

THE STATE OF TEXAS)
)
COUNTY OF COLLIN)

TAX ABATEMENT AGREEMENT

This Tax Abatement Agreement (this “Agreement”) is entered into by and between Collin County, Texas, duly acting herein by and through the County Judge, as authorized and approved by the Collin County Commissioners Court, hereinafter referred to as “County”; FedEx Office and Print Services, Inc., a Texas corporation, duly acting by and through its authorized representative, hereinafter referred to as “Tenant”; and KDC Legacy HQ Investments One LP, a Texas limited partnership, duly acting by and through its authorized representative, hereinafter referred to as “Owner”.

WITNESSETH:

WHEREAS, on the 10th day of February, 2014, the City Council of the City of Plano, Texas, passed Ordinance No. 2014-2-2 establishing Reinvestment Zone No. 137, 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 policy statement for Tax Abatement by Resolution No. 2012-1-6(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 County has determined that the County will participate in a Tax Abatement as set forth in this Agreement on certain property within the City of Plano Reinvestment Zone No. 137, for commercial/industrial tax abatement pursuant to the Act; and

WHEREAS, the tax abatement will maintain and enhance the commercial/industrial economic and employment base of Collin County thereby benefitting the County in accordance with the Act; and

WHEREAS, the contemplated use of the Real Property, as hereinafter defined, and the other terms hereof are consistent with encouraging development of said Reinvestment Zone No. 137 in accordance with the purposes for its creation and are in compliance with the intent of the Tax Abatement Policy adopted by Court Order No. 2011-916-11-14, hereinafter referred to as the “County Abatement Policy” and all applicable law.

NOW THEREFORE, for consideration received by each party pursuant to this Agreement, the sufficiency of which is acknowledged by each, the parties hereto do mutually agree as follows:

1. Owner's real property subject to this Agreement is described by metes and bounds in **EXHIBIT "A"** (the "Real Property") attached hereto and made a part hereof.
2. Tenant shall maintain the taxing situs of the Business Personal Property on the Real Property and may not relocate the taxing situs of the Business Personal Property to other Reinvestment Zones in the County.
3. The Tenant agrees to add the Real Property improvements, the Business Personal Property, and the Jobs as required under Section 4. by December 31, 2015, subject to an Event of Force Majeure. The term "Event of Force Majeure" means any contingency or cause beyond the reasonable control of a party including, without limitation, acts of God or the public enemy, war, riot, civil commotion, insurrection, government or de facto governmental action (unless caused by the intentionally wrongful acts or omissions of the party), fires, explosions or floods, strikes, slowdowns, shortages or unavailability of materials or labor, or work stoppages any of which event(s) directly impact the Tenant at the Real Property. The term shall not include a downturn in the economy.
4. By December 31, 2015:
 - a. Real Property Improvements: The Owner shall make or cause to be made improvements to the Real Property consisting of a new building(s) and/or building improvements that are at least 255,000 gross square feet of office space with an assessed taxable value of not less than Thirty Five Million Dollars (\$35,000,000) for **new improvements added** to the Real Property between the dates of January 1, 2014 through December 31, 2015, as determined by the Collin County Central Appraisal District, and subject to an Event of Force Majeure. The abatement shall not include any existing real property taxable value assessed on the property as of December 31, 2013.
 - b. Jobs: The Tenant shall transfer, retain or create at least 899 full-time job equivalent positions ("Job Equivalents") at the Property on or before December 31, 2015. A Job Equivalent is one or more positions, located at the Property, that the combine hours are at least 2,080 annually and that are issued an Internal Revenue Service W-2 form by the Company. Job Equivalents exclude remote employees and/or contract positions. A Job Equivalent may include positions at the Property that are employees of FedEx-branded affiliates of FedEx Corporation and that otherwise meet the requirements of Section 4(b) of this Agreement.
 - c. Job retention: The Tenant shall occupy the Property and thereafter maintain all Job Equivalents throughout the term of this Agreement of ten (10) years.
 - d. Business Personal Property: The Tenant shall add a minimum of \$10,000,000 of Business Personal Property ("BPP") at the Property by December 31, 2015. The BPP must be owned by Tenant, or any other FedEx-branded affiliates of FedEx Corporation. The BPP will not include inventory or supplies

nor be relocated from any other reinvestment zone in the County. The taxable value shall be determined by the Collin County Central Appraisal District.

e. Plano Tax Abatement: An executed tax abatement agreement for this Property must be in place with the City of Plano.

