ECONOMIC DEVELOPMENT AGREEMENT

This Economic Development Agreement (the "Agreement") is entered into by and between the City of Lewisville, Texas, a home rule city and municipal corporation of Denton County, Texas, duly acting by and through its City Manager, (hereinafter referred to as "City"); and 280 Corporate, LLC, a Texas limited liability company (hereinafter referred to as "Owner") (hereinafter collectively referred to as the "Parties").

WITNESSETH:

WHEREAS, pursuant to Chapter 380 of the Texas Local Government Code ("Statute"), the City adopted an Economic Incentive Policy for making economic development incentives and grants on June 7, 2021 ("the Policy Statement"); and

WHEREAS, the Policy Statement constitutes appropriate guidelines and criteria governing economic development agreements to be entered into by the City as contemplated by the Statute; and

WHEREAS, in order to maintain and/or enhance the commercial, economic, and employment base of the Lewisville area to the long-term interest and benefit of the City, in accordance with said Statute, the City desires to enter into this Agreement; and

WHEREAS, on the _____ day of _____, 2022, the City Council of the City of Lewisville, Texas, authorized this Agreement pursuant to the Statute; and

WHEREAS, Owner owns all of that approximately 15.7093 acre tract of land at 280 E. Corporate Drive, in Lewisville, Texas, which is more particularly described by metes and bounds in "Attachment A" attached hereto (the "Land"); and

WHEREAS, Owner intends to construct certain Real Property Improvements (hereinafter defined) on the Land and to lease the Real Property Improvements, and to construct a retaining wall on the Land, which will allow for construction of an extension to the recreation trail along Timber Creek; and

WHEREAS, Owner's construction of certain Real Property Improvements (hereinafter defined) and installation by a future Tenant (hereinafter defined) of Business Personal Property (hereinafter defined) or Inventory (hereinafter defined) or significant Annual Taxable Sales (hereinafter defined) originating from the Land due to use by a future Tenant will provide major investment on the Land and increased tax revenues for the City; and

WHEREAS, the contemplated use of the Land, the contemplated Real Property Economic Development Agreement -- Page 1 of 17 Improvements, and the contemplated addition of Business Personal Property (hereinafter defined) or Inventory (hereinafter defined) on the Land or the contemplated increase in Annual Taxable Sales (hereinafter defined) originating from the Land in the amounts set forth in this Agreement, Owner's construction of a retaining wall on the Land, and the other terms hereof are consistent with encouraging development of said Land in accordance with the purposes for its creation and are in compliance with the intent of the Statute and the Policy Statement and similar guidelines and criteria adopted by the City and all applicable law; and

WHEREAS, the City Council finds that the proposed improvements to the Land are feasible and practicable and would be of benefit to the Land and to the City after the expiration of this Agreement; and

WHEREAS, the City finds that the administration of an economic development agreement to provide incentives to the Owner in return for constructing Real Property Improvements (hereinafter defined) in the City and complying with all other terms of this Agreement will promote local economic development and stimulate business and commercial activity within the municipality and would directly establish a public purpose; and

WHEREAS, the City has determined that this Agreement contains sufficient controls to ensure that the above-mentioned public purposes are carried out in all transactions involving the use of public funds and resources in the establishment and administration of the Agreement.

NOW THEREFORE, the City, in consideration of the mutual benefits and promises contained herein and for good and other valuable consideration, the adequacy and receipt of which is hereby acknowledged, the Parties hereto do mutually agree as follows:

ARTICLE I TERM

This term of this Agreement ("Term") shall commence on the date this Agreement is executed by both Parties ("Effective Date") and shall continue in effect until the date of the last disbursement to the Owner by the City under Article IV of this Agreement, unless sooner terminated in accordance with the termination provisions in this Agreement.

ARTICLE II DEFINITIONS

2.1 Wherever used in this Agreement, the following terms shall have the meanings ascribed to them:

"Agreement" has the meaning set forth in the introductory paragraph of this document.

"Annual Taxable Sales" shall means sales of a Taxable Items by Owner that results in the imposition of Local Sales Tax.

