

STATE OF TEXAS §
§ **TAX ABATEMENT AGREEMENT**
COUNTY OF DALLAS §

This Tax Abatement Agreement (the “Agreement”) is entered into by and between the City of Coppell, Texas (the “City”), and Nypro Inc., a Massachusetts corporation (the “Lessee”) (each a “Party” and collectively the “Parties”), acting by and through their authorized representatives.

WITNESSETH:

WHEREAS, the City Council of the City of Coppell, Texas (the “City Council”), passed an Ordinance (the “Ordinance”) establishing Tax Abatement Reinvestment Zone No. 82 (the “Zone”), for the real property described in Exhibit “A” (the “Land”), for commercial/industrial tax abatement, as authorized by the Property Redevelopment and Tax Abatement Act, Chapter 312 of the Texas Tax Code, as amended (the “Tax Code”); and

WHEREAS, the City has adopted guidelines for tax abatement (the “Tax Abatement Guidelines”); and

WHEREAS, the Tax Abatement Guidelines contain appropriate guidelines and criteria governing tax abatement agreements to be entered into by the City as contemplated by the Tax Code; and

WHEREAS, the City has adopted a resolution stating that it elects to be eligible to participate in tax abatement; and

WHEREAS, in order to maintain and enhance the commercial and industrial economic and employment base of the Coppell area, it is in the best interests of the taxpayers for the City to enter into this Agreement in accordance with said Ordinance, the Tax Abatement Guidelines and the Tax Code; and

WHEREAS, Lessee has or intends to enter into a lease of approximately 30,000 square feet of office/manufacturing warehouse space in a building on the Land (hereinafter defined) located at 1405 S. Beltline Road, Coppell, Texas (the “Leased Premises”), for a period of at least five (5) years (the “Lease”), and intends to locate certain Tangible Personal Property (hereinafter defined) at the Leased Premises; and

WHEREAS, Lessee’s development efforts described herein will create permanent new jobs in the City; and

WHEREAS, the City Council finds that the contemplated use of the Leased Premises (hereinafter defined), set forth in this Agreement, and the other terms hereof are consistent with encouraging development of the Zone in accordance with the purposes for its creation and/or in

compliance with the Tax Abatement Guidelines, the Ordinance adopted by the City, the Tax Code and all other applicable laws; and

WHEREAS, the City Council finds that the Leased Premises sought are feasible and practicable and would be of benefit to the Zone and to the City after expiration of this Agreement; and

WHEREAS, a copy of this Agreement has been furnished, in the manner prescribed by the Tax Code, to the presiding officers of the governing bodies of each of the taxing units in which the Leased Premises is located;

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 primary employment, the attraction of major investment in the Zone, which contributes to the economic development of Coppell and the enhancement of the tax base in the City, the Parties agree as follows:

Article I Definitions

Wherever used in this Agreement, the following terms shall have the meanings ascribed to them:

“Bankruptcy or Insolvency” shall mean the dissolution or termination of a Lessee’s existence as a going business, insolvency, appointment of receiver for any part of a Lessee’s property and such appointment is not terminated within ninety (90) days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against such Lessee, and such proceeding is not dismissed within ninety (90) days after the filing thereof.

“Base Year” shall mean the year in which this Agreement is executed (2013).

“City” shall mean the City of Coppell, Texas.

“Effective Date” shall mean the last date of execution of this Agreement, unless the context indicates otherwise.

“First Year of Abatement” shall mean January 1 of the calendar year immediately following the date of issuance of a certificate of occupancy for Lessee’s occupancy of the Leased Premises.

“Force Majeure” shall mean 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, adverse weather, government or de facto governmental action (unless caused by

acts or omissions of such Party), fires, explosions or floods, strikes, slowdowns or work stoppages.

“Freeport Goods” shall have the same meaning as assigned by Section 11.251 of the Tax Code and Article VIII, Section 1-j of the Texas Constitution. Freeport Goods does not include “Goods in Transit” as defined by Tax Code, Section 11.253.