5. Upon the occurrence of an Event of Force Majeure, the affected party shall notify the County in writing not less than sixty (60) days of the commencement of the Event of Force Majeure with supporting documentation, the anticipated duration and the actions that the party will take to alleviate the Event of Force Majeure. If the Event of Force Majeure results in a delay of meeting the required improvement value, the party requesting the extension agrees that in the following year the minimum required taxable value of the improvements and/or BPP shall be met.

DEFAULT

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

(a) Tenant allows its personal property taxes or Owner allows its real property improvement taxes owed the County to become delinquent and fails to either:

(i) Timely and properly follow the legal procedures for protest and/or contest of any such ad valorem taxes, or

(ii) Cure such delinquency within thirty (30) days of receipt of notice of such delinquency; or

(b) Owner or Tenant fails to construct the Real Property improvements required in Section 4.a. above; or

(c) Comply with the requirements of Section 4.b. Jobs and/or Section 4.c. Job retention; or

(d) (i) In the first year of the abatement period for the BPP, the assessed taxable value is less than the minimum amount set forth in Section 4.d.; or

(ii) At any time during the Agreement, the BPP is removed from the Real Property and the result is the taxable appraised value of the BPP is below the minimum amount set forth in Section 4.d.; or

(e) Termination by operation of law or by the City of Plano of any abatement provided to Owner or Tenant in the Tax Abatement Agreement or agreements with the City of Plano in Reinvestment Zone No. 137 applicable to the Real Property described in Exhibit A shall be a default of this Agreement by Owner and/or Tenant, as determined by the County Commissioners Court; or

(f) At any time during the Agreement, the assessed taxable value of the Real Property improvements is less than the minimum amount set forth in Section 4.a. as a result of the Owner's protest; or

(g) Tenant or Owner or Owner's duly authorized representative fails to provide the annual certification as required in Section 11; or

(h) Tenant or Owner fails to comply with the Assignment provision in Section 12; or

(i) Tenant or Owner has been convicted of a violation under 8 U.S.C. Section 1324a(f) regarding the unlawful employment of aliens at the Real Property.

7. In the event that the Tenant or Owner defaults under Section 6(b) of this Agreement, the County shall give all parties written notice of such default and if the default is not cured or a waiver obtained thereof within thirty (30) days of said written notice, this Agreement shall be automatically terminated as to all parties except any damages as specified below shall survive the termination of this Agreement. In the event of a default under Section(s) 6(a), (c), (d), (e), (f) (g), (h) and/or (i) above, the County shall give the defaulting party written notice of such default and if the default is not cured or a waiver obtained thereof within thirty (30) days of said written notice, this Agreement shall be automatically terminated as to the defaulting party except any damages as specified below shall survive the termination of this Agreement. Notice shall be in writing as provided below. The County Judge or his designee is authorized on behalf of the County to send notice of default and to terminate the Agreement for any default that is not cured.

8. Upon the occurrence of an event of default under Section(s) 6(a), (b), and/or (i) above and that remains uncured, all taxes, including previously abated taxes which would have been paid to the County by the defaulting party without the benefit of this Agreement, shall become due and owing to the County from the defaulting party, 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 and Texas Government Code Chapter 2264.

9. Upon the occurrence of an event of default under Section(s) 6(c),(d),(e), (f) , (g) ,(h) and/or (i), above and that remains uncured, at the County's sole option, it may require all or a portion of all previously abated taxes which would have been paid to the County by the defaulting party without the benefit of this Agreement to become due and owing to the County from the defaulting party, 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. County shall exercise such option within ninety (90) days of notice of default.

EFFECT OF TERMINATION/SURVIVAL OF OBLIGATIONS

10. The rights, responsibilities and liabilities of the parties under this Agreement shall be extinguished upon the applicable effective date of termination of this

Agreement, except for any obligations or default(s) that existed prior to such termination or as otherwise provided herein and those liabilities and obligations shall survive the termination of this Agreement, including the refund provision, maintenance of records, and access thereto.

ANNUAL CERTIFICATION

11. Beginning November 1, 2016, and on or before the 1st day of November of each calendar year thereafter during the Term (as defined below) of this Agreement, the Tenant and Owner, or their successors or assigns, must each provide annual certification (substantially in the form attached as **EXHIBIT "B"** hereto) to the County certifying compliance with each applicable term of the Agreement. Owner hereby grants to Tenant a power of attorney for the term of this Agreement for the limited purpose of making its annual certification on behalf of Owner and Tenant agrees to perform such duty.