"**Business Personal Property**" shall mean tangible personal property, equipment, and fixtures, other than inventory or supplies, owned or leased by a Tenant that is added to the Real Property Improvements after the Effective Date of this Agreement.

"Certificate of Occupancy" shall mean a certificate of occupancy permit issued to the first Tenant for the Real Property Improvements.

"City" shall have the meaning set forth in the introductory paragraph of this Agreement.

"Effective Date" shall have the meaning given in Article I of this Agreement.

"Event of Bankruptcy" means that the Owner becomes insolvent or bankrupt, has a receiver or trustee appointed for any part of its property, makes an assignment for the benefit of its creditors, or any proceeding is commenced either by the Owner or against it under any bankruptcy or insolvency laws, which proceeding is not dismissed within sixty (60) days.

"Force Majeure" shall mean any contingency or cause beyond the reasonable control of the Owner created by acts of God or the public enemy, war, riot, terrorism, civil commotion, insurrection, governmental or de facto governmental action including, but not limited to, government actions pertaining to the determination of flood zones or FEMA actions (unless caused by acts or omissions of the Owner), fire, explosion or flood, strikes; provided, however, that (a) the event giving rise to Force Majeure was not caused by the act or omission of the Owner and makes the performance of any obligation created under this Agreement illegal or impossible; and (b) the Owner gives reasonable notice of the event giving rise to Force Majeure.

"Grant Year" means each full calendar year during the term of the Agreement following the issuance of a certificate of occupancy for the first Tenant (hereinafter defined) in the Real Property Improvements (hereinafter defined).

"**Inventory**" shall mean inventory, as defined by section 23.12 of the TEX. TAX CODE, as amended, owned by the Tenant, located on the Real Property Improvements and valued by the Denton Central Appraisal District.

"Land" shall have the meaning set forth in the recitals to this Agreement.

"Local Sales Tax" means the one percent (1%) sales and use tax imposed by the City for its general fund, pursuant to Chapter 321, TEX. TAX CODE, as amended, on the sale or use of Taxable Items by Owner.

"**Owner**" shall have the meaning set forth in the introductory paragraph of this Agreement.

"Owner Grant" shall have the meaning set forth in Article IV of this Agreement.

"**Real Property Improvements**" shall mean a building for office/warehouse use and other ancillary facilities such as required parking and landscaping more fully described in the submittals filed with the City, as shown in the site plan and elevations attached hereto as Attachment B. The building shall be a minimum of 100,000 square feet in size.

"**Required Use**" shall mean use of the Real Property Improvements as an office/warehouse use, subject to temporary cessations of such operations as a result of a casualty or Force Majeure.

"**Retaining Wall Grant**" shall have the meaning set forth in Article IV of this Agreement.

"Substantial Completion" means completion of the construction of the Real Property Improvements on the Land, as signified by the issuance of a new certificate of occupancy by the City to the Owner for the Real Property Improvements.

"**Taxable Item**" shall mean both "taxable items" and "taxable services" as those terms are defined by Chapter 151, TEX. TAX CODE, as amended.

"**Tenant**" shall mean a user that will occupy the Real Property Improvements for a specific lease term.

"Tenant Grant" shall have the meaning set forth in Article IV of this Agreement.

"Term" shall have the meaning set forth in Article I of this Agreement.

ARTICLE III GENERAL PROVISIONS

3.1 As soon as practical after the Effective Date of this Agreement, Owner shall commence with improving the Land by constructing the Real Property Improvements.

3.2 The Certificate of Occupancy shall be obtained by March 31, 2023. If, in the opinion of the City Manager, substantial progress has been made toward the issuance of the Certificate of Occupancy or in the event of Force Majeure, the City Manager may extend the date for issuance of the Certificate of Occupancy in her sole and absolute discretion.

3.3 During the Term of this Agreement, Owner shall be subject to all applicable City taxation not specifically abated or exempted, including but not limited to, any applicable sales tax and ad valorem taxation on land, inventory and supplies. The Owner shall pay all applicable taxes in accordance with state and local regulations.

