

STATE OF TEXAS §
 §
COUNTY OF FORT BEND §

**TAX ABATEMENT AGREEMENT
BY AND BETWEEN
FORT BEND COUNTY
AND TEXPHARMA LLC**

This Tax Abatement Agreement, hereinafter referred to as “**Agreement**,” is executed by and between **FORT BEND COUNTY, TEXAS**, hereinafter referred to as “**County**,” acting by and through its Commissioners’ Court and **TEXPHARMA LLC**, a Texas limited liability company hereinafter referred to as “**Owner**” of the Real Property located within the City of Rosenberg Reinvestment Zone No.19 and defined below.

1. Authorization

- a. This Agreement is authorized by the Property Redevelopment and Tax Abatement Act, Chapter 312 of the TEXAS TAX CODE as it exists on the effective date of this Agreement, and;
- b. The Guidelines and Criteria for Granting Tax Abatement in Reinvestment Zones created by Fort Bend County, Texas, were approved by the County’s Commissioners Court on February 24, 2015. County has determined that the request for Tax Abatement presented by Owner conforms to the criteria established in the Guidelines for Tax Abatement.
- c. No official of County has an interest in the property subject to this Agreement.

2. Definition

As used in this Agreement, the following terms shall have the meanings set forth below:

- a. “**Abatement**” means the full or partial exemption from ad valorem taxes of certain property in the City of Rosenberg Reinvestment Zone No. 19 designated for economic development purposes.
- b. The “**Certified Appraised Value or Value**” means the value certified as of January 1 of each year of this Agreement regarding the property within City of Rosenberg Reinvestment Zone No. 19 by the Fort Bend Central Appraisal District.
- c. “**County**” means the County of Fort Bend, Texas.
- d. “**Improvements**” means buildings and structures (or portions thereof) and other improvements, which are to be erected or expanded by Owner on the Real Property, to be used as an office, distribution, and manufacturing facility containing approximately 200,000 square feet, and any sidewalks, parking lots, outdoor lighting, landscaping and other improvements to serve the buildings or structures located in Reinvestment Zone No. 19.
- e. “**Eligible Property**” means the personal property owned or acquired by Owner and installed at the Improvements which is not Ineligible Property. Abatement shall be extended to machinery and equipment (fixed or otherwise), necessary to the operation and administration of the facility.

Eligible Property is subject to abatement only as included in Section 5(c).

- f. **“Employee”** means a person employed by the Owner, or a third party, exclusively at the Owner’s New Facility in support of the Owner’s operations. Full-time employees will be defined as an individual eligible to receive benefits as a full-time employee of the company under its employment policies. The owner’s employees compensation shall include a benefits package containing any benefits then offered to Owner’s employees in similar positions.
- g. **“FBCAD”** means the Fort Bend County Central Appraisal District.
- h. **“Ineligible Property”** means real property, existing improvements, tangible personal property that the Fort Bend Central Appraisal District classifies as inventory or supplies, real property used primarily to provide retail sales or services to the public, real property used for residential purposes, tangible personal property classified as furnishings, tangible personal property located in the reinvestment zone prior to the execution date of the tax abatement agreement, real property with a productive life of less than 10 years, or any other property for which abatement is not allowed by state law.
- i. **“Owner”** means TEXPHARMA LLC, a Texas limited liability company, the entity that owns the real property on the date taxes are abated under this Agreement or any other person or entity to which this Agreement is assigned in accordance with this Agreement.
- j. **“Real Property”** means the approximate 19.1 acre tract of land described in **Exhibit “B”** attached hereto and incorporated herein for all purposes, and all improvements currently located thereon, which tract of land is located within the Reinvestment Zone 19.

3. **Subject Property**

- a. The City of Rosenberg Reinvestment Zone No. 19 is an area located in Fort Bend County, Texas, being legally described in **Exhibit “A”** attached hereto and incorporated herein for all purposes.
- b. The FBCAD has established the base year values for the Real Property as of January 1, 2016.

