice shall be in writing and shall be delivered by personal delivery or certified mail to the Owners of Priefert Manufacturing, 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 a reasonable right of access to the PREMISES to inspect the IMPROVEMENTS in order to ensure that the construction of the IMPROVEMENTS is 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 ensure 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	2018	90% Abatement of City and County Taxes
Year Two	2019	90% Abatement of City and County Taxes
Year Three	2020	90% Abatement of City and County Taxes
Year Four	2021	75% Abatement of City and County Taxes
Year Five	2022	75% Abatement of City and County Taxes
Year Six	2023	75% Abatement of City and County Taxes
Year Seven	2024	75% Abatement of City and County Taxes
Year Eight	2025	50% Abatement of City and County Taxes
Year Nine	2026	50% Abatement of City and County Taxes
Year Ten	2027	50% 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 ten (10) years beginning January 1, 2017. 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. 2015-18 and 2015-24 adopted by the City Council of the City of Mount Pleasant, Texas, at its regularly scheduled meeting on fifteenth day of August, 2017, 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 28th day of AUGUST, 2017 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, City Secretary

CITY OF MOUNT PLEASANT

CITY OF MOUNT PLEASANT, TEXAS

Dr. Paul O. Meriwether
Dr. Paul O. Meriwether, Mayor

8-15-2017

Date



TITUS COUNTY

ATTEST:

TITUS COUNTY, TEXAS



JOAN NEWMAN, County Clerk



BRIAN LEE, County Judge

8-28-17

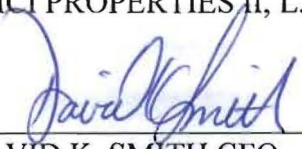
Date

OWNER

ATTEST:

PRIEFERT MANUFACTURING CO, INC.
PMCI PROPERTIES II, L.P.





DAVID K. SMITH CFO

9-5-17

Date

Exhibit A

