

INCENTIVE AGREEMENT

This Incentive Agreement (this "Agreement") is entered into by and between the Lancaster Economic Development Corporation, a non-profit corporation chartered by the State of Texas, acting by and through its Board of Directors (hereinafter referred to as the "LEDC") and 2935 Daniieldale Road Holdings, LLC, a Delaware limited liability company (hereinafter referred to as the "Company"), acting by and through its authorized officer.

WITNESSETH:

WHEREAS, the Lancaster Economic Development Corporation was established to promote enhanced business opportunities within the corporate limits of the City of Lancaster, Texas; and

WHEREAS, the LEDC recognizes the need to offer business incentives to develop real property within the City of Lancaster; and

WHEREAS, in order to maintain and enhance the economic and employment base within the City of Lancaster, it is in the best interests of the LEDC to enter into this Agreement in accordance with the terms provided herein; and

WHEREAS, the Company wishes to expand its operations as a viable economic project within the City thereby creating new business investment and new jobs in the City; and

WHEREAS, the Board of Directors of LEDC finds that the intended scope of the Project, hereinafter defined, is to construct and lease to tenants approximately 1,000,000 square feet of warehouse-distribution space on approximately fifty-eight (58) acres in Lancaster owned by the Company.

NOW THEREFORE, in consideration of the mutual benefits and promises contained herein and for other good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, including the expansion of employment, the attraction of major investment within the City which contributes to the economic development of Lancaster, and to the enhancement of the tax base for the City, the parties agree as follows:

I.

EFFECTIVE DATE; TERM OF AGREEMENT

This Agreement shall become effective upon the City Council of the City of Lancaster authorizing the LEDC to enter into an agreement with the Company and on the last date of execution of this Agreement by the LEDC and the Company, and shall continue until the earlier of (i) LEDC's payment of the Incentive Grant, or (ii) six (6) months following the issuance of a Certificate of Occupancy for the Project.

II. DEFINITIONS

Whenever used in this Agreement, the following term shall have the meaning ascribed to it:

"City" shall mean the City of Lancaster, Texas

"Company" shall mean 2935 Daniieldale Road Holdings, LLC, a Delaware limited liability company.

"Improvements" shall mean the construction and finish out work necessary to commence operations in the two buildings totaling approximately 1,000,000 square feet combined (such buildings, the **"Buildings"**) to be constructed by the Company on the land described in **Exhibit A** owned by the Company in Lancaster, Texas (such land, the **"Land"**).

"Project" shall mean the shell Buildings and Related Infrastructure associated with the location and construction of the Buildings. Project does not include any tenant improvement or finish out work necessary for occupancy of the Buildings.

"Related Infrastructure" shall mean all City development and building code requirements related to site preparation, water, wastewater, storm water, building construction etc. necessary to receive a City issued "Certificate of Occupancy" at completion of the Project.

III. PROVISIONS RELATING TO INCENTIVE AGREEMENT

Company Obligations:

- A. The Company will commence construction within twenty-four (24) months from the date of execution of this Agreement on the Buildings. For purposes of this Agreement, commencement of construction shall mean commencement of site work and Improvements on the Land.
- B. The Project and Improvements at all times shall be used in a manner that is consistent with the City of Lancaster's Comprehensive Zoning Ordinance, as amended and other applicable ordinances.
- C. The Company agrees to provide any and all documentation necessary to confirm data required to implement provisions of the Incentive Grant.

LEDC's Obligations:

- A. LEDC agrees to pay a grant to the Company in an amount equal to one hundred thousand dollars (\$100,000) to assist with the costs of Related Infrastructure improvements associated with the construction of the Buildings (the **"Incentive Grant"**). A \$50,000 Incentive Grant payment shall be made to the Company for

each of the two Buildings receiving a City issued Certificate of Occupancy upon completion of the Project. LEDC will issue payment of the Incentive Grant within sixty (60) days of the Company receiving final Certificates of Occupancy for the Buildings (it being agreed that the Certificates of Occupancy shall be for the shell Buildings, and the Incentive Grant payments shall not be conditioned upon completion of tenant improvement or finish out work necessary for occupancy of the Buildings).

- B. All grant of funds shall be made from available sales tax proceeds from the LEDC and, any grant made herein, is not pledged against future sales tax proceeds or the full faith and credit of LEDC or the City of Lancaster.

IV. COMPANY DEFAULT; REMEDIES

- A. In the event the Company (i) fails to commence Project on the Land within twenty-four months of execution of this Agreement, or (ii) fails to complete the Project in accordance with this Agreement; or (iii) materially breaches any of the terms or conditions of this Agreement, then the Company, after the expiration of the notice and cure periods described in Paragraph IV (B) below, shall be in default of this Agreement. As liquidated damages in the event of such non-cured default and as the LEDC's sole and exclusive remedy, LEDC shall have the right to terminate this Agreement and the Company shall not be entitled to receive the Incentive Grant. The parties acknowledge that actual damages in the event of default termination would be speculative and difficult to determine. The parties further agree that the recapture of grant funds due LEDC as a result of the Company, default under this Agreement, shall be recoverable against the Company, its successors and assigns and shall continue as a lien on the Project.
- B. Upon breach by the Company, of any obligations under this Agreement, the LEDC shall notify the Company, in writing. The Company shall have ninety (90) days from receipt of the notice in which to cure any such default.
- C. If the Company fails to cure the default within the time provided as specified in Paragraph IV(B) above, or, as such time period may be extended by written agreement of the parties, then the LEDC at its sole option shall have the right to withhold payment of the Incentive Grant or terminate the Agreement.