4. **Responsibility of Owner**

In consideration of receiving the tax abatement granted herein, Owner represents and agrees:

- a. That construction of the Improvements will commence without delay.
- b. That construction of the Improvements shall be completed on or before December 31, 2017, unless otherwise agreed to in writing by the parties.
- c. That Owner shall provide the County’s Tax Assessor/Collector a certified statement evidencing a minimum of \$16,500,000.00 in project costs with respect to the design and construction of the Improvements within sixty (60) days after completion of the Improvements.
- d. That Owner shall provide the County’s Tax Assessor/Collector with a copy of the Certificate of Occupancy for the Improvements on or before December 31, 2017. Owner’s failure to timely present a copy of the

Certificate of Occupancy to County may result in a forfeiture of the tax abatement of tax year 2018

- e. That the Certified Appraised Value of the Improvements on January 1, 2018, and on each and every January 1 thereafter during the term of this Agreement must not be less than \$16,500,000.00. Owner may from time to time during the term of this Agreement install additional improvements, and modify, remove or replace improvements as Owner may determine in their discretion. Failure to meet the requirements of this section will invalidate the tax abatement for the year this requirement was not satisfied.
- f. Owner agrees to meet the following employee requirements:

Tax Year	Number of Employees Required
2018	At least 80 Employees employed at the Improvements
2019	At least 80 Employees employed at the Improvements
2020	At least 110 Employees employed at the Improvements
2021	At least 150 Employees employed at the Improvements
2022	At least 195 Employees employed at the Improvements
2023	At least 245 Employees employed at the Improvements
2024	At least 300 Employees employed at the Improvements

- g. Owner shall annually furnish County with only those payroll records allowed by law and necessary for County to confirm Owner's compliance with this Agreement (e.g. the number of employees is appropriate, but payroll dollars, taxes, benefits, and bonuses are not appropriate).
- h. That Owner will have the option to, but shall not be required to, participate in the continuing economic development process in Fort Bend County by becoming a Regular Member (\$2,000/year dues) of the Greater Fort Bend Economic Development Council for a minimum period coinciding with the term of this Agreement.
- i. OWNER SHALL BE RESPONSIBLE FOR NOTIFYING THE FBCAD OF THE ABATEMENT, INCLUDING FILING WITH THE FBCAD ANY APPLICATION OR OTHER FORMS NECESSARY TO QUALIFY FOR OR RECEIVE THE ABATEMENT GRANTED.
- j. OWNER SHALL BE RESPONSIBLE FOR REQUESTING AN ASSIGNMENT OF THIS AGREEMENT IN THE EVENT THE REAL PROPERTY THE SUBJECT OF THIS AGREEMENT IS SOLD, TRANSFERRED OR ASSIGNED. EXCEPT AS OTHERWISE PROVIDED HEREIN, ANY ASSIGNMENT IS NOT EFFECTIVE UNTIL APPROVED IN WRITING BY COUNTY.

- k. That Owner has, as of the effective date of this Agreement, the financial resources to implement the above representations.
- l. That Owner shall ensure that taxes on all property owed in Fort Bend County are current. Delinquent taxes for any Fort Bend County Property is a default of Owner's obligations and will be grounds for termination regardless of whether the delinquent property is subject to an abatement. Notwithstanding the foregoing, disputed taxes shall not be considered a default of Owner's obligations and shall not be grounds for termination under this Agreement unless such the sole purpose of such dispute is to delay or otherwise hinder the default of this Agreement. Owner shall comply with all Texas laws for disputing taxes in order to avoid a default of Owner's obligations under this Section.

5. Value and Term of Abatement

- a. This Agreement shall be effective on the date executed by County and shall terminate (unless earlier terminated in accordance with the terms hereof) on December 31, 2024. In no event shall this Agreement extend beyond December 31, 2024 unless otherwise agreed to in writing by the parties and in accordance with applicable law regarding same.
- b. In each year that this Agreement is in effect, the amount of abatement shall be an amount equal to the percentage indicated below of the taxes assessed upon the Improvements.
- c. Subject to the limitations imposed by law and conditioned upon the representations outlined in Section 4 herein above, there shall be granted and allowed hereunder a property tax abatement for the following years and in the following amounts on the value of the Improvements:

Tax Year	Percentage Abatement
2018	60%
2019	60%
2020	60%
2021	60%
2022	60%
2023	60%
2024	60%

- 1) The abatement granted shall not apply to the value of the Real Property, increases in the value of the Real Property, Ineligible Property, Eligible Property, inventory or supplies.
- 2) All Eligible Property shall be placed and/or installed in accordance with applicable laws, ordinances, rules or regulations in effect at the time such Eligible Property is placed and/or installed.
- 3) The FBCAD's determination of values shall be used to determine the value of the property subject to this Agreement. If Owner protests the FBCAD's valuation of the property, the valuation placed on the property after the protest is resolved under State law shall be used.