“Goods in Transit” shall have the same meaning assigned by Tax Code, Section 11.253.

“Inventory” shall mean tangible personal property consisting of inventory located at the Leased Premises owned or leased by Lessee but excluding Freeport Goods and Goods-in-Transit.

“Land” means the real property described in Exhibit “A”.

“Lease” shall mean the lease of the Leased Premises for a period of at least five (5) years.

“Lease Inception Date” shall mean the date the term of the Lease commences but not later than February 20, 2013.

“Leased Premises” shall mean approximately 30,000 square feet of office/manufacturing warehouse space located at 1405 S. Beltline Road, Coppell, Texas.

“Lessee” shall mean Nypro Inc., a Massachusetts corporation.

“Related Agreement” shall mean any other agreement by and between the City and the Lessee, its parent company, and any affiliated or related entity owned or controlled by the Lessee, or its parent company, relating to the Leased Premises.

“Required Use” shall mean the continuous occupancy of the Leased Premises and operation of the Lessee’s manufacturing facility thereat.

“Tangible Personal Property” shall mean furniture, fixtures and equipment owned or leased by the Lessee and located at the Leased Premises, subsequent to the execution of this Agreement. Tangible Personal Property shall not include other tangible personal property including inventory, Freeport Goods and Goods in Transit located at the Leased Premises.

“Taxable Value” means the appraised value as certified by the Appraisal District as of January 1 of a given year.

Article II General Provisions

2.1 Lessee has or intends to enter into the Lease of the Leased Premises, which Leased Premises is located within the city limits of the City and within the Zone. Lessee intends

to locate and maintain Tangible Personal Property at the Leased Premises following the Lessee's occupancy thereof.

2.2 The Leased Premises are not in an improvement project financed by tax increment bonds.

2.3 This Agreement is entered into subject to the rights of the holders of outstanding bonds of the City.

2.4 The Leased Premises are not owned or leased by any member of the Coppell City Council or any member of the Coppell Planning and Zoning Commission.

2.5 Lessee shall, before May 1 of each calendar year that the Agreement is in effect, certify in writing to the City that it is in compliance with each term of the Agreement.

2.6 The Leased Premises shall, at all times, be used in the manner (i) that is consistent with the City's Comprehensive Zoning Ordinance, as amended, and (ii) that, during the period taxes are abated hereunder, is consistent with the general purposes of encouraging development or redevelopment within the Zone.

Article III Tax Abatement Authorized

3.1 This Agreement is authorized by the Tax Code and in accordance with the City Tax Abatement Guidelines, and approved by resolution of the City Council.

3.2 Subject to the terms and conditions of this Agreement, and provided the Taxable Value for the Tangible Personal Property, is at least One Million Five Hundred Thousand Dollars (\$1,500,000.00) as of January 1 of the First Year of Abatement and as of January 1 of each year thereafter that this Agreement is in effect, the City hereby grants Lessee an abatement of eighty-five percent (85%) of the Taxable Value of the Tangible Personal Property for a period of five (5) consecutive years, beginning with the First Year of Abatement. The actual percentage of Taxable Value of the Tangible Personal Property subject to abatement for each year this Agreement is in effect will apply only to the Tangible Personal Property located at the Leased Premises subsequent to the execution of this Agreement.

3.3 The period of tax abatement herein authorized shall be for a period of five (5) consecutive years.

3.4 During the period of tax abatement herein authorized, Lessee shall be subject to all taxation not abated, including but not limited to, sales tax and ad valorem taxation on land, inventory and supplies.

3.5 The Lessee agrees, subject to events of Force Majeure or Casualty to continuously lease and occupy the Leased Premises for a period of at least five (5) consecutive years beginning with the Lease Inception Date.