ASSIGNMENT

12. If either Tenant or Owner wishes to assign its rights and duties under this Agreement, it must comply with the following provisions. A failure to comply is an event of default and all remedies may apply including but not limited to a suspension of the abatement for the year(s) for which non-compliance occurred.

(a) **County Consent Required.** Except as permitted by Section 10(b) below, this Agreement may not be assigned without the express written consent of the County. The assignment agreement must be furnished in a form acceptable to the County and be provided at least sixty (60) days prior to the effective assignment date for the Commissioner's Court review and approval.

(b) **Exceptions to County Consent.** Tenant or Owner may assign this Agreement without obtaining the County's consent:

(i) To a wholly owned affiliate of Tenant or Owner; or

(ii) Any person or entity that directly or indirectly acquires, through merger, sale of stock, purchase or otherwise, all or more than ninety percent (90%) of the assets of the Tenant or Owner; or

(iii) Upon the sale of the Real Property by Owner.

(c) Prior to the effective date of the assignment or sale under Section 12(a) or (b) above, the assigning party agrees to have the assignee or successor execute an agreement with the County to be bound to all the terms and conditions of this Agreement, without exception, and the assignee or successor shall be responsible for any default(s) of the assignee or seller that occurred prior to or after the effective date of the assignment.

ABATEMENT PROVISIONS

13. Subject to the terms and conditions of this Agreement, and subject to the rights of holders of any outstanding bonds of the County, a portion of ad valorem personal property taxes and real property improvement taxes belonging to Tenant and Owner located on the Real Property otherwise owed to the County shall be abated as follows:

(a) (i) The tax abatement as to Real Property improvements, as provided for herein, shall be for a period of ten (10) tax years, from January 1, 2016 through December 31, 2025.

(ii) The tax abatement as to BPP, as provided for herein, shall be for a period of ten (10) tax years, from January 1, 2016 through December 31, 2025.

(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 taxable value of the BPP and Real Property improvements for the tax years set forth above.

(c) The Tenant or Owner shall have the right to protest and/or contest any assessment of the BPP or Real Property improvements where such assessment is above the minimum amount required to be maintained under Sections 4.a. and 4.d. of this Agreement. 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. Notwithstanding the above, it shall be a breach of this Agreement if assessed values fall below those required in Sections 4.a. and 4.d. as a result of a Tenant or Owner filed protest and/or contest, or the removal of BPP from the Real Property.

NOTICE

14. 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 County by notice to:

Collin County Commissioner's Court
Attention: Mr. Bill Bilyeu
County Administrator
Collin County Administration Building
2300 Bloomdale Rd., Suite 4192
McKinney, TX 75071

With copy to:

Monika Arris
Director of Budget and Finance
Collin County Administration Bldg.
2300 Bloomdale Rd., Suite 4100
McKinney, TX 75071

For Tenant by notice before relocation to:

FedEx Office and Print Services, Inc.
Attention: Lease Administration
Three Galleria Tower
13155 Noel Road, Suite 1600
Dallas, Texas 75240

With copy to: FedEx Office and Print Services, Inc.
Attention: General Counsel
Three Galleria Tower
13155 Noel Road, Suite 1600
Dallas, Texas 75240

For Tenant by notice after relocation to:

[To be provided]

Attention: _____

For Owner by notice to:

KDC Legacy HQ Investments One, LP
Attention: Tobin C. Grove
8115 Preston Road, Suite 700
Dallas, Texas 75225

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

15. During the term of the Agreement, the Tenant and Owner further agree that the County, its agents and employees, shall have reasonable right (with no less than five (5) business days prior written notice to Owner) to access the Real Property during regular business hours to inspect the BPP and Real Property improvements in order to insure that the location of the BPP and Real Property improvements are in accordance with this Agreement and all applicable federal, state, and local laws and regulations.

16. It is understood and agreed between the parties that the Tenant and Owner, in performing their respective obligations hereunder, are acting independently, and the County assumes no responsibilities or liabilities in connection therewith to third parties and Tenant and Owner agree to indemnify and hold harmless County from any and all claims, suits, and causes of actions, including attorneys' fees, of any nature whatsoever arising out of their respective defaults of their obligations hereunder.

17. Based upon the certification provided by Owner and Tenant, the County represents that the Real Property is not owned by any member of the Commissioners Court.

