AGREEMENT FOR DEVELOPMENT AND TAX ABATEMENT IN REINVESTMENT ZONE NUMBER TWENTY-EIGHT (28) FOR COMMERCIAL-INDUSTRIAL TAX ABATEMENT, CITY OF BRYAN, TEXAS

STATE OF TEXAS

COUNTY OF BRAZOS

This Agreement entered into by and between THE CITY OF BRYAN, TEXAS, a political subdivision of the State of Texas, acting herein by and through its duly elected City Council, (hereinafter referred to as “CITY”), and KENT MOORE CABINETS, LTD., a Texas limited partnership (hereinafter referred to as “OWNER”) acting herein by and through its duly authorized sole general partner, Kent Moore Resources, LLC.

WITNESSETH:

WHEREAS, the City Council of the City of Bryan, Texas, adopted an ordinance on August 26, 2008 establishing Reinvestment Zone Number Twenty-eight (28) for Commercial-Industrial Tax Abatement, City of Bryan, Texas (hereinafter referred to as "Zone") as authorized by CHAPTER 312, TEXAS TAX CODE.

Now, therefore, in order to provide for the proper development of property in the Zone and to aid in the conduct of the operation thereof to the best interest of the City of Bryan, Texas, in accordance with the above-referenced ordinances and statute, the parties do mutually agree as follows:

1. The real property on which the real property improvements, personal property and equipment to be abated pursuant to this Agreement will be situated is an approximate 5.19 acre tract portion out of Lot 5B, Block 5, Brazos County Industrial Park, Phase III, in the City of Bryan, Brazos County, Texas and more particularly described by metes and bounds in Exhibit “A” (the “Property” herein). The Property and all improvements constructed thereon, and all personal property and
equipment located thereon and related to the operation thereof will be hereinafter referred to as "the Premises".

2. All of the following obligations of OWNER form the consideration for CITY entering into this Agreement:

   a. OWNER's construction of at least a 77,500 square foot expansion of manufacturing/processing space (real property improvements) to be constructed at OWNER’s current Stone City Drive location in Bryan, Brazos County, Texas. Such expansion shall have a value of at least $3,895,082 on the Property, as described by listing or by site plan on Exhibit “B” to this Agreement, on or before December 31, 2009, and OWNER shall own and maintain the Premises at or above this value during the 9 year period of this abatement under this Agreement.

   b. OWNER shall add and maintain on the Premises, the furniture, fixtures, and equipment listed in Exhibit “C” (Personal Property herein) with a value of at least $198,241 (conveyor) to the Premises on or before December 31, 2009, and OWNER shall own and maintain the furniture, fixtures and equipment at or above this value during the 9 year period of this abatement under this Agreement.

3. OWNER agrees to construct all improvements, in all material respects, in accordance with all applicable laws, ordinances, codes, rules, requirements or regulations of the City of Bryan, Brazos County, the State of Texas, and the United States, and any subdivision, agency or authority thereof in effect at the time of development.

4. OWNER agrees that the site plan, exterior design drawings, specifications and materials (hereinafter referred to as "Plans") for each improvement will be submitted to CITY, and/or its
designated representative, for approval, which Plans are incorporated herein for all purposes. An official set of Plans will be designated by the OWNER and kept on file with the CITY.

5. OWNER shall keep the Premises insured against loss or damage by fire or any other casualty at full replacement value by purchasing insurance or through a self-insurance program. OWNER shall furnish the City of Bryan’s Risk Manager with either a certificate of insurance or satisfactory documentation of its self-insurance program.

6. OWNER shall submit written notice to CITY within ninety (90) days after the Premises are materially damaged by fire or any other casualty. The notice shall either set forth the dates OWNER will commence and complete the repair, remodeling or renovation of the damaged Premises or state that OWNER will not undertake such repair, remodeling or renovation. If OWNER notifies CITY that it will not undertake repair, remodeling or renovation of the damaged Premises, or if OWNER fails to complete the repair, remodeling or renovation by the completion date set forth in OWNER’s notice to CITY, then CITY shall terminate this Agreement and CITY shall recapture from OWNER all property tax revenue CITY has lost as a result of this Agreement as required by §312.205(a)(4), Texas Property Tax Code.

7. OWNER agrees to provide CITY and its designees access to the Premises during regular business hours throughout the term of this Agreement for the purposes of inspection and examination of books, records, construction, workmanship, materials, and installations to determine that OWNER has complied with any requirement of this Agreement.