3.6 During the term of this Agreement following the Lease Inception Date and continuing thereafter until the Expiration Date, the Leased Premises shall not be used for any purpose other than the Required Use and the operation and occupancy of the Leased Premises in conformance with the Required Use shall not cease for more than thirty (30) days except in connection with and to the extent of an event of Force Majeure.

3.7 The term of this Agreement shall begin on the Effective Date and shall continue until March 1 of the calendar year following the sixth (6th) anniversary date of the First Year of Abatement, unless sooner terminated as provided herein.

3.8 The Lessee agrees to locate and maintain Tangible Personal Property not otherwise exempt from ad valorem taxation at the Leased Premises with a Taxable Value of at least One Million Five Hundred Thousand Dollars (\$1,500,000.00) as of the First Year of Abatement and as of January 1 of each calendar year thereafter during the term of this Agreement.

Article IV Leased Premises

4.1 Lessee intends to enter into the Lease and to locate Tangible Personal Property thereat. Nothing in this Agreement shall obligate Lessee to enter into the Lease or to locate Tangible Personal Property thereat, but said actions are conditions precedent to tax abatement for such Lessee pursuant to this Agreement.

4.2 As a condition precedent to the initiation of the Lessee's tax abatement pursuant to this Agreement, Lessee agrees to enter into the Lease on or before February 20, 2013. Lessee agrees and covenants to continuously lease and occupy the Leased Premises for a period of at least five (5) years commencing on the Lease Inception Date.

4.3 Lessee agrees to maintain the Leased Premises during the term of this Agreement in accordance with all applicable state and local laws, codes, and regulations, except to the extent that the landlord of the Leased Premises is required to maintain such compliance under the terms of the Lease.

4.4 The City, its agents and employees shall have the right of access to the Leased Premises at reasonable times and with reasonable notice to Lessee, and in accordance with visitor access and security policies of the Lessee, in order to insure that the Lessee is in compliance with the terms and conditions of this Agreement.

Article V
Default: Recapture of Tax Revenue

5.1 In the event Lessee: (i) fails to occupy the Leased Premises in accordance with this Agreement or in accordance with applicable State or local laws, codes or regulations; (ii) has delinquent ad valorem or sales taxes owed to the City (provided Lessee retains its right to timely and properly protest such taxes or assessment); (iii) suffers an event of “Bankruptcy or Insolvency”; or (iv) breaches any of the terms and conditions of this Agreement which is not otherwise cured within the applicable cure period, then Lessee, after the expiration of the notice and cure periods described below, shall be in default of this Agreement. As liquidated damages in the event of such default, the Lessee shall, within thirty (30) days after termination, pay to the City all taxes which otherwise would have been paid by the Lessee to the City without benefit of a tax abatement for the property the subject of this Agreement at the statutory rate for delinquent taxes as determined by Section 33.01 of the Tax Code, as amended, but without penalty. The Parties acknowledge that actual damages in the event of default termination would be speculative and difficult to determine. The Parties further agree that any abated tax, including interest, as a result of this Agreement, shall be recoverable against the Lessee, its successors and assigns and shall constitute a tax lien against the Tangible personal Property, and shall become due, owing and shall be paid to the City within thirty (30) days after notice of termination.

5.2 Upon breach by Lessee of any of the obligations under this Agreement, the City shall notify Lessee in writing, which shall have thirty (30) days from receipt of the notice in which to cure any such default. If the default cannot reasonably be cured within a thirty (30) day period, and the Lessee has diligently pursued such remedies as shall be reasonably necessary to cure such default, then the City may extend the period in which the default must be cured.

5.3 If the Lessee fails to cure the default within the time provided as specified above or, as such time period may be extended, then the City, at its sole option, shall have the right to terminate this Agreement by providing written notice to the Lessee.

