

ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT

This Economic Development Incentive Agreement (the “Agreement”) is made by and between the City of Carrollton, Texas (“City”), and Murata Electronics, North America, Inc., on behalf of RF Monolithics, Inc. and Murata Energy Solutions Americas, Inc. (“Company”), acting by and through their respective authorized officers and representatives.

WITNESSETH:

WHEREAS, the Company is engaged in the design, manufacture, and supply of advanced electronic materials, leading edge electronic components, and multi-functional, high-density modules for mobile phones, home appliances, automotive applications, energy management systems, and healthcare, and will occupy approximately 28,000 square feet of existing property located at 4100 Midway Road (the “Premises”), in the City of Carrollton; and

WHEREAS, Company has entered into a lease for the Premises for a period not less than ninety-one (91) months during which time, Company will establish and create jobs that benefit the local economy and stimulate commercial activity within Carrollton; and

WHEREAS, the Company will invest approximately \$1,000,000 in renovating the Premises for its use and relocation of its employees; and

WHEREAS, the Company plans to locate not less than 100 and up to 130 employees on the Premises with an annual salary in excess of \$100,000; and

WHEREAS, the City is authorized by Texas Local Government Code § 380.001, *et seq.* to provide economic development grants to promote local economic development and to stimulate business and commercial activity in the City; and

WHEREAS, the City has performance-based economic development incentive programs, adopted in compliance with Texas Local Government Code chapter 380, to provide financial incentives in exchange for the creation of jobs; and

WHEREAS, the City Council of the City of Carrollton finds that it is in the best interest of the City to make a grant to the Company as an economic development incentive to locate its product development and research and development facility in the City of Carrollton as set out herein.

NOW THEREFORE, in consideration of the foregoing and the premises, mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Company, intending to be legally bound, hereby covenant and agree as follows:

Article I Definitions

For purposes of the Agreement, each of the following terms shall have the meaning set forth herein unless the context clearly indicates otherwise:

“Average Annual Salary” shall be calculated by totaling the annual salary (to include any paid bonuses, commissions and/or incentive pay) of all Jobs present on the Premises in a given calendar year and dividing that figure by the number of Jobs.

“Effective Date” shall mean the last date on which all of the parties hereto have executed this Agreement.

“Event of 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, government or de facto governmental action (unless caused by the intentionally wrongful acts or omissions of the party), fires, explosions or floods, strikes, slowdowns or work stoppages any of which event(s) directly and significantly impact the Company’s operations in the City. An economic downturn shall not constitute an Event of Force Majeure.

“Job” shall mean a permanent, full-time Company employment position for an employee who is located on the Premises; each employee of a Job must be paid a total of two thousand and eighty (2,080) hours annually and issued an Internal Revenue Service W-2 form by the Company.

“Premises” is defined as the Real Property leased by Company and located at 4100 Midway Road, Carrollton, Texas.

Article II Term

The term of this Agreement shall begin on the Effective Date and continue until March 31, 2020 (the “Term”), unless sooner terminated as provided herein.

Article III Obligations of Company

In consideration for the grant of public funds as set forth in Article IV below, the Company agrees to perform the following:

3.1 **Occupancy of Property.** On or before November 1, 2015, subject to extension for Events of Force Majeure, the Company will occupy approximately 28,000 square feet at the Premises and will construct any necessary improvements, as evidenced by the Company obtaining a Certificate of Occupancy (or applicable equivalent); and

3.2 **Performance.**

(A) The Company agrees and covenants that it will create not less than 100 Jobs and up to

130 Jobs, with an Average Annual Salary of not less than \$100,000, at the Premises by December 31, 2020. The Certificate of Compliance required in order for Company to be eligible to receive payment of a grant equaling \$1,000 per new Job locate at the Premises shall be prepared by Company at the close of each Agreement Year.

- (B) Company covenants and certifies that Company does not and will not knowingly employ an undocumented worker as that term is defined by section 2264.001(4) of the Texas Government Code.
- (C) Company shall not fail to render for taxation any property located within the City of Carrollton.
- (D) Company shall not fail to render for taxation any property located within the City of Carrollton, nor shall it allow the ad valorem taxes owed to the City on any property owned by Company and located within the City of Carrollton to become delinquent beyond the last day they can be paid without assessment of penalty, as such date is generally extended to allow for any appeal.
- (E) Company shall not allow any other assessed municipal fees, bills, or fines to become delinquent.

Article IV Economic Development Grant

4.1 Grant.

- (A) For the Term, City agrees to provide the Company an annual grant equivalent to \$1,000 per new Job added in the prior calendar year, in an amount not to exceed One Hundred Thirty Thousand Dollars (\$130,000).
- (B) The City will provide a grant to Company which will be the equivalent of up to one hundred percent (100%) of all permitting fees charged by the City for the construction costs of the improvements to the Premises, with the City's share being an amount not to exceed Ten Thousand Dollars (\$10,000) from effective date of this Agreement for a period not to exceed forty-eight (48) months.
- (C) The total amount of the City's grant award under this Agreement shall not exceed \$140,000 for the combined grants for permitting reimbursement and Job creation.