- 4) On or before September 1 of each year of this Agreement, Owner shall each certify in writing to the Fort Bend County Tax Assessor/Collector their compliance with each term of this Agreement.
- 5) Owner may terminate this Agreement with thirty (30) days written notification to the County. Owner shall not be entitled to a tax abatement for the year in which such termination is made. If taxes for the year of termination have been abated, the Owner shall, with such notice, make payment to the County of any abated taxes for the year of termination with appropriate interest and penalty.

6. Taxability

During the period that this tax abatement is effective, taxes shall be payable by the Owner as follows:

- a. The value of Real Property, Ineligible Property and Eligible Property shall be fully taxable, including inventory, and
- b. The value of existing improvements, if any, and existing Eligible Property shall be determined in the base year by the FBCAD.

7. Event of Default

- a. County may declare Owner in default of this Agreement if: (1) Owner fail to comply with any term of this Agreement or (2) Owner allows County ad valorem taxes on any property owned in Fort Bend County to become delinquent, even if the delinquent taxes are for a property not subject to an abatement or (3) Owner ceases operations on the Real Property for a continuous period of one hundred eighty (180) days before the expiration of the term of the Abatement without the prior written consent of the County, except that in the event of (i) a temporary shutdown of the facility, with assurance of the resumption of operations, for the purpose of facility modification, expansion, improvement, retooling or similar purpose, (ii) the facility is being actively marketed, the County shall not unreasonably withhold consent to a reasonable extension to such period to permit the sale of the facility to another operator, (iii) the closure of the facility pending settlement of insurance, casualty or condemnation claims or (iv) the closure of the facility due to inadequate or unacceptable raw water supply shall not constitute a vacating of or a cessation of operations on the Real Property under this Section 7(a)(3). Such exceptions are subject to further extension for force majeure as defined in Section 11 herein.
- b. County shall notify Owner (as applicable) of any default in writing specifying the default. Owner shall have sixty (60) days from the date of the notice to cure any default. If Owner fails to cure the default within ninety (90) days from receipt of notice, County may terminate this Agreement by written notice.
- c. If this Agreement is terminated by County, as County's sole and exclusive remedy, Owner (as applicable) agrees that they are liable for and will pay to County within thirty (30) days of the termination of this Agreement:
 - i. The amount of all taxes abated during the term of this Agreement; and

- ii. Interest on the abated amount at the rate provided for in the Texas Tax Code for delinquent taxes.
 - iii. Penalties on the amount abated in the year of default, at the rate provided for in the Texas Tax Code for delinquent taxes.
- d. County shall have a lien against the Real Property, Ineligible Property and Eligible Property for the taxes and interest owed because of the recapture of taxes under this paragraph during the time period beginning on the date such payment obligation accrues and continuing until the date is paid.
- e. This paragraph is required by Chapter 2264, TEXAS GOVERNMENT CODE and governs over any conflicting provisions of this Agreement. Owner is prohibited from knowingly employing undocumented workers as that term is defined in Section 2264.001, TEXAS GOVERNMENT CODE. If Owner is convicted of a violation under 8 U.S.C. Section 1324a(f), the conviction shall be considered a default of this Agreement, from which no cure provisions shall apply. In such event, County shall provide written notice to Owner of the default and this Agreement shall automatically terminate on the 30th day after the date of the notice of default from County to Owner. In the event of termination under this paragraph, Owner shall repay to County the amount of all property taxes abated under this Agreement, plus interest on the abated amount at the rate provided for in the TEXAS TAX CODE for delinquent taxes.

