

PROPERTY TAX ABATEMENT AGREEMENT

This Property Tax Abatement Agreement (this "**Agreement**") is entered into by and between Williamson County, Texas (the "**County**"), a Texas political subdivision, and Toppan Printing America, Inc., a Texas corporation ("**TPA**").

RECITALS

WHEREAS, TPA has or will lease space in a building located at 400 Texas Avenue, Round Rock, Texas, as shown on the attached **Exhibit A**, (the "**Facility**"), and desires to purchase equipment for its eCover Production Line Project, as described in **Exhibit B** (the "**Equipment**"); and

WHEREAS, by entering into this Agreement, TPA confirms its intent to purchase the Equipment thereby resulting in new economic development in Round Rock; and

WHEREAS, on the 26th day of August, 2010, the City Council, of the City of Round Rock, Texas, adopted Ordinance No. G-10-08-26-94 establishing Reinvestment Zone No. 19B (the "**Reinvestment Zone**") City of Round Rock, Texas for commercial/industrial tax abatement, hereinafter referred to as "Ordinance No. G-10-08-26-94", as authorized by the Texas Property Redevelopment and Tax Abatement Act, Chapter 312, Tax Code, V.A.T.S. as amended (the "**Tax Abatement Act**") ; and

WHEREAS, the Facility and Equipment are or will be located within the Reinvestment Zone; and

WHEREAS, the County has determined that the contemplated use of the Equipment (as hereinafter defined) as well as the terms of this Agreement are consistent with encouraging development in the Reinvestment Zone in accordance with the purposes for its creation and are in compliance with Ordinance No. G-10-03-11-9C2 and the guidelines and criteria adopted by the City of Round Rock, Texas and all applicable laws; and

WHEREAS, the Equipment constitutes a major investment within the Reinvestment Zone that will substantially increase the appraised value of the property within the Reinvestment Zone; and will contribute to the retention of primary and secondary employment within the City of Round Rock, Texas; and

WHEREAS, the City and the County find that there will be no substantial adverse effects on the provision of governmental services or on its tax base and that the planned use of the Facility will not constitute a hazard to public safety, health, or welfare, NOW THEREFORE, the parties hereto do mutually agree as follows:

1. **Authorization.** This Agreement is authorized by the Tax Abatement Act, and by Order of the Williamson County Commissioners Court dated _____, 2010.

2. **Definitions.** As used in this Agreement, the following terms shall have the meanings set forth below:

(a) ***“Abatement”*** means the full or partial exemption from ad valorem taxes of certain property in the Reinvestment Zone as more particularly set forth in **Section 4**.

(b) ***“Abatement Period”*** means the period of time beginning with the Effective Date of Abatement and continuing until December 31 of the fifth year thereafter.

(c) ***“Abatement Value”*** means the assessed value of the Eligible Property as determined annually by the WCAD on behalf of the County less the amount of the Base Year Value.

(d) ***“Affiliate of TPA”*** means all companies under common control with, controlled by, or controlling TPA. For purposes of this definition, “control” means 51% or more of the ownership determined by either value or vote.

(e) ***“Base Year Value”*** means the assessed value of the Eligible Property on January 1, 2011 (or on January 1 of the year of execution of this Agreement if determined to be otherwise required by applicable law), as such value is determined by the Williamson Central Appraisal District (the “WCAD”) on behalf of the County.

(f) ***“Effective Date of Abatement”*** means the period commencing January 1 of the year immediately following the installation of the Equipment

(g) ***“Eligible Property”*** means the Equipment.

(h) ***“Equipment”*** means the items listed in **Exhibit B**.

(i) ***“Facility”*** means the building, or portion thereof, leased by TPA located at 400 Texas Avenue, Round Rock, Texas..

(j) ***“Ineligible Property”*** means any personal property that was located within the Facility at any time before the period covered by this Agreement.

(k) ***“TPA Tract”*** means the two tracts of real property owned by Toppan Photomasks, Inc. located in the Reinvestment Zone and described as Block A, Lot 1 of the DPI Subdivision in Round Rock, Williamson County, Texas, and Block E, Lot 3, Crystal Park Subdivision, Round Rock, Williamson County, Texas.

(l) ***“Recapture Liability”*** means the amount of ad valorem taxes that were abated as result of this Agreement that are subject to recapture by the County from TPA in the event of a TPA default as described in **Section 9**.

(m) ***“Reinvestment Zone”*** means the reinvestment zone established on the 26th day of August, 2010, in Ordinance No. G-10-08-26-94 establishing Reinvestment Zone No. 19b.

