



THE STATE OF TEXAS
COUNTY OF HOPKINS

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AGREEMENT

This AGREEMENT ("AGREEMENT") is entered into by and between Hopkins County Texas, hereinafter referred to as COUNTY, acting by and through Robert Newsome its duly elected County Judge, and BackStory Brewery, hereinafter referred to as OWNER, acting by and through Robert Lenington, its duly authorized Chief Financial Officer.

WITNESETH:

WHEREAS, in accordance with the Property Redevelopment and Tax Abatement Act, codified in Chapter 312 of the Texas Tax Code (the "ACT"), the COUNTY has adopted the Guidelines and Criteria for the Economic Development Incentives Program (the "POLICY STATEMENT"); and

WHEREAS, the POLICY STATEMENT constitutes appropriate guidelines and criteria governing tax abatement AGREEMENTs to be entered into by the COUNTY as contemplated by Chapter 312 of the Tax Code; and

WHEREAS, the COUNTY has adopted Resolution stating that it elects to be eligible to participate in tax abatement; and

WHEREAS, the PREMISES, as hereinafter defined, are wholly located within Reinvestment Zone Number ____ ("ZONE") created by Ordinance No. ____; and

WHEREAS, the COUNTY desires to enter into this AGREEMENT in order to maintain and or enhance the commercial and or industrial economic and employment base of the COUNTY of Hopkins to the long term interest and benefit of the COUNTY in accordance with and Chapter 312 of the CODE; and

WHEREAS, the contemplated use of the PREMISES, as hereinafter defined, the contemplated improvements to the PREMISES in the amount set forth in this AGREEMENT and the other terms hereof are consistent with encouraging development of Reinvestment Zone Number ____ in accordance with the purposes and intent of the POLICY STATEMENT, and all applicable law; and

WHEREAS, a copy of this AGREEMENT has been furnished in the manner prescribed by the ACT to the presiding officers of the governing bodies of each of the taxing entities in the area in which the PREMISES is located.

NOW THEREFORE, the COUNTY for good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, which consideration includes the expansion of employment and the attraction of major investment in the ZONE, which contributes to economic development in the COUNTY, and the OWNER for good and valuable consideration, which consideration includes the tax abatement set forth herein below, as authorized by the ACT, do hereby contract, covenant and agree as follows:

A. DEFINITIONS

1. The property which is the subject of this AGREEMENT is that property located at 211 Magnolia, Sulphur Springs, Texas and described in Exhibit "A" attached hereto and made a part hereof, and shall be hereinafter referred to as PREMISES.

2. The improvements to be the remodeling of the existing building and the installation of

new equipment to brew and distribute beer to the region with a value of \$900,000 dollars that is affixed to the PREMISES, which shall be referred to hereinafter as the IMPROVEMENTS. The kind, number and location of all proposed IMPROVEMENTS are more specifically described in Exhibit "B" attached hereto and made part of this AGREEMENT for all purposes.

**B.
DUTIES OF OWNER**

1. The OWNER shall substantially complete or cause to be completed construction of the IMPROVEMENTS on the PREMISES that upon completion shall have a value appraised by the Hopkins County Appraisal District of not less than nine hundred thousand dollars (\$900,000) ("REQUIRED VALUE") on or about December 31, 2017 provided that OWNER shall have such additional time to complete the IMPROVEMENTS as may be required if OWNER is diligently pursuing completion of the initial phase of the IMPROVEMENTS in the event of "force majeure", or if in the sole opinion of the COUNTY, the OWNER has made substantial progress toward completion of the initial phase of the IMPROVEMENTS. For this purpose, "force majeure" shall mean any contingency or cause beyond the reasonable control of OWNER including, without limitation, acts of God or the public enemy, war, riot, civil commotion, insurrection, governmental or de facto governmental action (unless caused by acts or omissions of OWNER), fire, explosion or flood, and strikes. The date of substantial completion of the IMPROVEMENTS shall be defined as the date a Certificate of Occupancy is issued for the IMPROVEMENTS.

2. The OWNER agrees and covenants that it will diligently and faithfully in a good and workmanlike manner pursue (or cause to be pursued) the completion of the IMPROVEMENTS as a good and valuable consideration of this AGREEMENT. OWNER further covenants and agrees that all construction of the IMPROVEMENTS will be in accordance with all applicable state and local laws and regulations or valid waiver thereof. In further consideration, from the date a Certificate of Occupancy is issued until five years after the expiration of this AGREEMENT, OWNER covenants and agrees that the PREMISES will be continuously operated, maintained and occupied as a Manufacturing facility.

3. The OWNER further agrees that the COUNTY and its agents and employees, shall have reasonable right of access to the PREMISES to inspect the IMPROVEMENTS in order to insure that the construction of the IMPROVEMENTS are in accordance with this AGREEMENT and all applicable state and local laws and regulations or valid waiver thereof; and subject to OWNER's reasonable security requirements, the continuing right to inspect PREMISES to insure that the PREMISES are thereafter maintained, operated and occupied in accordance with this AGREEMENT.

