

THE STATE OF TEXAS §
 §
COUNTY OF COLLIN §

TAX ABATEMENT AGREEMENT

This Agreement is entered into by and between the **City of Plano, Texas**, a home rule municipal corporation of Collin and Denton Counties, Texas, duly acting herein by and through its City Manager, hereinafter referred to as "**City**"; the County of Collin, Texas, duly acting herein by and through its County Judge, and hereinafter referred to as "**County**", and together are hereinafter collectively referred to as "**Taxing Units**," and **Regal Research and Mfg. Co., LLP**, a Texas limited liability partnership, hereinafter referred to as "**Owner**."

WITNESSETH:

WHEREAS, on the 22nd day of January, 2007, the City Council of the City of Plano, Texas, passed Ordinance No. 2007-1-21 establishing **Reinvestment Zone No. 106**, for commercial/industrial tax abatement, hereinafter referred to as the "Ordinance," as authorized by V.T.C.A. Tax Code, Chapter 312.001, et seq., cited as the Property Redevelopment and Tax Abatement Act, hereinafter referred to as "**Act**"; and

WHEREAS, the **City** has adopted a revised policy statement for Tax Abatement by Resolution No. 2006-9-22(R) stating that it elects to be eligible to participate in tax abatement (the "Policy Statement"); and

WHEREAS, the Policy Statement sets forth appropriate guidelines and criteria governing tax abatement agreements to be entered into by the **City** as contemplated by the **Act**; and

WHEREAS, the tax abatement will maintain and enhance the manufacturing, economic and employment base of the Plano area thereby benefiting both the **City** and the **Taxing Units** in accordance with the said Ordinance and **Act**; and

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

1. The tangible personal property subject to this Agreement shall be personal property, excluding inventory and supplies, used within **Reinvestment Zone No. 106**, which shall be hereinafter referred to as the "**Personalty**." The **Personalty** shall have a taxable value, as determined by the Collin County Appraisal District, of not less than **Two Million Five Hundred Thousand Dollars (\$2,500,000)**, on or before January 1, 2008, and is or will be owned by **Owner** or its affiliates or successors or permitted assigns. **Owner** shall timely render its personal property value each year to the Central Appraisal District.

2. **Owner**, as owner of the Personalty, may not relocate, for purposes of maintaining taxable situs of tangible personal property, the Personalty on Property in other Reinvestment Zones in the City.

JOBS

3. **Owner** estimates the proposed business relocation will result in at least 180 full-time equivalent jobs ("Full-Time Jobs") (i.e., scheduled work of at least 40 hours per week by employees and/or independent contractors; for illustration purposes only, if one person is scheduled to work 22 hours per week at the Property and another person is scheduled to work 18 hours at the Property, then such persons combined would equal one Full-Time Job) at the Development in Plano when the property is occupied.

IMPROVEMENTS

4. The **Owner** must locate the Personalty, for purposes of maintaining taxable situs of the Personalty, in **Reinvestment Zone No. 106** located at 1200 East Plano Parkway, Plano Texas. (See EXHIBITS "A" & "B")

5. **Owner** shall thereafter, until the expiration of the **Agreement**, continuously maintain the Personalty (or cause the same to be maintained) for the following described purposes: manufacturing and service business employing approximately 180 employees, referred to herein as the **Purposes**.

DEFAULT

6. Any of the following events shall be deemed a breach of this Agreement resulting in default:

(a) **Owner** allows its personal property taxes owed the **City** or **Taxing Units** on the Personalty to become delinquent and fails to timely and properly follow the legal procedures for protest and/or contest of any such ad valorem taxes;

(b) The taxable value of the Personalty placed in **Reinvestment Zone 106** as determined for ad valorem tax purposes on January 1, 2008, is less than the minimum amounts set forth in Paragraph 1 as the result of **Owner's** filing a protest of the value or causing or allowing the removal of any Personalty from **Reinvestment Zone 106** or allows the number of employees to drop below the number established in Paragraph 3 above;

(c) For any period after the date specified in Paragraph 1 above, the taxable value of the Personalty as determined for as valorem tax purposes is less than the minimum amount set forth in Paragraph 1 above as the result of the **Owner** filing a protest of the value or causing or allowing the removal of any Personalty from **Reinvestment Zone 106**;

(d) **Owner** fails to employ the number of employees as provided in Paragraph 3 above; or

(e) **Owner** files a false Certificate of Compliance or fails to provide annual certification as required in Paragraph 9.