(o) ***“WCAD”*** means the Williamson Central Appraisal District of Williamson County, Texas.

3. **Subject Property.** During the Abatement Period, the Facility shall be used consistent with the general purpose of encouraging development or redevelopment within the Reinvestment Zone. The TPA Tract is not located in an improvement project financed by tax increment bonds and does not include any property that is owned or leased by a member of the Williamson County Commissioners Court.

4. **Grant of Abatement.** Subject to the terms and conditions contained herein, and subject to the rights of the holders of any outstanding bonds of the County, the County hereby grants the Abatement on the Abatement Value of the Eligible Property located within the Facility as follows:

(a)	Year 1 (2012)	80%
(b)	Year 2 (2013)	60%
(c)	Year 3 (2014)	40%
(d)	Year 4 (2015)	20%
(e)	Year 5 (2016)	20%

5. **Term of Abatement.** TPA shall receive the Abatement commencing on the Effective Date of the Abatement and continuing for Abatement Period.

6. **Taxable Property.** During the Abatement Period, taxes shall be payable on the Eligible Property and the Ineligible Property located within the Reinvestment Zone as follows:

(a) The value of the Ineligible Property as defined herein shall be fully taxable; and

(b) The Base Year Value of the Eligible Property as determined by the WCAD shall be fully taxable.

TPA agrees that regardless of anything contained herein to the contrary, during the Abatement Period, the value of the Equipment located thereon shall be no less than \$4,000,000.00.

7. **TPA's Development Covenants.** In consideration of the County's agreement to enter into this Agreement, TPA represents that it intends to install the Equipment for the purpose of operating its manufacturing facility in the County and TPA acknowledges that the County's obligations hereunder are conditioned upon TPA's continued operation of said manufacturing facility throughout the term of this Agreement. In the event TPA fails to install the Equipment by April 1, 2011 (subject to delays caused by events of Force Majeure), the County may terminate this Agreement by giving TPA written notice of such termination. As additional consideration, TPA agrees and covenants to provide and/or retain at least the number of jobs within the Facility according to the following schedule:

<u>Date</u>	<u>Retain</u>	<u>New</u>	<u>Total</u>
On April 1, 2011	0	9	9
On December 31, 2011	9	11	20
On December 31, 2012	20	11	31
On December 31, 2013	31	4	35
On December 31, 2014	35	0	35
On December 31, 2015	35	0	35

TPA agrees to provide to the County annual manpower reports on the form attached hereto as **Exhibit C** within sixty (60) days following the end of each calendar year during the Abatement Period.

8. **Default.** In the event that TPA (a) allows its ad valorem taxes to the County to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest; or (b) violates any of the material terms and conditions of this Agreement, TPA shall be considered in default. In the event that TPA defaults under this Agreement, the County shall give TPA written notice specifying such default. If TPA has not cured the default within thirty (30) days after its receipt of such written notice, the County may pursue any of its remedies for the collection of delinquent property taxes as provided generally in the Tax Code.

9. **Abatement Recapture.** In the event the County terminates this Agreement as a result of TPA's default, the County may recapture and collect from TPA the Recapture Liability. TPA shall pay to the County the Recapture Liability within thirty (30) days after the date of termination, subject to any and all lawful offsets, settlements, deduction, or credits to which TPA may be entitled. Notwithstanding anything herein to the contrary, such Recapture Liability shall not exceed an amount equal to all taxes which were abated pursuant to this Agreement from the Effective Date of Abatement to the date of termination (together with interest thereon to be charged at the statutory rate for delinquent taxes as determined by Section 33.01 of the Property Tax Code of the State of Texas, but without the addition of a penalty). The County shall have all remedies for the collection of the Recapture Liability as provided generally in the Tax Code for the collection of delinquent property taxes.

10. **Certification and Inspections.** No later than April 15 of each year of the Abatement Period, TPA must certify in writing to the County that TPA is in compliance with each applicable term of this Agreement and the County Guidelines and, if not in compliance, the steps TPA intends to take to be in compliance or a statement from TPA explaining in reasonable detail why compliance cannot be achieved. TPA agrees that the WCAD and the County, their agents and employees, shall, upon reasonable notice, have reasonable right of access to the Facility in order to ensure that the installation of the Equipment in the Facility is in accordance with this Agreement and all applicable state and local laws and regulations or valid waiver thereof. All inspections will be made with one or more representatives of TPA and in accordance with TPA's security and safety requirements. At the time of annual certification, upon the County's written request, TPA shall also provide a calculation of the aggregate amount of economic benefit TPA has previously received pursuant to this Agreement and the Development Agreement. In order to efficiently administer the Abatement, TPA agrees also to provide annually, no later than April 15, a full asset listing of personal property located on the TPA Tract

and in the Facility to the WCAD and such other information as may be reasonably necessary for the Abatement and assessment of the assets for tax purposes, including any information required by the County Guidelines.