4. The PREMISES shall at all times be used in a manner that is consistent with the general purpose of encouraging development within the ZONE. Both parties agree that the use of the premises for manufacturing and warehousing purposes in accordance with this AGREEMENT, is consistent with such purpose.

5. The OWNER is also required to create fourteen (14) jobs. These jobs will have a minimum payroll of \$291,200 thousand dollars

6. Prior to December 31st of each year this AGREEMENT is in effect, OWNER shall certify to the governing body the COUNTY that OWNER is in compliance with each applicable term of this AGREEMENT. OWNER agrees to provide the COUNTY any documentation the COUNTY may reasonably require to substantiate that he is in compliance with this AGREEMENT.

**C.
ABATEMENT ALLOWED**

1. 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 real property taxes from the

PREMISES otherwise owed to the COUNTY for the value of the IMPROVEMENTS shall be abated as provided herein. Said abatement shall be as set forth below on the taxes assessed upon the value of the IMPROVEMENTS in the year of abatement, for each year in which the value meets or exceeds the REQUIRED VALUE and to the extent that the value exceeds the value of the IMPROVEMENTS in the year in which this AGREEMENT is executed, in accordance with the terms of this AGREEMENT and all applicable state and local regulations or a valid waiver thereof; provided that the OWNER shall have the right to protest and/or contest any assessment of the PREMISES and said abatement shall be applied to the amount of taxes finally determined to be due as a result of any protest and/or contest. OWNER and COUNTY agree that the value of the EXISTING IMPROVEMENTS in the year in which this AGREEMENT is executed is Thirty Eight thousand three hundred fifty dollars (\$38,350). In accordance with these terms, the abatement granted shall be as follows, with "year one" beginning January 1, of the year following the year in which a certificate of occupancy is issued by the CITY for the IMPROVEMENTS:

Year	Percent of value of improvements exempted from taxation
2018	100%
2019	100%
2020	100%
2021	100%
2022	100%

2. If the appraised value as determined by the Hopkins County Appraisal District falls below the REQUIRED VALUE, OWNER shall not be eligible for tax abatement during that tax year. If in a subsequent year during the term of this AGREEMENT the value exceeds the REQUIRED VALUE, an abatement shall be granted at the rate established for that year.

D. BREACH AND RECAPTURE

1. If (1) the IMPROVEMENTS for which an abatement has been granted are not substantially completed in accordance with this AGREEMENT; or (2) OWNER fails to occupy the IMPROVEMENTS for the PURPOSES required by this AGREEMENT; or (3) OWNER breaches any of the terms or conditions of this AGREEMENT, then this AGREEMENT shall be in default. In the event that the OWNER defaults in its performance of (1), (2) or (3) above, then the COUNTY shall give the OWNER written notice of such default and if the OWNER has not cured such default, or obtained a waiver thereof from the appropriate authority, within (30) days of said written notice, and the OWNER does not commence to cure such default within said thirty day period and thereafter diligently proceed with its efforts to cure the same, this AGREEMENT may be terminated by the COUNTY. Notice shall be in writing as provided below. If the COUNTY terminates this AGREEMENT for default, OWNER shall pay to the COUNTY all taxes which otherwise would have been paid to the COUNTY without the benefit of abatement but without the addition of penalty; interest will be charged at the statutory rate for delinquent taxes as determined by Section 33.01 of the CODE within sixty days after the expiration of the above mentioned applicable cure period. After sixty days, if said taxes owed remain unpaid by the OWNER, the penalties and interest will accrue as provided by law. The AGREEMENT may be terminated by the mutual consent of the parties in the same manner that the AGREEMENT was approved and executed. If the IMPROVEMENTS have not been completed at the time of termination, the COUNTY shall recapture any property tax revenue lost as a result of the AGREEMENT.

2. It is expressly agreed and acknowledged between the parties to the AGREEMENT that nothing in this AGREEMENT shall be deemed or construed to affect the ability of the COUNTY to place a lien for taxes against the property as established by Section 32.01 of the CODE. Such lien shall secure the payment of all taxes, penalties and interest ultimately imposed on the property, including any taxes abated and subject to recapture under this AGREEMENT. Any such lien may be fully enforced pursuant to the provisions of the CODE. For purposes of this subsection, "property" refers to the PREMISES and all IMPROVEMENTS described herein.

3. Following the expiration of the tax abatement period under this AGREEMENT, the property subject to this AGREEMENT shall become fully taxable subject to any lawful exemptions and special appraisal that may otherwise apply.

E.
GENERAL PROVISIONS

1. **Notice.** 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 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:

Hopkins County Court House
Attention: Robert Newsome County Judge
P.O. Box 288
Sulphur Springs, Texas 75483

For OWNER by notice to:

Robert Lenington
BackStory Brewery
PO Box 1279
Sulphur Springs, Texas 75483

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.