V. SUCCESSORS AND ASSIGNS

This Agreement shall be binding on and inure to the benefit of the parties to it and their respective heirs, executors, administrators, legal representatives, successors, and assigns. This Agreement may be assigned only with the consent of the LEDC.

**VI.
NOTICES**

All notices required by this Agreement shall be addressed to the following, or other such other party or address as either party designates in writing, by certified mail, postage prepaid, or by hand delivery or by nationally recognized overnight courier service:

Company to:

c/o Clarian Partners
717 McKinney Avenue, Suite 1900
Dallas, TX 75202
Attention: Ryan Bandy

LEDC to:

Ed Brady
Lancaster Economic Development Corporation
211 N. Henry St.
Lancaster, Texas 75146

**VII.
LEDC AUTHORIZATION**

This Agreement was authorized by resolution of the LEDC, approved by its Board of Directors, authorizing its officer to execute this Agreement on behalf of the LEDC.

**VIII.
SEVERABILITY**

In the event any section, subsection, paragraph, sentence, phrase or word herein is held invalid, illegal or unconstitutional, the balance of this Agreement shall be enforceable and shall be enforced as if the parties intended at all times to delete said invalid section, subsection, paragraph, sentence, phrase or word.

**IX.
APPLICABLE LAW**

THIS AGREEMENT SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF TEXAS. Venue for any action under this Agreement shall be the State District Court of Dallas County, Texas. This Agreement is performable in Dallas County, Texas.

**X.
COUNTERPARTS**

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument.

**XI.
ENTIRE AGREEMENT**

This Agreement embodies the complete agreement between the parties and relating to the matters in this Agreement, and except as otherwise provided herein cannot be modified without written agreement of the parties to be attached to and made a part of this Agreement. The provisions of this Agreement are hereby declared covenants running with the Project and are fully binding on all successors, heirs, and assigns of the Company who acquire any right, title, or interest in or to the Project, or any part hereof, thereby agrees and covenants to abide by and fully perform the provisions of this Agreement. While there is no obligation for the LEDC to fund future expansion, nothing herein precludes the Company from requesting further assistance on future projects.

**XII.
RECORDATION OF AGREEMENT**

A certified copy of this Agreement may be recorded in the Deed Records of Dallas County, Texas.

**XIII.
INCORPORATION OF RECITALS**

The determinations recited and declared in the preambles to this Agreement are hereby incorporated herein a part of this Agreement.

**XIV.
EXHIBITS**

All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.


EXECUTED in duplicate originals this the 20 day of February, 2016.

LANCASTER ECONOMIC
DEVELOPMENT CORPORATION

By: 

Vanessa Sheffield, President

2935 DANIELDALE ROAD HOLDINGS,
LLC, a Delaware limited liability company

By: 

Name: Andrew S. Lowe
Title: Senior Vice President
FUTURE ED PERSON

ACKNOWLEDGMENT

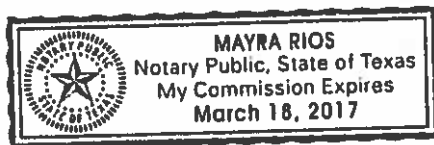
STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared Vanessa Sheffield, President of the Lancaster Economic Development Corporation, a Texas non-profit corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said corporation, and that he executed the same as the act of said corporation for the purpose and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND SEAL OF OFFICE this the 2nd day of February, 2016.

Mayra Rios
Notary Public, State of Texas

My Commission Expires:
March 18, 2017



ACKNOWLEDGMENT

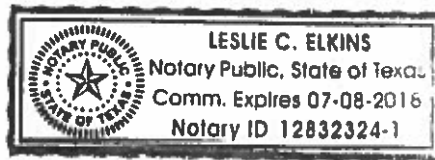
STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on FEBRUARY 26, 2016 by ANDREW S. LOWE, the AUTHORIZED PERSON of 2935 Daniieldale Road Holdings, LLC, a Delaware limited liability company, on behalf of said limited liability company.

GIVEN UNDER MY HAND SEAL OF OFFICE this the 26 day of FEBRUARY, 2016.