7. In the event that the **Owner** defaults under this Agreement then the **City** or **Taxing Units** shall give the **Owner** written notice of such defaults and if the **Owner** has not cured such defaults, or obtained a waiver thereof from the appropriate authority, within thirty (30) days of said written notice, this Agreement may be terminated by the **City** and **Taxing Units**. Notice shall be in writing as provided below. Upon the occurrence of an event of default other than under Paragraph 6(a) above and after **Owner** fails to cure same in accordance herewith, this Agreement shall immediately terminate and all taxes due after the event of default shall be paid in full without the benefit of any abatement. The parties acknowledge that actual damages in the event of default and termination would be speculative and difficult to determine.

8. Upon the occurrence of an event of default under Paragraph 6(a) above and after **Owner** fails to cure same in accordance herewith, this Agreement shall immediately terminate with respect to the tax abatements attributable to the **Personalty** and all taxes, including previously abated taxes which would have been paid to the **City** and **Taxing Units** without the benefit of this Agreement, shall become due and owing to the **City** and **Taxing Units**, together with interest charged from the date of this Agreement at the statutory rate for delinquent taxes as determined by V.T.C.A., Tax Code § 33.01, but without the addition of penalty other than that mandated by V.T.C.A., § 33.01 or 33.07.

ANNUAL CERTIFICATION

9. On or before the 1st day of November of each calendar year during the term of this Agreement, the **Owner** must provide annual certification (substantially in the form attached as **EXHIBIT "C"** hereto) to the Governing Body of the **City** certifying compliance with each applicable term of the Agreement.

ASSIGNMENT

10. 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** unless written permission is first granted by the **City** and **Taxing Units**, which permission shall be at the reasonable discretion of the **City** and **Taxing Units**, except under the following conditions:

(a) A transfer or assignment of **Personalty**, or an assignment of this Agreement, by **Owner** to one or more affiliates of **Owner** is permissible without the prior written consent of either the **City** or the **Taxing Units**;

(b) A transfer or assignment of the **Personalty**, or an assignment of this Agreement, by **Owner** to successors or assigns is permitted without the prior written consent of either the **City** or the **Taxing Units** if the successors or assigns agree to be bound by the terms of this Agreement.

Owner agrees to give written notice to the **City** and **Taxing Units** of any assignment or transfer of interest permitted pursuant to subparagraphs (a) and (b) hereof. Upon an assignment or transfer permitted pursuant to subparagraphs (a) or (b), such affiliate, successor or assign shall become "Owner" for all purposes under this Agreement.

ABATEMENT PROVISIONS

11. Subject to the terms and conditions of this Agreement, and subject to the rights of holders of any outstanding bonds of the **City** and **Taxing Units**, a portion of ad valorem personal property taxes from the Personalty otherwise owed to the **City** and **Taxing Units** shall be abated as follows:

(a) The tax abatement as to the Personalty, as provided for herein, shall be for a period of five (5) tax years, from January 1, 2008 through December 31, 2012.

(b) In accordance with all applicable federal, state, and local laws and regulations, the abatement shall be based on amounts equal to fifty percent (50%) of the value of the Personalty for each tax year from January 1, 2008 through December 31, 2012.

(c) The **Owner** shall have the right to protest and/or contest any assessment of ad valorem taxes with respect to the Personalty, and the abatement shall be applied to the amount of taxes finally determined to be due as a result of any such protest and/or contest.

NOTICE

12. Notices required to be given to any party to this Agreement shall be given personally or by registered or certified mail, return receipt requested, postage prepaid, addressed to the party at its address as set forth below, and, if given by mail, shall be deemed delivered as of the date deposited in the United States mail:

For City by notice to:

City of Plano
Attention: Mr. Thomas H. Muehlenbeck
City Manager
P.O. Box 860358
Plano, Texas 75086-0358

With copy to:

City of Plano
Attention: Ms. Diane C. Wetherbee
City Attorney
P.O. Box 860358
Plano, Texas 75086-0358

For Taxing Units by notice to:

County of Collin, Texas
Attention: The Honorable Keith Self
County Judge
Collin County Commissioners' Court
210 S. McDonald, Ste. 626
McKinney, Texas 75069

For Owner by notice to:

Regal Research and Mfg. Co., LLP
Attention: Ms. Gayle A. Glosser
Managing General Partner
1200 East Plano Parkway
Plano, Texas 75074

Any party may change the address to which notices are to be sent by giving the other parties written notice in the manner provided in this Paragraph.

MISCELLANEOUS PROVISIONS

13. The **Owner** further agrees that the **City** and **Taxing Units**, their agents and employees, shall have reasonable right (upon reasonable prior notice to **Owner**) to access the Property to inspect the Personalty in order to insure that the location of Personalty is in accordance with this Agreement and all applicable federal, state, and local laws and regulations. **City** and **Taxing Units** shall have the continuing right (upon reasonable prior notice to **Owner**) to inspect the Personalty during its normal business hours to insure that the Personalty is thereafter maintained in accordance with this Agreement.