8. Administration and Inspection

- a. This Agreement shall be administered on behalf of the Fort Bend County Tax Assessor/Collector or her designee. Owner shall allow employees or other representatives of County who have been designated by the Tax Assessor/Collector to have access to the Real Property (during normal business hours) during the term of the Agreement. All regular inspections shall be made only after two (2) business days prior written notice and will be conducted in such a manner as not to unreasonably interfere with the construction or operation of the facility. A representative of Owner may accompany the inspector. County shall cause each of its employees and representatives who conduct such inspections to abide by all of Owner's security, safety and operational rules (as the same may be amended from time to time), copies of which have been made available to County.
- b. Upon completion of the placement and/or installation of the Eligible Property, County shall annually evaluate the Improvements and any Eligible Property to ensure compliance with the terms and provisions of this Agreement and shall report potential defaults to the Owner.
- c. The Chief Appraiser of the FBCAD shall annually determine (1) the taxable value under the terms of this abatement of the Improvements, and any Eligible Property located on the Real Property and (2) the full taxable value without abatement of the Real Property, the Improvements, and any Eligible Property located on the Real Property. The Chief Appraiser shall record both abatement taxable value and full taxable value in the appraisal records. The full taxable value figure listed in the appraisal records shall

be used to compute the amount of abated taxes that is terminated in a manner that results in recapture of abated taxes.

- d. Owner shall furnish the Chief Appraiser annually such information as provided for under Chapter 22 of the Texas Tax Code, including payroll records, as may be necessary for the administration of the this Agreement. Such information, including payroll records, shall also be provided annually to the County Tax Assessor/Collector in preparation of its annual evaluation for compliance with the terms and provisions of this Agreement.

9. Assignment

- a. Owner may not assign this Agreement without prior written consent of County. No assignment shall be effective or approved if County has declared a default hereunder which has not been cured or the assignee is delinquent in the payment of any ad valorem taxes owed to County. Approval shall not be unreasonably withheld.
- b. Any and all assignments shall contain the same terms and conditions as set out in this Agreement and shall be granted for the remaining term of the original Agreement only.
- c. Owner shall provide notice to County within ninety (90) days of any sale or assignment of the Real Property subject to this Agreement.

10. Indemnity

It is understood and agreed that Owner, in performing obligations hereunder, is acting independently, and County assumes no responsibilities or liabilities in connection therewith to third parties. **OWNER AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS COUNTY AND THE FBCAD FROM ANY AND ALL CLAIMS, SUITS, AND CAUSES OF ACTION OF ANY NATURE WHATSOEVER ARISING OUT OF OWNER'S BREACH OF ITS OBLIGATIONS HEREUNDER EXCEPT THAT THE INDEMNITY SHALL NOT APPLY TO THAT PORTION OF RESPONSIBILITIES AND LIABILITIES RESULTING FROM THE FAULT OR NEGLIGENCE OF COUNTY OR TAXING UNITS, THEIR RESPECTIVE OFFICERS, AGENTS OR EMPLOYEES. OWNER'S INDEMNIFICATION OBLIGATIONS INCLUDE THE PAYMENT OF REASONABLE ATTORNEYS FEES AND EXPENSES INCURRED IN THE DEFENSE OF ANY SUCH CLAIMS, SUITS, AND CAUSES OF ACTION WHICH ARE NOT DUE TO COUNTY'S, OR THEIR REPRESENTATIVES' INTENTIONAL CONDUCT, RECKLESS CONDUCT, OR NEGLIGENCE. OWNER SHALL BE RESPONSIBLE FOR ALL FEES INCURRED BY COUNTY IN THE DEFENSE OF ANY SUCH CLAIMS, SUITS, OR CAUSES OF ACTION SO LONG AS DEFENSE COUNSEL AND COURSES OF ACTION ARE DETERMINED SOLELY BY OWNER (AS APPLICABLE). NOTHING IN THIS AGREEMENT SHALL BE INTERPRETED TO PROHIBIT COUNTY FROM INCURRING REPRESENTATION OF ANY SUCH CLAIM, SUIT OR CAUSE OF ACTION AND OWNER SHALL NOT BE RESPONSIBLE FOR ANY SUCH COSTS AND OR FEES SO INCURRED.**