4.2 Grant Payment Requirements and Schedule.

- (A) The grant payment, representing up to 100% of the cost of permitting fees, will be remitted to Company within thirty (30) days of receipt of a written request, with documentation evidencing payment of such fees and a certificate of occupancy for the Premises.

- (B) Except as otherwise indicated, the Company shall be entitled to the grant award for Job creation in accordance with the following requirements and schedule:

Agreement Year	Coverage Period	Certification Due	CITY Fiscal Year
1	January 1, 2016 to December 31, 2016	February 15, 2017	FY17
2	January 1, 2017 to December 31, 2017	February 15, 2018	FY18
3	January 1, 2018 to December 31, 2018	February 15, 2019	FY19
4	January 1, 2019 to December 31, 2019	February 15, 2020	FY20

- (C) If at any time during the Term, Company fails to maintain the previous year's number of Jobs, the Company forfeits the grant for the applicable year. Company will not again be eligible to receive a grant until such time as the Job numbers have returned to the level prior to the reduction. Only Jobs added above the level which existed prior to the reduction will be eligible to receive a grant.
- (D) Subject to compliance with Article III above, Company shall submit the Annual Certificate of Compliance form attached hereto as Exhibit "A" certifying compliance with the obligations set forth in Article III not later than February 15 of each year beginning on February 15, 2017, in order to receive payment of an annual Grant as provided herein, the year for which payment is requested. Company shall submit to the City documentation supporting Company's grant request and demonstrating proof of Jobs adequate to justify Company's receipt of the annual grant. A failure to provide the Certificate of Compliance and supporting documentation by the date set forth above is an event of default and, if not cured, may result in an immediate and complete forfeiture of the grant.
- (E) City shall remit the grant funds to the Company within forty-five (45) days of the receipt of the attached Annual Certificate of Compliance, with any necessary supporting documentation that may be reasonably requested by the City.

Article V Default; Termination

5.1 **Events of Termination.** This Agreement terminates upon any one or more of the following:

- (1) By expiration of the Term; or
- (2) If Company terminates or breaches the lease for the Premises; or

(3) If a party materially defaults or breaches any of the terms or conditions of this Agreement and such default or breach is not cured within sixty (60) days after written notice thereof by the non-defaulting party unless a longer period is provided. Any default under this provision and right to recover any claims, refunds, damages and/or expenses shall survive the termination of the Agreement.

The City Manager is authorized on behalf of the City to send notice of default and to terminate this Agreement for any default that is not cured, following written notice, and opportunity to cure, as set forth above.

5.2 **Effect of Termination/Survival of Obligations.** 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 rights, obligations or default(s) that existed prior to such termination or as otherwise provided herein and those rights, liabilities and obligations shall survive the termination of this Agreement, including, maintenance of records, and access thereto.

Article VI Retention and Accessibility of Records

6.1 **Records.** Company shall maintain the fiscal records and supporting documentation related to the job creation and annual salaries associated with this Agreement. Company shall retain such records, and any supporting documentation for the period required by Texas laws and regulations applicable to municipalities and/or economic development incentives.

6.2 **Accessibility.** Company gives the City, its designee, or any of their duly authorized representatives, reasonable access to and the right to examine relevant books, accounts, records, audit reports, reports, files, documents, written or photographic material, videotape and other papers, things, or personal property belonging to or in use by the Company pertaining to the grant provided under this Agreement (the "Records") upon receipt of ten (10) business days written notice from the City. The City's access to the Company's books and records will be limited to information needed to verify that Company is and has been complying with the terms of this Agreement. Any information that is not required by law to be made public shall be kept confidential by the City. In no event shall the City's access to the Records include any access to any personal and/or medical data of any employees of Company.

The Company shall not be required to disclose to the City any information that by law the Company is required to keep confidential. Should any good faith dispute or question arise as to the validity of the data provided, the City reserves the right to require the Company to obtain an independent firm to verify the information. This certified statement by an independent firm shall be provided at the sole cost of the Company. The rights to access the Records shall terminate three (3) years after the termination or expiration of this Agreement. Failure to provide reasonable access to the Records to authorized City representatives shall give the City the right to terminate this Agreement as provided for in Section 5.1 above, or any portion thereof, for reason of default. All Records shall be retained by the Company for the period required under Texas laws and regulations applicable to municipalities and/or economic development incentives. The Company agrees to maintain the Records in an accessible location.