8. OWNER agrees to limit the use of the Premises consistent with the general purpose of encouraging development or redevelopment within Reinvestment Zone No. 28 while partial abatement of ad valorem taxes is in effect pursuant to this Agreement.
9. OWNER represents and warrants that no member of the Bryan City Council has an interest in the Premises and that the same are not owned or leased by any member of the Bryan City Council.

10. OWNER agrees that CITY assumes no liability or responsibility by approving plans, issuing building permits or making inspections in the event there is a defect in the improvements constructed on the Premises. The relationship between CITY, OWNER, and any taxing unit shall not be deemed to be a partnership or joint venture for purposes of this Agreement.

11. OWNER shall indemnify, hold harmless and defend CITY, its employees, officials, and agents from and against any and all obligations, claims, suits, demands and liability or alleged liability, including costs of suit, attorney’s fees, damages, judgments, or settlements and related expenses arising in any manner from OWNER’s construction, use and operation of the Premises, provided, however, that OWNER shall not be required to indemnify and hold CITY harmless for injury or harm caused by CITY’s negligence or willful misconduct.

12. OWNER agrees to pay all ad valorem taxes and assessments (except as abated pursuant to this Agreement or otherwise exempt) owed to CITY prior to such taxes and/or assessments becoming delinquent. OWNER shall have the right to contest in good faith the validity or application of any such tax or assessment and shall not be considered in default hereunder so long as such contest is diligently pursued to completion. In the event that OWNER contests such tax or assessment, all uncontested taxes and assessments shall be promptly paid to City prior to delinquency. If OWNER undertakes any such contest, it shall notify CITY and keep CITY informed of the status of such contest. Should OWNER be unsuccessful in any such contest, OWNER shall promptly pay all taxes, penalties and interest resulting therefrom.
13. OWNER agrees that a default occurs if: (i) OWNER does not maintain the Premises in good condition, wear and tear excepted; (ii) OWNER fails to repair, remodel or renovate any material damage or destruction of the Premises as provided for in Section 6 above; (iii) OWNER fails to use the Premises for the purposes contemplated by this Agreement or allows the same to become vacant; (iv) OWNER does not pay all non-abated taxes in the manner required by Section 12 hereof; (v) OWNER fails to comply, in all material respects, with all applicable statutes, administrative regulations, or ordinances of the United States, the State of Texas and/or the City of Bryan governing the operations or maintenance of the Premises or the conduct of OWNER’s business in Bryan, Texas; (vi) OWNER fails to perform its obligations under Section 2a. or 2b of this Agreement on or before December 31, 2009; or (vii) OWNER fails to comply with any other duty or obligation arising under this Agreement. CITY shall notify OWNER in writing of such default, and OWNER shall have thirty (30) days after receipt of such written notice, to cure any default, if the default can reasonably be cured within such thirty (30) day period. If the default cannot be reasonably cured within such thirty (30) day period, OWNER shall have a reasonable period of time to cure the default provided that the OWNER is diligently pursuing actions or measures to cure such default. If OWNER fails to cure such default, or if OWNER’s default can not be cured, CITY may, at CITY’s sole option (except as to a default defined in (ii) above, which shall be governed by Section 6 of this Agreement) require OWNER to pay the current year’s taxes in full or CITY may terminate this Agreement and recapture from OWNER a sum of money equal to all of the tax revenues CITY has lost due to the partial abatement of taxes on real property improvements, personal property and equipment from the inception of this Agreement. Further, in the event of such default, all such sums shall be treated as unpaid taxes and the City shall have a lien on all of the Premises, including real property,
personal property and equipment previously subject to abatement, to secure payment as though these sums of money were unpaid taxes. The remedies listed in this paragraph shall be in addition to any other remedies that CITY may have, both legal and equitable.

14. OWNER agrees to submit to CITY, and to each taxing unit in whose jurisdiction the Premises are situated, no later than December 31, 2009 and on December 31st of each year thereafter during the term hereof, a Statement of Compliance in the form attached hereto as Exhibit “D” indicating that OWNER has or has not completed the improvements on the PREMISES in accordance with the Plans or revised plans and further indicating that OWNER has or has not complied with each applicable provision of this Agreement.