14. It is understood and agreed between the parties that the **Owner**, in performing its obligations hereunder, is acting independently, and the **City** and **Taxing Units** assume no responsibilities or liabilities in connection therewith to third parties and **Owner** agrees to indemnify and hold harmless **City** and **Taxing Units** from any and all claims, suits, and causes of actions, including attorneys' fees, of any nature whatsoever arising out of **Owner's** default of their obligations hereunder. It is further acknowledged and agreed by the parties that the terms hereof are not intended to and shall not be deemed to create a partnership or joint venture among the parties. No party shall have any authority to act on behalf of the other parties under any circumstances by virtue of this Agreement.

15. The **City** and the **Taxing Units** each represent and warrant that the Personalty does 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.

17. This Agreement was authorized by the minutes of the Commissioners' Court of Collin County, Texas, at its meeting on the 10th day of April, 2007, whereupon it was duly determined that the County Judge would execute the Agreement on behalf of Collin County.

18. This Agreement was entered into by **Owner** pursuant to authority granted by its General Partner, whereby its General Partner was authorized to execute this Agreement on behalf of Owner.

19. This instrument shall constitute a valid and binding agreement between the **City** and **Owner** when executed in accordance herewith, regardless of whether any other **Taxing Unit** executes this Agreement. This shall constitute a valid and binding Agreement between such **Taxing Unit**, and the **Owner** when executed on behalf of said parties, for the abatement of such **Taxing Unit's** taxes in accordance therewith.

20. Severability. If any term or provision of this Agreement shall, to any extent, be invalid or unenforceable, the remainder of this Agreement (or the application of such term or provision, to persons or circumstances other than those in respect of which it is invalid or unenforceable) except those terms or provisions, which are made subject to or conditioned upon such invalid or unenforceable term or provision, shall not be affected thereby, and each other term or provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

21. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to subject matter covered in this Agreement. There is no other collateral agreement, oral or written, between the parties that in any manner related to the subject matter of this Agreement.

22. Applicable Law. This Agreement shall be construed in accordance with the laws of the State of Texas, without giving effect to any conflicts of law rule or principal that might result in the application of the laws of another jurisdiction. Venue for any disputed regarding this Agreement, the transactions contemplated hereby or the liabilities or obligations imposed hereunder shall be in any State District Court located in Collin County, Texas.

23. Counterparts. This Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.

This Agreement is performable in Collin County, Texas. Signed this 22nd day of January, 2007.

ATTEST:

CITY OF PLANO, TEXAS

Kristy Sand, ACS
for Diane Zuoco, CITY SECRETARY

Thomas H. Muehlenbeck
Thomas H. Muehlenbeck, CITY MANAGER

APPROVED AS TO FORM:

Diane C. Wetherbee
Diane C. Wetherbee, CITY ATTORNEY

ATTEST:

COMMISSIONERS' COURT OF
COLLIN COUNTY

Georgia D. Shepherd
Georgia D. Shepherd

Leith A. Self
Leith A. Self
COUNTY JUDGE

REGAL RESEARCH AND MFG CO., LLP,
a Texas Limited Liability Partnership

ATTEST:

Philip V. Goss
Philip V. Goss

By: *Gayle A. Glosser*
Gayle A. Glosser
Managing General Partner

EXHIBIT "A"
LEGAL DESCRIPTION
REINVESTMENT ZONE NO. 106

PROPERTY DESCRIPTION

TRACT 1:

BEING LOT 1, BLOCK A OF LUMINATOR ADDITION, an addition to the City of Plano, Collin County, Texas, according to the plat thereof recorded in Volume O, Page 482, Map Records, Collin County, Texas, and being more particularly described by metes and bounds as follows:

BEGINNING at a found 1-inch iron rod on the south line of E. Plano Parkway at the northwest corner of Lot 1, Block A, of said Addition and the northeast corner of Lot 2, Block A, Melton Industrial Park, as recorded in Cabinet F, Page 386, of said Plat Records;

THENCE South 89 degrees 26 minutes 29 seconds East, a distance of 771.04 feet to a found "x" in concrete on said south line of E. Plano Parkway at the northeast corner of said Lot 1 and the northwest corner of Lot 2, of said Addition;

THENCE South 00 degrees 30 minutes 45 seconds West, a distance of 594.60 feet to a found 1/2-inch iron rod at the southeast corner of said Lot 1 and the southwest corner of said Lot 2 on the north line of Lot 5, Block 1, Palisades Business Park No. 6, as recorded in Cabinet J, Page 388, of said Plat Records;

THENCE North 89 degrees 26 minutes 29 seconds West, a distance of 771.04 feet to a found concrete monument at the southwest corner of said Lot 1 on the north line of Lot 3, Block 1, of said Palisades Addition;

THENCE North 00 degrees 30 minutes 45 seconds East, a distance of 594.60 feet to the POINT OF BEGINNING OF TRACT 1 and containing 458,460 square feet or 10.525 acres of land.