Each year the County will endeavor to send TPA a reminder of its obligation under this **Section 10**. However, the failure of the County to do shall not relieve TPA of its obligations hereunder.

11. **Rendition of the Equipment.** During the Abatement Period, TPA shall, in accordance with the deadlines set forth by law, timely submit to the WCAD, a personal property rendition. The personal property rendition shall include the year of acquisition, cost and description of the Equipment, as described in **Exhibit B**.

TPA shall submit the foregoing personal property rendition forms to the WCAD, in the minimum amount necessary so that the taxable value of the Equipment prior to applying the abatement provided for herein, shall be no less than \$4,000,000.00; provided however, that such minimum amount shall not be construed as determining the fair market value of the Equipment upon the expiration of this Agreement.

12. **Annual Tax Application.** It shall be the responsibility of TPA, pursuant to V.T.C.A., Tax Code, § 11.43, to file an annual exemption application form with the WCAD. The Chief Appraiser of the WCAD shall annually determine and record both the abated taxable value and the full taxable value of the Eligible Property in the appraisal records. The full taxable value figure listed in the appraisal record shall be used to compute the amount of abated taxes that are required to be recaptured and paid in the event this Agreement is terminated in a manner that results in recapture pursuant to **Section 9**. Each year TPA shall furnish the Chief Appraiser with such information outlined in V.T.C.A., Tax Code, Chapter 22, as may be necessary for the administration of the abatement specified herein. TPA shall be entitled to appeal any determination of the Chief Appraiser in accordance with the provisions of the Texas Tax Code.

13. **Assignment.** TPA may assign this Agreement to a new owner of the Equipment with the written consent of the County, which consent shall not be unreasonably withheld, conditioned or delayed. An assignment to an Affiliate of TPA shall not require such written consent. Any assignment shall be in writing, and shall provide that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the assignor upon the same terms and conditions as set out in this Agreement.

14. **Notice.** All notices and other communications hereunder shall be in writing (whether or not a writing is expressly required hereby), and shall be deemed to have been given and become effective (a) if given by either party or its counsel via an express mail service or via courier or via receipted facsimile transmission (but only if duplicate notice is also given via express mail service or via courier or via certified mail), then if and when delivered to and received (or refused) by the respective parties at the below addresses (or at such other address as a party may hereafter designate for itself by notice to the other party as required hereby), or (b) if sent via certified mail by either party or its counsel, then on the third business day following the date on which such communication is deposited in the United States mails, by first class certified mail, return receipt requested, postage prepaid, and addressed to the respective parties at the below addresses (or at such other address as a party may hereafter designate for itself by notice

to the other party as required hereby). Any notice provided for under the terms of this Agreement by either party to the other shall be in writing and may be effected by registered or certified mail, return receipt requested.

If to County: Williamson County
Judge Dan A. Gattis
710 Main Street
Suite 101
Georgetown, Texas 78626

If to TPA: Toppan Printing America, Inc.
131 Old Settlers Blvd.
Round Rock, Texas 78664
Attn: Curt A. Jackson
Phone: (512) ____ - ____
Email: Curt.Jackson@photomask.com

15. **Applicable Law.** This Agreement is made and shall be construed and interpreted under the laws of the State of Texas and shall be performable in Williamson County, Texas.

16. **No Liability.** It is understood and agreed between the parties that TPA, in performing its obligations hereunder, is acting independently, and the County assumes no responsibility or liability to third parties in connection therewith. It is further understood and agreed among the parties that the County, in performing its obligations hereunder, is acting independently, and TPA assumes no responsibility or liability to third parties in connection therewith.

17. **Estoppel Certificate.** Any party hereto may request an estoppel certificate from another party hereto so long as the certificate is requested in connection with a bona fide business purpose. Each party agrees to promptly execute and deliver any estoppel certificate requested pursuant to this Section 17. The certificate, which will upon request be addressed to TPA, or a lessee, purchaser or assignee of TPA, shall include, but not necessarily be limited to, statements (qualified to the best knowledge of the party providing the estoppel) that this Agreement is in full force and effect without default (or if a default exists, the nature of such default and any curative action which should be undertaken to cure same), the remaining term of this Agreement, and such other matters reasonably requested by the party(ies) to receive the certificate.

18. **Legal Construction.** In case 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 any other provision thereof and this Agreement shall be considered as if such invalid, illegal or unenforceable provision had never been contained in this Agreement.