ARTICLE IV ECONOMIC DEVELOPMENT INCENTIVES

4.1 <u>Owner Grant.</u> Subject to the terms and conditions of this Agreement, the City agrees to provide to Owner an annual economic development grant in an amount equal to fifty percent (50%) of the value of property taxes on the Real Property Improvements paid to the City (the "Owner Grant"). The Owner Grant shall be calculated upon a percentage of the taxes assessed and paid on the Real Property Improvements in accordance with the terms of this Agreement and all applicable state and local regulations or valid waiver thereof. Owner shall pay all applicable taxes in accordance with the state and local regulations. Owner will be paid the Owner Grant by the City in accordance with this Agreement on an annual basis subject to the timing referenced in Section 4.4. The Owner Grant shall be available for a period of five (5) years, subject to the terms and conditions of this Agreement during the Term, beginning on January 1 of the first Grant Year. **Land value shall not be considered when calculating the Owner Grant.**

4.2. <u>Retaining Wall Grant</u>. Subject to the terms and conditions of this Agreement, the City agrees to provide to Owner a one-time economic development grant in an amount equal to <u>Economic Development Agreement -- Page 5 of 17</u>

the increase in design and construction cost to shift the location of the retaining wall from its original location to the required location outlined in section 5.2, below (the "Retaining Wall Grant"). The Retaining Wall Grant shall not exceed ten thousand dollars (\$10,000), and additional design and/or construction cost shall be limited to cost related to shifting the retaining wall, as outlined in section 4.4, below, and shall not include cost increases due to market conditions. Owner will be paid the Retaining Wall Grant by the City in accordance with this Agreement subject to the timing referenced in Section 4.4.

4.3 <u>Tenant Grant</u>. Subject to the terms and conditions of this Agreement, the City also agrees to give an economic development grant to any single Tenant that meets one of the following requirements:

a. Tenant will occupy ninety percent (90%) or more of the square footage within the building of the Real Property Improvements (not including the parking lots and other outdoor and other ancillary facilities);

b. Tenant will maintain within the Real Property Improvements a minimum of fifteen million dollars (\$15,000,000.00) in Business Personal Property value or Inventory value; or

c. Tenant will maintain twenty-five million dollars (\$25,000,000.00) in Annual Taxable Sales each Grant Year during the Term.

The economic development grant outlined in this section shall be in an amount equal to fifty percent (50%) of the value of Business Personal Property taxes on the Business Personal Property in the Real Property Improvements paid to the City by the Tenant (the "Tenant Grant"). Said grant shall be calculated upon a percentage of the taxes assessed and paid on the Business Personal Property of the Tenant located within the Real Property Improvements in accordance with the terms of this Agreement and all applicable state and local regulations or valid waiver thereof. The Tenant shall pay all applicable taxes in accordance with the state and local regulations. Tenant will be paid the Tenant Grant by the City in accordance with this Agreement on an annual basis subject to timing and Tenant requirements which align with those outlined for the Owner and Owner Grant in Section 4.3. Subject to the terms and conditions of this Agreement and to City Council approval, the Tenant Grant shall be available to a Tenant for a period of five (5) years, beginning on January 1 of the year following the date that a certificate of occupancy is issued to the Tenant for the Real Property Improvements. In order to receive said grant, **Tenant shall**

execute a separate grant agreement with the City prior to occupying the Real Property Improvements. One (1) Tenant will be eligible for the Tenant Grant during the Term of this Agreement under the terms outlined in this section.