EXHIBIT "B"
THE DEVELOPMENT
REINVESTMENT ZONE NO. 106

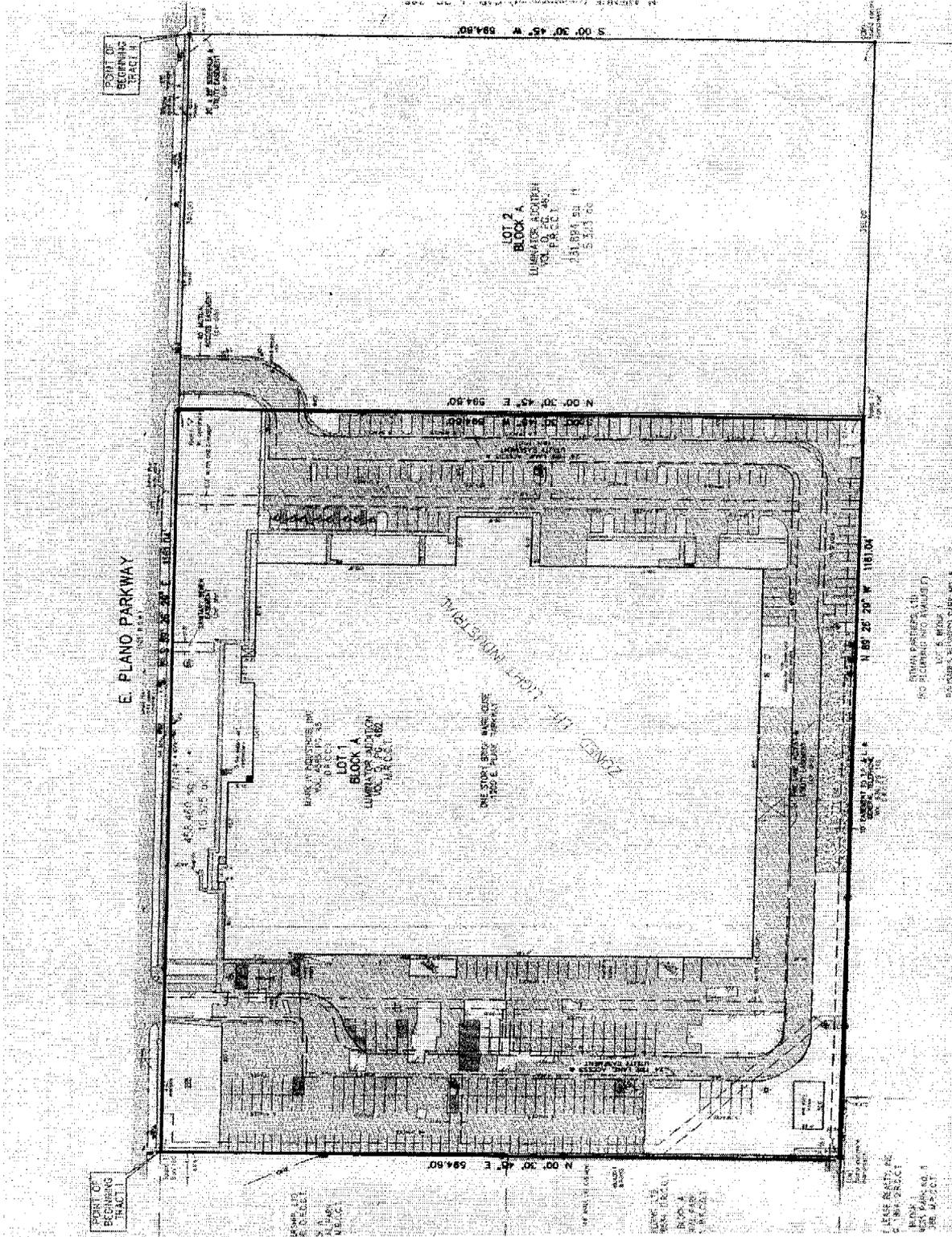


EXHIBIT "C"
CERTIFICATION FORM
REINVESTMENT ZONE NO. 106

This letter certifies that Regal Research and Mfg. Co., LLP, is in compliance with each applicable term as set forth in the Agreement to Resolution No. 2007-1-22(R) as of _____, 2008. The term of this agreement is January 1, 2008 through December 31, 2012. This form is due on November 1 of each year this tax abatement is in force.

REGAL RESEARCH AND MFG CO., LLP,
a Texas Limited Liability Partnership

ATTEST:

By:

Gayle A. Glosser
Managing General Partner

DATE

NOTE: This certification form should be mailed to:

City of Plano
Finance Department
P.O. Box 860358
Plano, Texas 75086-0358 Agreement