19. **Force Majeure.** Whenever a period of time is prescribed for the taking of an action by TPA, the period of time for the performance of such action shall be extended by the number of days that the performance is actually delayed due to strikes, acts of God, shortages of

labor or materials, war, terrorist attacks (including bio-chemical attacks), civil disturbances and other causes beyond the reasonable control of TPA. However, events of Force Majeure shall not extend any period of time for the payment of sums payable by TPA.

20. **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 matters in this Agreement, and except as otherwise provided herein cannot be modified, amended, altered or revoked without written agreement of the parties hereto.

21. **Recordation of Agreement.** A certified copy of this Agreement, or a memorandum summarizing this Agreement, in recordable form may be recorded in the Deed of Records of Williamson County, Texas.

22. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

23. **Authority.** The individuals executing this Agreement on behalf of the respective parties hereto represent to each other and to others that all appropriate and necessary action has been taken to authorize the individual who is executing this Agreement to do so for and on behalf of the party for which his or her signature appears, that there are no other parties or entities required to execute this Agreement in order for the same to be an authorized and binding agreement on the party for whom the individual is signing this Agreement and that each individual affixing his or her signature hereto is authorized to do so, and such authorization is valid and effective on the date hereof.

24. **Multiple Counterparts.** This Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument.

25. **Time of Essence.** Time is of the essence in this Agreement.

26. **Joint Drafting.** The parties agree this Agreement has been drafted jointly by the parties and their legal representatives.

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

IN WITNESS WHEREOF, the parties have executed this Agreement and caused this Agreement to be effective on the latest date as reflected by the signatures below (the "*Effective Date*").

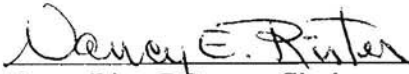
WILLIAMSON COUNTY, TEXAS,

By: 

Dan A. Gattis, County Judge

Date: 11-18-2010

Attest:


Nancy Rister, County Clerk

Toppan Printing America, Inc.
a Texas corporation

By: 

Curt A. Jackson, (printed name)

Director, (title)

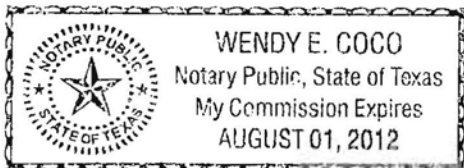
Date:

11/17/2010

Acknowledgment

State of Texas
County of Williamson

This instrument was acknowledged before me on this the 10th day of November,
2010 by Dan A. Gattis, as Judge of Williamson County, Texas.



Wendy E. Coco
Notary Public, State of Texas

Acknowledgment

State of Texas
County of Williamson

This instrument was acknowledged before me on this the ____ day of _____,
2010 by _____, _____ of Toppan Printing America, Inc.

Notary Public, State of Texas

EXHIBIT A
(Aerial photo or sketch of Facility)

Toppan Photomasks, Inc.

DPI SUB, BLOCK A, LOT 1, ACRES 14.316

JEFFREY WAY

GREENHILL DR

E OLD SETTLERS BLVD

E OLD SETTLERS BLVD

COMMERCE BLVD

ENTERPRISE DR

TEXAS AVE

LAMAR DR

W TEXAS AVE

BARRHALL DR

HEATHWOOD CR

N MAY ST

NICOLE CR

NICOLE CV

ABERDEEN DR

BRADMORE DR

CAMEO DR

DENFIELD DR

EASTON DR

FARNWOOD DR

AMESWOOD DR

E BOWMAN RD

W BOWMAN RD

E OLD BOWMAN RD



0 300 600 Feet



Exhibit B.

Description of Equipment

Summary of tools, and support equipment for the eCover Production Line Project:

- 1) Incoming Inspection Module
- 2) Electronics Implantation Unit
- 3) Substrate Laminator
- 4) Cover Mounter
- 5) Cutting Module
- 6) Quality Assessment Tooling

Total value of equipment to be purchased is expected to be app. **\$8M USD.**

Exhibit C.

Manpower Report

	Local	Transfer	Total	Est Salaries
4/1/2011	6	3	9	\$47K avg hrly, \$90K mgr/sup.
12/31/2011	19	1	20	\$47K avg hrly, \$90K mgr/sup.
12/31/2012	30	1	31	\$47K avg hrly, \$90K mgr/sup.
12/31/2013	34	1	35	\$47K avg hrly, \$90K mgr/sup.
12/31/2014	35	0	35	\$47K avg hrly, \$90K mgr/sup.
12/31/2015	35	0	35	\$47K avg hrly, \$90K mgr/sup.