15. This Agreement shall be for a term of nine (9) tax/calendar years, unless sooner terminated. CITY hereby grants to OWNER a partial exemption from ad valorem taxation as set forth in this Section, subject to all of the terms and conditions contained in this Agreement. The partial exemption from ad valorem taxation of real property improvements, personal property and equipment during each tax year covered by this Agreement shall be computed by taking a percentage of the increase in value of the Property and the Premises on January 1st of each tax year over the value on January 1st of 2008, which is the year this Agreement was executed by OWNER and CITY. The agreed value of the Property to be abated was $36,960.00 on January 1, 2008, which was derived from existing records and the best estimate of value available from the Brazos County Appraisal District. The partial exemption percentages are as follows:

<table>
<thead>
<tr>
<th>Tax Year</th>
<th>Percentage of Increased Value over January 1, 2008 Value to be Abated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1 (2008)</td>
<td>0%</td>
</tr>
<tr>
<td>Year 2 (2009)</td>
<td>70%</td>
</tr>
<tr>
<td>Year 3 (2010)</td>
<td>70%</td>
</tr>
<tr>
<td>Year 4 (2011)</td>
<td>60%</td>
</tr>
<tr>
<td>Year 5 (2012)</td>
<td>50%</td>
</tr>
</tbody>
</table>
At the conclusion of Year 9, the abatement shall expire and OWNER shall pay all taxes due and owing on the Property and Premises from year 10 forward.


   a. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective while this Agreement is in effect, such provision shall be automatically deleted from this Agreement and the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected thereby, and in lieu of such deleted provision, there shall be added as part of this Agreement a provision that is legal, valid and enforceable and that is as similar as possible in terms and substance as possible to the deleted provision.

   b. Texas law to apply. This Agreement shall be construed under and in accordance with the laws of the State of Texas and the obligations of the parties created hereunder are performable by the parties in Brazos County, Texas. Venue for any litigation arising under this Agreement shall be in a court of appropriate jurisdiction in Brazos County, Texas.

   c. Sole Agreement. This Agreement constitutes the sole and only Agreement of the Parties hereto respecting the subject matter covered by this Agreement, and supersedes any prior understandings or written or oral agreements between the parties.

   d. Amendments. No amendment, modification or alteration of the terms hereof shall be binding unless the same shall be in writing and dated subsequent to the date hereof and duly executed by the parties hereto. Any proposed amendment, modification or alteration shall be provided to Brazos County for review and comment prior to adoption by the Bryan City Council.
e. **Rights and Remedies Cumulative.** The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by either party shall not preclude or waive its right to use any and all other legal remedies. Said rights and remedies are provided in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

f. **No Waiver.** CITY’s failure to take action to enforce this Agreement in the event of OWNER’s default or breach of any covenant, condition, or stipulation herein on one occasion shall not be treated as a waiver and shall not prevent CITY from taking action to enforce this Agreement on subsequent occasions.

g. **Assignment.** OWNER shall not assign this Agreement without the written approval of the Bryan City Council. A change in ownership of a majority of the stock of OWNER is an assignment for the purposes of this paragraph provided such change in ownership is not a result of a death or divorce. If OWNER assigns this Agreement without written approval of the Bryan City Council, this Agreement shall terminate immediately and the partial abatement of taxes on personal property and equipment provided for herein shall cease from the date such unauthorized assignment occurred.

h. **Notices.** CITY and OWNER hereby designate the following individuals to receive any notices required to be submitted pursuant to the terms of this Agreement:

**CITY**

City Manager  
P.O. Box 1000  
Bryan, Texas 77805-1000

**OWNER**

Kent Moore Cabinets, Ltd.  
Attn: Teresa Galliher  
1460 Fountain Avenue  
Bryan, Texas 77802
The parties hereto have executed this Agreement in duplicate originals, each of equal dignity. Each party has stated the execution date below the signature of its authorized representative. If the parties sign this Agreement on different dates, the later date shall be the effective date of this Agreement for all purposes.

ATTEST:

Mary Lynne Stratia, City Secretary

CITY OF BRYAN

D. Mark Conlee, Mayor
Executed on: 9-24-08

APPROVED AS TO FORM:

Jaiffs Hampton, Bryan City Attorney

KENT MOORE CABINETS, LTD.,
A Texas limited partnership

By: Kent Moore Resources, LLC,
Its General Partner

By: Teresa Galliher
Vice President - Human Resources

Executed on: ______________________
EXHIBIT A

METES AND BOUNDS DESCRIPTION
OF A
5.19 ACRE TRACT
PORTION OF LOT 5B, BLOCK 5
BRAZOS COUNTY INDUSTRIAL PARK, PHASE III
BRYAN, BRAZOS COUNTY, TEXAS

METES AND BOUNDS DESCRIPTION OF ALL THAT CERTAIN TRACT OR PARCEL OF LAND LYING AND BEING SITUATED IN BRYAN, BRAZOS COUNTY, TEXAS. SAID TRACT BEING A PORTION OF LOT 5B, BLOCK 5, BRAZOS COUNTY INDUSTRIAL PARK, PHASE III, ACCORDING TO THE PLAT RECORDED IN VOLUME 8690, PAGE 122 OF THE OFFICIAL PUBLIC RECORDS OF BRAZOS COUNTY, TEXAS.