4.4 <u>Timing of Grants</u>. Owner acknowledges that this Agreement makes an allowance for the Owner Grant and Retaining Wall Grant to be paid at certain times during the Term. The timing of such disbursements shall be as follows:

a. <u>Owner Grant</u>. No later than February 15 of each year following a Grant Year, prior to payment of the Owner Grant, Owner shall submit to the City all of the following: (1) proof of payment of its applicable tax liability for the Owner Grant; (2) its Annual Compliance Report shown on "Attachment C"; and (3) a letter of request for payment. Subject to the satisfactory receipt of these items by February 15 of each year, the City agrees, subject to the terms and conditions of this Agreement, that the grant will be paid in full for the previous calendar year to Owner prior to March 30 or within forty-five (45) days of satisfactory receipt of the above listed items.

b. <u>Retaining Wall Grant</u>. Prior to receiving a certificate of occupancy for the first Tenant in the Real Property Improvements, Owner shall submit the following to the Parks Department Director: (1) an estimate for the original design and construction cost of the retaining wall on the Land required by section 5.2, below; and (2) a copy of the paid invoice for the revised design and/or additional construction cost as a result of repositioning said retaining wall from its originally-designed position. Subject to the satisfactory receipt of these items in the time frame provided, the City agrees, subject to the terms and conditions of this Agreement, that the Retaining Wall Grant will be paid in full within forty-five (45) days of satisfactory receipt of the above-listed items.

ARTICLE V AGREEMENT CONDITIONS

5.1 <u>Required Use Condition</u>. During the Term of this Agreement following the date upon which the Owner receives a certificate of occupancy for the first Tenant in the Real Property Improvements, the Real Property Improvements shall not be used for any purpose other than the Required Use, except in connection with and to the extent of an event of Force Majeure. The Owner's eligibility to receive any of the economic development incentives provided for in this <u>Economic Development Agreement -- Page 7 of 17</u> Agreement is contingent upon Owner's satisfaction of the following conditions, in addition to the specific conditions, if any, that apply to a particular incentive.

5.2 <u>Retaining Wall Condition</u>. Owner shall construct a retaining wall on the Land in a manner that does not cross the proposed hike and bike trail easement to be dedicated to the City. Such placement shall comply with the location map attached hereto in Attachment "B".

5.3 <u>Annual Compliance Report</u>. The Owner must certify annually to the governing body of the City, through the City's Director of Economic Development, as to its attainment of the above-stated conditions by submitting an Annual Compliance Report, as shown in Attachment "C" and appropriate supporting documentation, no later than February 15 of each calendar year during the Term and continuing until the expiration of the Agreement. Receipt of the Annual Compliance Report is required prior to disbursement of the Owner Grant.

5.4 <u>Employment of Undocumented Workers.</u> During the term of this Agreement, the Owner agrees not to knowingly employ any undocumented workers as defined in Tex. Govt. Code §2264.001. If convicted of a violation under 8 U.S.C. §1324a(f), the Owner shall repay the amount of the grants and any other funds received by the Owner from the City as of the date of such violation not later than one hundred and twenty (120) days after the date the Owner is notified by the City of a violation of this section, plus interest from the date the abatements were paid to the Owner, at the rate periodically announced by the Wall Street Journal as the prime or base commercial lending rate, or if the Wall Street Journal shall ever cease to exist or cease to announce a prime or base lending rate, then at the annual rate of interest from time to time announced by Citibank, N.A. (or by any other New York money center bank selected by the City) as its prime or base commercial lending rate. The payment of interest shall be as if it had been accruing from the date the abatement was paid to the Owner until the date the grants are repaid to the City.

ARTICLE VI TERMINATION

- 6.1 <u>Termination.</u> This Agreement may be terminated upon any one of the following:
 - a. By written agreement of the Parties;
 - b. Expiration of the Term;

- c. By either of the Parties in the event the other Party breaches any of the terms or conditions of this Agreement and such breach is not cured within sixty (60) days after written notice thereof, with an additional sixty (60) days to cure if the Parties agree;
- d. By City, if Owner suffers an Event of Bankruptcy; and
- e. By the City, if any taxes, assessments or payments owed to the City or the State of Texas by the Owner shall become delinquent and not cured within sixty (60) days after written notice thereof (provided, however, that the Owner retains the right to timely and properly protest and contest any such taxes or assessments); and
- f. By the City, within thirty (30) days of providing written notice, if the Owner is convicted of a violation of 8 U.S.C. §1324a(f) as determined by a court of competent jurisdiction or other competent authority.