18. This Agreement was authorized by Court Order in the Commissioner's Court meeting on the ___ day of _____, 2014, authorizing the County Judge to execute the Agreement on behalf of the County.

19. This Agreement was entered into by Tenant and Owner pursuant to their duly authorized representatives.

20. This instrument shall constitute a valid and binding agreement between the County, the Tenant and the Owner when executed in accordance herewith.

21. 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.

22. This Agreement is performable in Collin County, Texas and venue for any dispute arising out of this Agreement shall be in Collin County, Texas.

This Agreement shall be effective upon the last date on which all parties have executed this Agreement.

ATTEST:

Collin County Commissioner's Court
("County") by:

George Shepherd
Administrative Secretary

Keith Self

Keith Self, Collin County Judge

Date: 3/11/14

APPROVED AS TO FORM:

James E. Shepherd
James E. Shepherd, Attorney for the County

WITNESS:
SERVICES,
corporation

FEDEX OFFICE AND PRINT
INC., a Texas

Alex Rogers
Title: MD, Real Estate

By: [Signature]
Name: Art Spitzer
Title: Vice President Real Estate
Date: March 21, 2014

Approved
[Signature]
FXO Legal 3.21.14

ATTEST:

KDC LEGACY HQ INVESTMENTS
ONE LP, a Texas limited partnership
By: KDC LEGACY HQ
INVESTMENTS ONE GP LLC, a
Texas limited liability company

[Signature]
Title: EVP

By: [Signature]
Name: Tobin C. Gruber
Title: President
Date: 3-19-14

EXHIBIT "A"
LEGAL DESCRIPTION

BEING a tract of land situated in the J.C. Barrow Survey, Abstract No.91, the J.W. Haynes Survey, Abstract No. 458 and the William G. Garvin Survey, Abstract No. 1103, City of Plano, Collin County, Texas and being part of a tract of land described in Special Warranty Deed to J.C. Penney Company, Inc., recorded in Volume 2698, Page 357, Land Records of Collin County, Texas and being more particularly described as follows:

BEGINNING at a 1" iron rod found at the northernmost end of a circular right-of-way corner clip at the intersection of the west right-of-way line of Legacy Drive (a 121-foot wide right-of-way) and the north right-of-way line of Headquarters Drive (a 110-foot wide right-of-way), said point being the beginning of a curve to the right having a central angle of $76^{\circ}27'04''$, a radius of 137.00 feet, a chord bearing and distance of South $22^{\circ}12'29''$ West, 169.54 feet;

THENCE with said circular right-of-way corner clip and with said curve to the right, in a southwesterly direction, an arc distance of 182.80 feet to a 1" iron rod found at the southernmost end of said circular right-of-way corner clip;

THENCE with said north right-of-way line, the following courses and distances to wit:

South $60^{\circ}26'04''$ West, a distance of 503.04 feet to a 1" iron rod found at the beginning of a tangent curve to the right having a central angle of $10^{\circ}04'14''$, a radius of 1945.00 feet, a chord bearing and distance of South $65^{\circ}28'11''$ West, 341.42 feet;

In a southwesterly direction, with said curve to the right, an arc distance of 341.86 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

THENCE departing said north right-of-way line, the following courses and distances to wit:

North $15^{\circ}20'54''$ West, a distance of 996.83 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North $74^{\circ}39'06''$ East, a distance of 930.30 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner in said west right-of-way line;

THENCE with said west right-of-way line, South $15^{\circ}09'28''$ East, a distance of 684.41 feet to the **POINT OF BEGINNING** and containing 19.278 acres or 839,758 square feet of land.

Bearing system of this survey is based on a line oriented between City of Plano monuments 201 and 301 found in the field, whose positions are published on the Texas Coordinate System of 1983, North Central Zone (4202), North American Datum of 1983 (NSRS2007). The horizontal coordinates of this survey are local surface coordinates derived from Plano Monument 201.