SAID TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS follows:

COMMENCING AT A 5/8 INCH IRON ROD FOUND ON THE SOUTHWEST LINE OF STONE CITY DRIVE (100' R.O.W.) MARKING A NORTH CORNER OF SAID LOT 5B AND THE EAST CORNER OF LOT 4R, BLOCK 5 (PLAT 4585/44);

THENCE: S 50° 06' 29" E ALONG THE SOUTHWEST LINE OF STONE CITY DRIVE FOR A DISTANCE OF 10.00 FEET TO THE POINT OF BEGINNING OF THIS HEREIN DESCRIBED TRACT;

THENCE: S 50° 06' 29" E CONTINUING ALONG THE SOUTHWEST LINE OF STONE CITY DRIVE FOR A DISTANCE OF 398.15 FEET TO A 5/8 INCH IRON ROD FOUND MARKING AN ANGLE POINT IN SAID LINE;

THENCE: S 50° 07' 19" E CONTINUING ALONG THE SOUTHWEST LINE OF STONE CITY DRIVE FOR A DISTANCE OF 216.21 FEET TO A POINT MARKING THE MOST EASTERLY CORNER OF THIS HEREIN DESCRIBED TRACT;

THENCE: THROUGH SAID LOT 5B FOR THE FOLLOWING CALLS:

S 39° 53' 31" W FOR A DISTANCE OF 173.61 FEET TO A POINT;
N 50° 06' 29" W FOR A DISTANCE OF 49.81 FEET TO A POINT;
S 39° 53' 31" W FOR A DISTANCE OF 268.83 FEET TO A POINT;
N 50° 06' 29" W FOR A DISTANCE OF 300.69 FEET TO A POINT;
N 39° 53' 31" E FOR A DISTANCE OF 270.50 FEET TO A POINT;
N 50° 06' 30" W FOR A DISTANCE OF 233.29 FEET TO A POINT;
S 39° 52' 57" W FOR A DISTANCE OF 365.00 FEET TO A POINT;
N 50° 06' 29" W FOR A DISTANCE OF 30.56 FEET TO A POINT;
S 39° 53' 31" W FOR A DISTANCE OF 68.76 FEET TO A POINT;
N 50° 06' 29" W FOR A DISTANCE OF 189.51 FEET TO A POINT;
N 39° 53' 31" E FOR A DISTANCE OF 147.36 FEET TO A POINT;
S 50° 06' 29" E FOR A DISTANCE OF 189.52 FEET TO A POINT;
N 39° 52' 57" E FOR A DISTANCE OF 458.29 FEET TO THE POINT OF BEGINNING CONTAINING 5.19 ACRES OF LAND, MORE OR LESS, AS SURVEYED ON THE GROUND. BEARING SYSTEM SHOWN HEREIN IS BASED ON GRID NORTH AS ESTABLISHED FROM GPS OBSERVATION.

THE ABOVE LEGAL DESCRIPTION DESCRIBES THE EXACT SAME TRACT OF LAND AS THE FOLLOWING:

**METES AND BOUNDS DESCRIPTION**

**OF A 5.19 ACRE TRACT**

**PORTION OF LOT 3R, BLOCK 5 AND A PORTION OF LOT 5A2-R, BLOCK 5**

**BRAZOS COUNTY INDUSTRIAL PARK, PHASE III**

**BRYAN, BRAZOS COUNTY, TEXAS**

METES AND BOUNDS DESCRIPTION OF ALL THAT CERTAIN TRACT OR PARCEL OF LAND LYING AND BEING SITUATED IN BRYAN, BRAZOS COUNTY, TEXAS. SAID TRACT BEING A PORTION OF LOT 3R, BLOCK 5, BRAZOS COUNTY INDUSTRIAL PARK, PHASE III, ACCORDING TO THE PLAT RECORDED IN VOLUME 4584, PAGE 44 OF THE OFFICIAL PUBLIC RECORDS OF BRAZOS COUNTY, TEXAS, AND A PORTION OF LOT 5A2-R, BLOCK 5, BRAZOS COUNTY INDUSTRIAL PARK, PHASE III, ACCORDING TO THE PLAT RECORDED IN VOLUME 3985, PAGE 329 OF THE OFFICIAL PUBLIC RECORDS OF BRAZOS COUNTY, TEXAS.