2. **Indemnification.** OWNER in performing its obligations under this AGREEMENT is acting independently, and the COUNTY assumes no responsibilities or liabilities to third parties in connection with the PREMISES or IMPROVEMENTS. OWNER agrees to INDEMNIFY, DEFEND, AND HOLD HARMLESS THE COUNTY, ITS OFFICERS, AGENTS, EMPLOYEES, AND VOLUNTEERS IN BOTH THEIR PUBLIC AND PRIVATE CAPACITIES, FROM AND AGAINST CLAIMS, SUITS, DEMANDS, LOSSES, DAMAGES, CAUSES OF ACTION, AND LIABILITY OF EVERY KIND, INCLUDING, BUT NOT LIMITED TO, EXPENSES OF LITIGATION OR SETTLEMENT, COURT COSTS, AND ATTORNEYS FEES WHICH MAY ARISE DUE TO ANY DEATH OR INJURY TO A PERSON OR THE LOSS OF, LOSS OF USE OF, OR DAMAGE TO PROPERTY, ARISING OUT OF OR OCCURRING AS A CONSEQUENCE OF THE PERFORMANCE OF THIS AGREEMENT, SAVE AND EXCEPT FOR THE ACTUAL NEGLIGENCE OF THE COUNTY, ITS OFFICERS, AGENTS OR EMPLOYEES AS DETERMINED BY A COURT OF COMPETENT JURISDICTION. OWNER INDEMNIFICATION OBLIGATIONS INCLUDE THE PAYMENT OF REASONABLE ATTORNEY FEES AND EXPENSES INCURRED BY THE COUNTY AND TAXING UNITS IN CONNECTION WITH THESE CLAIMS, SUITS, OR CAUSES OF ACTION.

3. **No ownership by COUNTY officer.** It is the belief of both parties that the PREMISES do not include any property that is owned or leased by a member of the Commissioners Court or by any other board or commission of the COUNTY having responsibility for approval of this AGREEMENT. The parties recognize and understand that any property so owned is excluded by law from property tax abatement.

4. **Compliance with law.** OWNER shall comply with all applicable rules, regulations, ordinances, state and federal laws in the operation of the IMPROVEMENTS.

5. **Assignment.** 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 COUNTY, which permission shall be at the sole discretion of the COUNTY, provided however that upon written notice to the COUNTY, OWNER may assign its right under this AGREEMENT to a wholly owned subsidiary, provided the subsidiary agrees in writing to assume all duties and obligations of this AGREEMENT.

6. **Venue.** This AGREEMENT shall be construed under the laws of the State of Texas, and venue for any action arising under state law under this AGREEMENT shall be the State District Court of Hopkins County, Texas. If not properly in state court, venue for any cause of action arising under federal law shall be the Northern District of Texas.

7. **Severability.** In the event any section, subsection, paragraph, subparagraph, sentence, phrase, or word herein is held invalid, illegal, or unenforceable, the balance of this AGREEMENT shall stand, shall be enforceable, and shall be read as if the parties intended at all times to delete said invalid section, subsection, paragraph, subparagraph, sentence, phrase, or word. In the event there shall be substituted for such deleted provision a provision as similar in terms and in effect to such deleted provision as may be valid, legal and enforceable.

8. **Independent Parties.** Nothing herein shall be construed as creating a partnership or joint enterprise between the COUNTY and owner. Furthermore, the parties hereto acknowledge and agree that the doctrine of respondent superior shall not apply between the COUNTY and owner, nor between the COUNTY and any officer, director, member, agent, employee, contractor, subcontractor, licensee, or invitee of owner.

9. **Authority of COUNTY.** This AGREEMENT was authorized by Resolution of the COUNTY Commissioner Court at its regular Court meeting on the _____ day of _____, 20____, authorizing the COUNTY Judge to execute the AGREEMENT on behalf of the COUNTY.

10. **Authority of OWNER.** This AGREEMENT was entered into by BackStory Brewery pursuant to authority granted by its Board of Directors, where by Robert Lenington was authorized to execute this AGREEMENT on behalf of BackStory Brewery

11. **Effective date.** This AGREEMENT shall be effective on the latest date that one of the parties signs below.

Witness our hands this 13 day of November, 2017.

ATTEST:

Hopkins County, TEXAS:


Debbie Shirley, County Clerk




By: Robert Newsome, County Judge

ATTEST:

BackStory Brewery




By: Robert Lenington, Chief Financial Officer

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MITZI D. YBARBO
My Commission Expires
June 27, 2020

Exhibit A



Exhibit B

Special Equipment	\$5,000
Walk in Cooler	\$25,000
Keg Washer/Filler	\$27,500
Brew House	\$210,108
Can Filler	\$85,239