6.2 <u>Refund of Grants</u>.

a. In the event the Agreement is terminated by the City pursuant to Section 6.1.c., d., or e., the Owner shall be ineligible for further economic development incentives pursuant to this Agreement and shall, within thirty (30) days of written notice of termination, be required to refund all funds received from the City under this Agreement up to the date of termination.

b. In the event the Agreement is terminated by the City pursuant to Section 6.1.f., the Owner shall, within one-hundred twenty (120) days after the date the Owner is notified by the City of a violation, pay to the City the amounts specified in Section 5.3 of this Agreement.

ARTICLE VII MISCELLANEOUS

7.1 The terms and conditions of this Agreement are binding upon the successors and assigns of all Parties hereto. This Agreement cannot be assigned by the Owner unless written permission is first granted by the City, which consent shall not be unreasonably withheld, delayed,

or conditioned, so long as the assignee agrees to be bound by all terms and conditions of this Agreement. Any assignment made without the required consent is void.

7.2 It is understood and agreed between the Parties that the Owner, in performing its obligations thereunder, is acting independently, and the City assumes no responsibility or liabilities in connection therewith to third parties.

7.3 The Owner further agrees that the City and its agents and employees shall have reasonable rights of access to the Real Property Improvements for inspection purposes in order to ensure that the construction of the Real Property Improvements as well as the use and maintenance of the Real Property Improvements are in accordance with all applicable agreements with the City, including this Agreement, and all applicable state and local laws and regulations, as well as the continuing right, subject to the Owner's reasonable security requirements, to inspect the Real Property Improvements to ensure that the Real Property Improvements are thereafter maintained, operated, and occupied in accordance with all applicable agreements with the City, provided that with respect to matters concerning this Agreement (i) the City must give the Owner reasonable notice by phone, email or letter of any such inspection, and (ii) a representative of the Owner shall have the right to accompany the agent or employee of the City who is conducting such inspection. The notice requirements and right to accompany shall not apply to inspections to ensure compliance with applicable state and local laws and regulations, including any inspection necessary to issue required permits.

7.4 The City represents and warrants that the Real Property Improvements and/or Land do not and will not include any property that is owned by a member of the City Council having responsibility for the approval of this Agreement.

7.5 Notices required to be given to either Party to this Agreement shall be given personally or by nationally-recognized overnight courier or certified mail with return receipt requested to the party at its address as set forth below, and shall be deemed delivered one (1) day after the date deposited with the overnight courier and three (3) days after the date deposited in the United States' mail:

For City by notice to:

City of Lewisville Attn: Economic Development Director 151 W. Church Street P.O. Box 299002

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Lewisville, Texas 75057

For Owner by notice to: 280 Corporate, LLC Attn: Howard Akin Manager 418 Jones Street #300 Lewisville, TX 75057

Either Party may change the address to which notices are to be sent by giving the other Party written notice in the manner provided in this paragraph.

7.6 No claim or right arising out of a breach of this Agreement can be discharged in whole or in part by a waiver or renunciation of the claim or right unless the waiver or renunciation is supported by consideration and is in writing signed by the aggrieved.

7.7 This Agreement may be modified only by a writing signed by both of the Parties or their duly authorized agents.

7.8 Venue for any litigation arising from this Agreement shall lie in Denton County, Texas.

7.9 THE OWNER AGREES TO DEFEND, INDEMNIFY AND HOLD CITY, ITS OFFICERS, AGENTS AND EMPLOYEES, HARMLESS AGAINST ANY AND ALL CLAIMS, LAWSUITS, JUDGMENTS, COSTS AND EXPENSES FOR PERSONAL INJURY (INCLUDING DEATH), PROPERTY DAMAGE OR OTHER HARM FOR WHICH RECOVERY OF DAMAGES IS SOUGHT, SUFFERED BY ANY PERSON OR PERSONS, THAT MAY ARISE OUT OF OR BE OCCASIONED BY THE OWNER'S BREACH OF THIS AGREEMENT OR BY ANY NEGLIGENT OR STRICTLY LIABLE ACT OR OMISSION OR INTENTIONAL TORT OF THE OWNER, ITS OFFICERS, AGENTS, EMPLOYEES OR SUBCONTRACTORS, OR THE OWNER, ITS OFFICERS, AGENTS, EMPLOYEES OR SUBCONTRACTORS, IN THE PERFORMANCE OF THIS AGREEMENT. THE PROVISIONS OF THIS PARAGRAPH ARE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY. THIS PARAGRAPH SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