SAID TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**COMMENCING** AT A 5/8 INCH IRON ROD FOUND ON THE SOUTHWEST LINE OF STONE CITY DRIVE (100' R.O.W.) MARKING A NORTH CORNER OF SAID LOT 3R AND THE EAST CORNER OF LOT 4R, BLOCK 5 (PLAT 4585/44);

**THENCE:** S 50° 06' 29" E ALONG THE SOUTHWEST LINE OF STONE CITY DRIVE FOR A DISTANCE OF 10.00 FEET TO THE POINT OF BEGINNING OF THIS HEREIN DESCRIBED TRACT;

**THENCE:** S 50° 06' 29" E CONTINUING ALONG THE SOUTHWEST LINE OF STONE CITY DRIVE FOR A DISTANCE OF 398.15 FEET TO A 5/8 INCH IRON ROD FOUND MARKING AN ANGLE POINT IN SAID LINE;

**THENCE:** S 50° 07' 19" E CONTINUING ALONG THE SOUTHWEST LINE OF STONE CITY DRIVE
FOR A DISTANCE OF 216.21 FEET TO A POINT MARKING THE MOST EASTERLY CORNER OF THIS HEREIN DESCRIBED TRACT;

THENCE: THROUGH SAID LOT 5A2-R FOR THE FOLLOWING CALLS:

S 39° 53' 31" W FOR A DISTANCE OF 173.61 FEET TO A POINT;
N 50° 06' 29" W FOR A DISTANCE OF 49.81 FEET TO A POINT;
S 39° 53' 31" W FOR A DISTANCE OF 268.83 FEET TO A POINT;
N 50° 06' 29" W FOR A DISTANCE OF 300.69 FEET TO A POINT;
N 39° 53' 31" E FOR A DISTANCE OF 270.50 FEET TO A POINT;
N 50° 06' 30" W FOR A DISTANCE OF 233.29 FEET TO A POINT WITHIN SAID LOT 3R;

THENCE: THROUGH SAID LOT 3R FOR THE FOLLOWING CALLS:

S 39° 52' 57" W FOR A DISTANCE OF 365.00 FEET TO A POINT;
N 50° 06' 29" W FOR A DISTANCE OF 30.56 FEET TO A POINT;
S 39° 53' 31" W FOR A DISTANCE OF 68.76 FEET TO A POINT;
N 50° 06' 29" W FOR A DISTANCE OF 189.51 FEET TO A POINT;
N 39° 53' 31" E FOR A DISTANCE OF 147.36 FEET TO A POINT;
S 50° 06' 29" E FOR A DISTANCE OF 189.52 FEET TO A POINT;

N 39° 52' 57" E FOR A DISTANCE OF 458.29 FEET TO THE POINT OF BEGINNING CONTAINING 5.19 ACRES OF LAND, MORE OR LESS, AS SURVEYED ON THE GROUND. BEARING SYSTEM SHOWN HEREIN IS BASED ON GRID NORTH AS ESTABLISHED FROM GPS OBSERVATION.

BRAD KERR
REGISTERED PROFESSIONAL
LAND SURVEYOR No. 4502
EXHIBIT "C"
SCHEDULE OF PERSONAL PROPERTY TO BE ABATED

[Signature]

Conveyor $198,241
EXHIBIT “D”

STATEMENT OF COMPLIANCE WITH AGREEMENT
FOR COMMERCIAL - INDUSTRIAL TAX ABATEMENT WITH
KENT MOORE CABINETS IN CITY OF BRYAN REINVESTMENT ZONE 28

THE STATE OF TEXAS §
COUNTY OF BRAZOS §

KENT MOORE CABINETS, LTD. ("Owner") hereby certifies any improvements on
the Property, as called for in the above referenced Agreement, have been completed and
constructed in every material respect pursuant to said Agreement. Owner further certifies that it
has complied with all applicable and material terms of said Agreement.

Signed this ____ day of ______________________, 2008.

KENT MOORE CABINETS, LTD.,
A Texas limited partnership

By: Kent Moore Resources, LLC
   Its General Partner

By: ________________________________
   Name: ______________________________
   Title: ______________________________

Any above-described improvements have been accepted by the City of Bryan, Texas as
having been constructed in compliance with the above referenced Agreement, and that pursuant
to said Agreement the partial exemption from taxation shall commence on January 1, 2009
continuing through the year 2016, which will be the last year that the property will be entitled to
exemption from taxation in accordance with this Agreement, and that the taxable value of the
Premises for such period of time shall be the taxable value as finally determined, following any
applicable contests and appeals, by the Brazos County Appraisal District on January 1st of each
year of the term of the Agreement.

Signed this ____ day of ______________________, 2008.

ATTEST:

CITY OF BRYAN, TEXAS

By: ________________________________
   Mary Lynne Stratta, City Secretary

By: ________________________________
   D. Mark Conlee, Mayor