5.4 Upon termination of this Agreement by City, all tax abated as a result of this Agreement, shall become a debt to the City as liquidated damages, and shall become due and payable not later than thirty (30) days after a notice of termination is provided. The City shall have all remedies for the collection of the abated tax provided generally in the Tax Code for the collection of delinquent property tax. The City, at its sole discretion, has the option to provide a repayment schedule. The computation of the abated tax for the purposes of the Agreement shall be based upon the full Taxable Value of the Tangible Personal Property without tax abatement for the years in which tax abatement hereunder was received by the Lessee, as determined by the Appraisal District, multiplied by the tax rate of the years in question, as calculated by the City Tax Assessor-Collector. The liquidated damages shall incur penalties as provided for delinquent taxes and shall commence to accrue after expiration of the thirty (30) day payment period.

**Article VI
Annual Application for Tax Exemption**

It shall be the responsibility of the Lessee, pursuant to the Tax Code, to file an annual exemption application form for the Tangible Personal Property with the Chief Appraiser for each Appraisal District (or its successor) in which the eligible taxable property has situs. A copy of the respective exemption application shall be submitted to the City upon request.

**Article VII
Annual Rendition**

The Lessee shall annually render the value of the Tangible Personal Property to the Appraisal District, and shall provide a copy of the same to the City upon written request.

**Article VIII
Miscellaneous**

8.1 Notice. Any notice required or permitted to be delivered hereunder shall be deemed received three (3) days thereafter sent by United States Mail, postage prepaid, certified mail, return receipt requested, addressed to the Party at the address set forth below or on the day actually received if sent by courier or otherwise hand delivered:

If intended for City, to:

Attn: City Manager
City of Coppell, Texas
P. O. Box 478
Coppell, Texas 75019

With a copy to:

Peter G. Smith
Nichols, Jackson, Dillard, Hager & Smith, L.L.P.
1800 Lincoln Plaza
500 N. Akard
Dallas, Texas 75201

If intended for Lessee, to:

Attn: Group President
Nypro Healthcare,
a division of Nypro, Inc.
1405 S. Belt Line Road
Coppell, Texas 75019

With a copy to:

Attn: Legal Department
Nypro Inc.
101 Union Street
Clinton, MA 01510

8.2 Authorization. This Agreement was authorized by resolution of the City Council approved by its Council meeting authorizing the Mayor to execute this Agreement on behalf of the City.

8.3 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 stand,

shall be enforceable and shall be read as if the Parties intended at all times to delete said invalid section, subsection, paragraph, sentence, phrase or word.

8.4 Governing Law. This Agreement shall be governed by the laws of the State of Texas without regard to any conflict of law rules. Exclusive venue for any action under this Agreement shall be the State District Court of Dallas County, Texas. The Parties agree to submit to the personal and subject matter jurisdiction of said court.

8.5 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.

8.6 Entire Agreement. This Agreement embodies the complete agreement of the Parties hereto, superseding all oral or written previous and contemporary agreements 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.

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

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

8.9 Assignment. 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 permitted assigns. This Agreement may not be assigned by the Lessee without the prior written consent of the City Manager.

8.10 Employment of Undocumented Workers. During the term of this Agreement, the Lessee agrees not to knowingly employ any undocumented workers and, if convicted of a violation under 8 U.S.C. Section 1324a (f), the Lessee shall repay the taxes abated herein, and any other funds received by the Lessee from the City as of the date of such violation within 120 days after the date the Lessee is notified by the City of such violation, plus interest at the rate of six percent (6%) compounded annually from the date of violation until paid.

8.11 Right of Offset. The City may at its option, offset any amounts due and payable under this Agreement against any debt (including taxes) lawfully due to the City from the Lessee, regardless of whether the amount due arises pursuant to the terms of this Agreement or otherwise and regardless of whether or not the debt due the City has been reduced to judgment by a court.

[Signature Page to Follow]

EXECUTED in duplicate originals the ____ day of _____, 2013.