Leslie C. Elkins
Notary Public, State of Texas

My Commission Expires:
7/8/2018



**EXHIBIT A
LEGAL DESCRIPTION OF THE LAND**

DESCRIPTION, of a 58.206 acre tract of land situated in the S. B. Runyon Survey, Abstract No. 1199, Dallas County, Texas; said tract being all of Lot 1 and Lot 2, Block A, Contract Freighters, Inc. Addition, an addition to the City of Lancaster, according to the Amended Plat recorded in Volume 99155, Page 60 of the Deed Records of Dallas County, Texas; said Lot 1 and Lot 2, Block A, being part of those tracts of land described in Warranty Deeds to Con-Way Truckload, Inc., recorded in Instrument Number 200900241247 and Instrument Number 200900241246 of said Official Public Records of Dallas County, Texas; said 58.206 acre tract being more particularly described as follows:

BEGINNING, at a point for corner in the north line of Daniieldale Road (a variable width right-of-way), at the southwest corner of said Lot 1, Block A and in the east line of a tract of land described as Tract II in Warranty Deed With Vendor's Lien to Hugo F. Duran and Maria S. Duran, recorded in Instrument Number 201000111603 of said Official Public Records; from which a 1/2-inch iron rod found bears South 00 degrees, 32 minutes East, a distance of 3.4 feet;

THENCE, North 00 degrees, 57 minutes, 58 seconds West, departing said north line of Daniieldale Road, along the east line of said Lot 1, Block A, a distance of 1,566.01 feet to 1/2-inch iron rod found for corner; said point being the northwest corner of said Lot 1, Block A and the most southerly southwest corner of a tract of land described as Tract 2C in Warranty Deed to Highland Park Land Company, recorded in Instrument Number 201100269768 of said Official Public Records;

THENCE, North 88 degrees, 54 minutes, 53 seconds East, along the north line of said Lot 1, Block A and the south line of said Highland Park Land Company tract, at a distance of 548.49 feet pass the northeast corner of said Lot 1, Block A and the northwest corner of said Lot 2, Block A, in all a total distance of 729.17 feet to a 5/8-inch iron rod found for corner; said point being at an angle point in the north line of said Lot 2, Block A, the most southerly southeast corner of said Highland Park Land Company tract, and a reentrant corner of a tract of land described in Executor's Deed to Randy Justiss and Virginia A. Justiss, recorded in Instrument Number 200900077417 of said Official Public Records;

THENCE, North 88 degrees, 56 minutes, 45 seconds East, along said north line of Lot 2, Block A and the most northerly south line of said Justiss tract, a distance of 995.49 feet to a point for corner; said point being the northeast corner of said Lot 2, Block A and a reentrant corner for said Justiss tract; from which a 1-inch iron pipe found bent bears South 54 degrees, 07 minutes, East a distance of 0.4 feet;

THENCE, South 06 degrees, 31 minutes, 41 seconds West, along the east line of said Lot 2, Block A and the west line of said Justiss tract, at a distance of 722.02 feet passing a 1/2-inch iron rod found for witness, in all a total distance of 781.67 feet to a point for corner; said point being in the center of a creek;

THENCE, along the east line of said Lot 2, Block A and the west line of said Justiss tract; along the approximate centerline of said creek the following twelve (12) courses and distances:

South 36 degrees, 13 minutes, 47 seconds West, a distance of 19.88 feet to a point for corner;

South 06 degrees, 23 minutes, 04 seconds West, a distance of 273.29 feet to a point for corner;

South 04 degrees, 21 minutes, 20 seconds West, a distance of 69.21 feet to a point for corner;

South 19 degrees, 17 minutes, 57 seconds West, a distance of 27.39 feet to a point for corner;

South 15 degrees, 41 minutes, 01 seconds East, a distance of 18.91 feet to a point for corner;

South 07 degrees, 41 minutes, 55 seconds West, a distance of 28.86 feet to a point for corner;

South 30 degrees, 27 minutes, 23 seconds West, a distance of 17.85 feet to a point for corner;

South 02 degrees, 28 minutes, 23 seconds East, a distance of 50.66 feet to a point for corner;

South 09 degrees, 15 minutes, 32 seconds West, a distance of 194.49 feet to a point for corner;

South 03 degrees, 41 minutes, 33 seconds West, a distance of 80.60 feet to a point for corner;

South 26 degrees, 42 minutes, 47 seconds East, a distance of 22.70 feet to a point for corner;

South 26 degrees, 33 minutes, 32 seconds West, a distance of 10.48 feet to a point for corner in said north line of Daniieldale Road; said point being the southeast corner of said Lot 2, Block A; from which a 1/2-inch iron rod with "PACHECO KOCH" cap set for witness corner bears South 89 degrees, 05 minutes, 41 seconds West, a distance of 50.00 feet;

THENCE, South 89 degrees, 05 minutes, 41 seconds West, departing the west line of said Justiss tract, along said north line of Daniieldale Road and the south line of said Lot 2, Block A, at a distance of 506.45 feet passing the southwest corner of said Lot 2, Block A and the southeast corner of said Lot 1, Block A, from which a 1/2-inch iron rod found bears South 01 degrees, 05 minutes East a distance of 0.7 feet, at a distance of 538.78 feet passing a 1/2-inch iron rod found, in all a total distance of 1,516.24 feet to the POINT OF BEGINNING;

CONTAINING: 2,535,466 square feet or 58.206 acres of land, more or less.