11. Force Majeure

If by reason of force majeure, Owner is unable to perform any obligation of this Agreement, it shall give notice of the force majeure to County in writing within thirty (30) calendar days after Owner first becomes aware or should have become aware of the occurrence relied upon. By doing so, the obligation of Owner, to the extent and for the period of time affected by the force majeure, shall be suspended. Owner shall endeavor to remove or overcome the inability with all reasonable effort. For purposes of this provision, “force majeure” shall include, but not be limited to acts of God, landslides, lightning, earthquakes, hurricanes, storms, floods, or other natural occurrences; strikes, lockouts, insurrections, riots, wars or other civil or industrial disturbances; orders of any kind of the federal or state government or of any civil or military authority; explosions, fires, breakage or accidents to machinery, lines, or equipment, or the failure or lack of capacity of the wastewater system or water supply system; or any other cause not reasonably within the control of the Owner.

12. Commissioners Court Approval

This Agreement is conditioned entirely upon the approval of the Commissioners’ Court by the affirmative vote of a majority of the members present at a duly scheduled meeting of the Commissioner’s Court.

13. Compliance with State and Local Regulations

This Agreement shall not be construed to alter or affect the obligations of Owner to comply with any city ordinance or federal or state law or regulation.

14. Changes in Laws/Vested Rights

The tax abatement provided in this Agreement is conditioned upon and subject to any changes in the state tax laws during the term of this Agreement, but only the extent required by law to be enforceable and after giving Owner all vesting, non-conforming and/or “grandfather” rights, contained in and applicable to this Agreement and allowed by law.

15. Miscellaneous

- a. This Agreement and the rights and obligations of each party shall be construed and enforced under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Fort Bend County, Texas.
- b. In the event of one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.
- c. The waiver by either party of a breach of any provision of this Agreement shall not operate as or be construed as a waiver of any subsequent breach.
- d. Any amendments of this Agreement shall be of no effect unless in writing and signed by both parties hereto.

16. Notices

- a. Any notice required to be given under the provisions of this Agreement shall be in writing and shall be duly served when it shall have been hand delivered or deposited, enclosed in a wrapper with the proper postage prepaid thereon, and certified, return receipt requested, in a United States Post Office, addressed to County, Owner at the mailing address as hereinafter set out. If mailed, any notice of communication shall be deemed to be received three (3) business days after the date of deposit in the United States Mail.
- b. Unless otherwise provided in this Agreement, all notices shall be delivered to Owner or County at the following addresses:

To the Tax Assessor/Collector: The Honorable Patsy Schultz
Fort Bend County Tax Assessor-Collector
1317 Eugene Heimann Circle
Richmond, Texas 77469

To County: Fort Bend County
401 Jackson
Richmond, Texas 77469
Attention: County Judge

Copy to: Fort Bend County Attorney
401 Jackson
Richmond, Texas 77469

To Owner: TEXPHARMA LLC
1606 Bartrum Trail
Sugar Land, Texas 77478
Attn: Cividi Santosh

Copy to: Roberts Markel Weinberg Butler Hailey PC
c/o Himesh Gandhi, Esq.
2277 Plaza Drive, Suite 290
Sugar Land, Texas 77479

Any party may designate a different address by giving the other parties ten (10) days prior written notice thereof. Failure of Owner to provide County Tax Assessor/Collector thirty (30) days' notice of a change of address may result in termination of this Agreement.

17. Entire Agreement

This Agreement contains the entire Agreement among the parties and supercedes all other negotiations and agreements, whether written or oral. This Agreement shall inure to the benefit of and be binding upon the parties hereto and each of their respective successors and assigns. Attached hereto are (a) **Exhibit "A"** – City of Rosenberg

Ordinance No. _____ designating Reinvestment Zone No. 19 (b) **Exhibit “B”** - legal description of Real Property which are made part of this Agreement.

18. Execution

IN TESTIMONY OF WHICH, THIS AGREEMENT has been executed by County and Owner as of the dates below stated. All Parties warrant and represent that the individuals executing this agreement on behalf of each have full authority to execute this Agreement and bind each to the same.

COUNTY:

FORT BEND COUNTY, TEXAS

By: _____
Robert E. Hebert, County Judge

ATTEST:

Date: _____

Laura Richard, County Clerk

OWNER:

TEXPHARMA LLC, a Texas limited
liability company

By: _____
Printed: Name: Santosh Cividi
Title: Managing Member

ATTEST:

Date: _____

Printed Name: _____

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