CITY OF COPPELL, TEXAS

By: _____
Karen Selbo Hunt, Mayor

Attest:

By: _____
Christel Pettinos, City Secretary

Agreed as to Form:

By: _____
City Attorney

EXECUTED in duplicate originals the ____ day of _____, 2013.

NYPRO, INC.

By: _____
Name: _____
Title: _____

Exhibit "A"
Legal Description

Block B, Lot 1 of the Northlake 635 Business Park (Coppell Business Center II) – 33.20 acres

Being a tract of land situated in the Cordelia Bowen Survey, Abstract No. 56, in the City of Coppell, Dallas, County, Texas, and being part of the Northlake 635 Business Park, an Addition to the City of Coppell, Dallas County, Texas, according to the plat thereof recorded in Volume 85056, Page 3358 of the Map Records of Dallas County, Texas, and being more particularly described as follows:

BEGINNING at a ½ inch set iron rod with plastic yellow cap stamped "Halff Assoc. Inc." (1/2 inch found iron rod with cap) at the West line of Belt Line Road (a 120 foot width right-of-way at this point), and the most southern southeast corner of the Northlake 635 Business Park, an Addition to the City of Coppell, Texas, according to the plat recorded in Volume 85056, Page 3358, deed Records of Dallas County, Texas;

THENCE South 89 degrees 53 minutes 18 seconds West, 1174.28 feet, with the North line of a tract of land described in Deed to Hattie Mae Lesley dated January 24, 1958, as recorded in Deed Records of Dallas County, Texas, to a 1 inch diameter iron pipe found for corner;

THENCE North 00 degrees 56 minutes 56 seconds East, 1111.41 feet, with the East line of said Lesley Tract, to a found 1 inch diameter iron pipe;

THENCE South 89 degrees 50 minutes 51 seconds East, 95.43 feet, to a ½ inch set iron rod for corner;

THENCE North 39 degrees 21 minutes 04 seconds East, 251.75 feet to a ½ inch set iron rod for corner in the Southerly line of Lakeshore Drive (a 60 foot right-of-way), a dedicated street in said Northlake 635 Business Park Addition, said iron rod also being on a circular curve to the left having a central angle of 27 degrees 37 minutes 46 seconds, a radius of 380.00 feet having a back tangent of South 61 degrees 52 minutes 14 seconds East;

THENCE with said curve in a Easterly direction and with the said Southerly line of Lakeshore Drive, an arc distance of 183.25 feet to a ½ inch iron rod w/cap found for the point of tangency of said curve;

THENCE South 89 degrees 30 minutes 00 seconds East, 388.27 feet, with said Southerly line of Lakeshore Drive, to a ½ inch set iron rod w/cap for corner, said iron rod also being at the beginning of a circular curve to the right having a central angle of 12 degrees 50 minutes 19 seconds, a radius of 300.00 feet;

THENCE with said curve in a Easterly direction and with the said Southerly line of Lakeshore Drive, an arc distance of 67.22 feet to a ½ inch iron rod set for the point of reverse curvature of a curve to the left having a central angle of 12 degrees 50 minutes 19 seconds, a radius of 300.00 feet;

THENCE with said curve in an Easterly direction and with the said Southerly line of Lakeshore Drive, an arc distance of 67.22 feet to a ½ inch iron rod found for the point of tangency of said curve;

THENCE South 89 degrees 30 minutes 00 seconds East, 203.34 feet, with said Southerly line of Lakeshore Drive, to a ½ inch iron rod found for corner;

THENCE South 10 degrees 48 minutes 30 seconds East, 56.09 feet departing said Southerly line of Lakeshore Drive, to a ½ inch iron rod found for corner in the West line of Belt Line Road (120 foot width right-of0way at this point);

THENCE South 00 degrees 30 minutes 00 seconds West, 1,182.14 feet, with the said West line of Belt Line Road, to the POINT OF BEGINNING and containing 1,446,192 square feet or 33.2000 acres of land, more or less.