Article VII Assignment

This Agreement may not be assigned without the express written consent of the non-assigning party, except that the Company may assign this Agreement without obtaining the City's consent (a) to one of its wholly owned or managed affiliates, or (b) to any person or entity that directly or indirectly acquires, through merger, sale of stock, purchase or otherwise, all or more than ninety (90) percent of the assets of the Company as long as the Company gives sixty (60) days prior written notice to the City and the assignee executes an agreement with the City to be bound to all the terms and conditions of this Agreement and be responsible for any default(s) that occurred prior to or after the assignment.

For any assignment not covered by (a) or (b) in the preceding paragraph, the Company must obtain the prior approval of the City through its City Manager, which will not be unreasonably withheld or delayed, and the assignee must agree to be bound to all the terms and conditions of this Agreement and to accept all liability for any default that occurred prior to and/or after the assignment. In the event such approval is withheld, and a portion of the Property is transferred, such transfer shall not be a default hereunder, but such portion of the Property shall no longer be subject to this Agreement.

Any assignment agreement must be furnished in a form acceptable to the City and be provided at least thirty (30) days prior to the effective assignment date. The City agrees to notify the potential assignee of any known default, but such notification shall not excuse defaults that are not yet known to the City.

Article VIII Miscellaneous

8.1 **No Joint Venture.** It is acknowledged and agreed by the parties that the terms of this Agreement are not intended to and shall not be deemed to create a partnership or joint venture among the parties. Neither party shall have any authority to act on behalf of the other party under any circumstances by virtue of this Agreement. It is understood and agreed between the parties that the Company, in performing its obligations thereunder, is acting independently, and the City assumes no responsibilities or liabilities in connection therewith to third parties, and Company agrees to indemnify and hold the City harmless therefrom; it is further understood and agreed among parties that the City, in performing its obligations hereunder, is acting independently, and the City assumes no responsibilities in connection therewith to third parties

8.2. **Notice of Bankruptcy.** In the event the Company files for bankruptcy, whether involuntarily or voluntary, the Company shall provide written notice to the City within three (3) business days of such event.

8.3. **Authorization.** Each party represents that it has full capacity and authority to grant all rights and assume all obligations that are granted and assumed under this Agreement.

8.4. **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 such other

address as such party may subsequently designate in writing) or on the day actually received if sent by courier or otherwise hand delivered.

If intended for the City:
City of Carrollton, Texas
Attention: City Manager
P.O. Box 110535
Carrollton, TX 75011

With a copy to:
City of Carrollton, Texas
Attention: City Attorney
P.O. Box 110535
Carrollton, TX 75011

If intended for the Company:
Murata Electronics, North America, Inc.
Attn: Farlin Halsey, Vice President Strategic Marketing
4100 Midway Road, Suite 2050
Carrollton, Texas 75007

8.5. **Entire Agreement.** This Agreement is the entire Agreement between the parties with respect to the subject matter covered in this Agreement. There is no other collateral oral or written agreement between the parties that in any manner relates to the subject matter of this Agreement.

8.6. **Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the State of Texas, without giving effect to any conflicts of law rule or principle that might result in the application of the laws of another jurisdiction. Venue for any action concerning this Agreement, the transactions contemplated hereby or the liabilities or obligations imposed hereunder shall be in the State District Court of Dallas County, Texas.

8.7. **Amendment.** This Agreement may only be amended by the mutual written agreement of the parties.

8.8. **Severability.** In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect other provisions, and it is the intention of the parties to this Agreement that in lieu of each provision that is found to be illegal, invalid, or unenforceable, a provision shall be added to this Agreement which is legal, valid and enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

8.9. **Recitals.** The recitals to this Agreement are incorporated herein.

8.10. **Authorized to Bind.** The persons who execute their signatures to this Agreement and any certifications related to this Agreement represent and agree that they are authorized to sign and bind their respective parties to all of the terms and conditions contained herein.

8.11. **Counterparts.** This Agreement may be executed in counterparts. Each of the counterparts shall be deemed an original instrument, but all of the counterparts shall constitute one and the same instrument.

EXECUTED the _____ day of _____, 2015.

ATTEST:

CITY OF CARROLLTON, TEXAS

Krystle Nelinson, City Secretary

Leonard Martin, City Manager

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

Meredith Ladd, City Attorney

Thomas Latchem, Director of Econ. Dev.

COMPANY

Murata Electronics, North America, Inc.
on behalf of RF Monolithics, Inc. and
Murata Energy Solutions Americas, Inc.

By: _____

Name: _____

Title: _____

STATE OF _____)

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COUNTY OF _____)

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BEFORE ME, the undersigned authority, on this day personally appeared _____,
_____ of Murata Electronics, North America, Inc. on behalf of RF Monolithics,
Inc. and Murata Energy Solutions Americas, Inc., known to me to be the person whose name is
subscribed to the foregoing instrument and acknowledged to me that he executed the same for
the purposes and considerations therein expressed, in the capacity therein stated and as the act
and deed of said limited liability company.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of
_____, 2015.

(seal)

Notary Public

Printed or Typed Name of Notary Public

My commission expires: _____