EXHIBIT "A"

SITE PLAN OF PROJECT

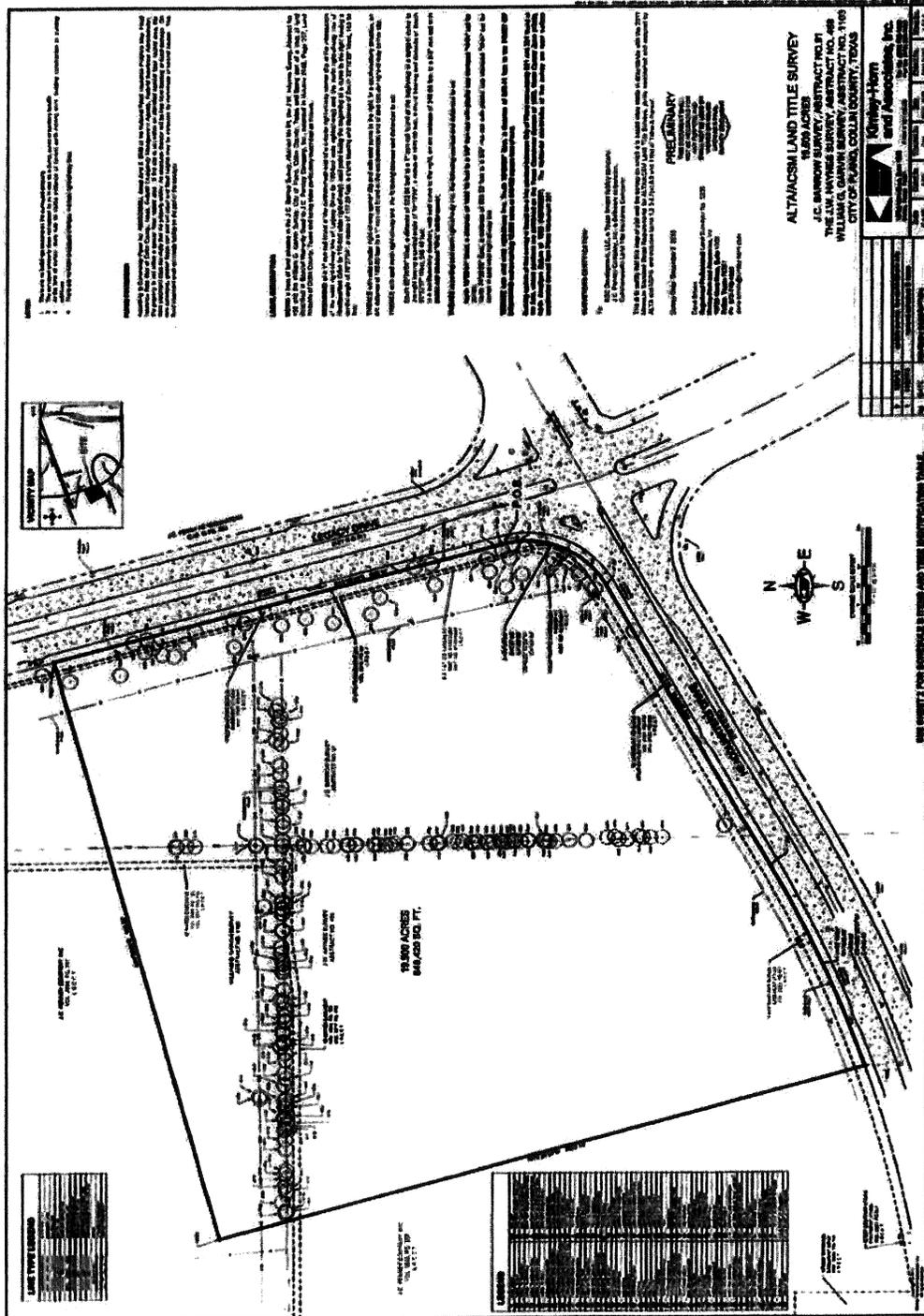


EXHIBIT "B"
CERTIFICATION FORM

[DATE]

Monika Arris
Director of Budget and Finance
Collin County Administration Bldg.
2300 Bloomdale Rd., Suite 4100
McKinney, TX 75071

RE: Certification Form – Reinvestment Zone No. 137
Tax Abatement Agreement (the "Agreement") between FedEx Office and Print
Services, Inc. ("Tenant"); KDC Legacy HQ Investments One, LP ("Owner"); and
Collin County.

This letter certifies that Tenant and Owner are in compliance with each applicable term as set forth in the Agreement. The term of the tax abatement pursuant to the Agreement is January 1, 2016 through December 31, 2025. This form is due on November 1, 2016 and on November 1 of each year thereafter that the Agreement is in force. Tenant makes this certification on behalf of Owner pursuant to its power of attorney in Section 9 of the Agreement.

FEDEX OFFICE AND PRINT
SERVICES, INC., a Texas
corporation, as Tenant and on behalf
of KDC LEGACY HQ
INVESTMENTS ONE, LP, a Texas
limited partnership, as Owner

By: _____

Name: _____

Title: _____