7.10 This Agreement may be executed in multiple counterparts, each of which shall constitute an original, but all of which in the aggregate shall constitute one agreement. Economic Development Agreement -- Page 11 of 17 7.11 If any provision contained in this Agreement is held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof. In lieu of each invalid, illegal or unenforceable provision, there shall be added a new provision by written agreement of the Parties as similar in terms to such invalid, illegal or unenforceable provision as may be possible and yet be valid, legal and enforceable.

7.12 Whenever the context requires, all words herein shall be deemed to include the male, female, and neuter gender, singular words shall include the plural, and vice versa.

7.13 This Agreement was authorized by action of the City Council, authorizing the City Manager to execute the Agreement on behalf of the City.

7.14 Submitted herewith is a completed Form 1295 generated by the Texas Ethics Commission's (the "TEC") electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the "Form 1295"). The City hereby confirms receipt of the Form 1295 from the Owner, and the City agrees to acknowledge such form with the TEC through its electronic filing application not later than the 30th day after the receipt of such form. The Parties understand and agree that, with the exception of information identifying the City and the contract identification number, neither the City nor its consultants are responsible for the information contained in the Form 1295 has been provided solely by the Owner; and, neither the City nor its consultants have verified such information.

(SIGNATURE PAGE FOLLOWS)

DATED this the _____ day of _____, 2022.

CITY OF LEWISVILLE, TEXAS

Claire Powell, City Manager

ATTEST:

Julie Worster, City Secretary

APPROVED TO FORM:

Lizbeth Plaster, City Attorney

OWNER: 280 Corporate, LLC, a Texas limited liability Company

Howard Akin jr By: ___

Name: Howard Akin Its: Manager

ATTACHMENT A Legal Description:





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ATTACHMENT B Site Plan and Elevations



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ATTACHMENT C

Annual Compliance Report

Company Name:
Company Address:
Phone:
E-mail:
Capital Investment Value – 1 st Year (documentation required):
Phone: E-mail:

Capital Investment Value – Reporting Year (documentation required):

Date on which Certificate of Occupancy was received:

Donation Amount in Support of a City Sponsored Event or Program Annually:

Membership in the Lewisville Chamber of Commerce (Y/N):

Theuse list the donar amount for the following.			
Current Year Appraised Real Property Value – Land			
Current Year Appraised Real			
Property Value – Improvements			
Current Year Appraised Business Personal Property Value – Machinery, Equipment and Other			
BPP			
Current Year Appraised Inventory Value			
Property Taxes Paid (City amount only) – Real Property			
Property Taxes Paid (City amount only) – Business Personal Property			
Property Taxes Paid (City amount only) – Inventory Tax			

Please list the dollar amount for the following:

Please provide a copy of your Quarterly Payroll Report along with the following information if applicable per aareement provisions

	Part Time	Full Time
Total Current Employees at End of Reporting Period		
Number of New Employees Added During Reporting Period		

Annual Payroll During Reporting Period: Average Salary During Reporting Period:

Has construction/installation of planned improvements commenced? Yes No Has construction/installation of planned improvements been completed? Yes No **Construction Dollars Spent This Reporting Period:**

Additional Information to be Attached:

If applicable, a statement addressing any failure to meet requirements of the Economic Development Agreement

Letter of request for the Economic Development Agreement Grant/Rebate plus supporting documentation

I certify that, to the best of my knowledge, the information and attachments provided herein are true and accurate and in compliance with the terms of the Economic Development agreement with the City Of Lewisville.

Name of Certifying Officer

Title

Signature of Certifying Officer

Date