

JOHNSON COUNTY COMMISSIONERS COURT



RICK BAILEY
Commissioner Pct. #1

KENNY HOWELL
Commissioner Pct. #2

Filed For Record 8:51 AM

AUG 01 2014

County Clerk Johnson County
By JT Deputy

ROGER HARMON
County Judge

Alison Hitchcock
Assistant to Commissioner's Court

JERRY D. STRINGER
Commissioner Pct. #3

DON BEESON
Commissioner Pct. #4

THE STATE OF TEXAS

COUNTY OF JOHNSON

§
§
§

ORDER #2014-35

TAX ABATEMENT STEPHENVILLE LAUNDRY AND LINEN SUPPLY, INC.
dba SOUTHWEST LINEN SERVICE AND SWL LINEN MANAGEMENT, LLC

BE IT REMEMBERED, at a regular meeting of the Commissioners' Court of Johnson County, held on the 28th day of July, 2014, on motion made by Commissioner Jerry Stringer, and seconded by Commissioner Don Beeson, the following Order was adopted:

WHEREAS, the City of Cleburne has designated a parcel of property located within the City's jurisdiction as Reinvestment Zone 01-2014 pursuant to V.T.C.A., Tax Code, Chapter 312; and

WHEREAS, Stephenville Laundry and linen Supply, Inc. dba Southwest Linen Service and SWL Linen Management, LLC (hereinafter referred to as SWL) will be purchasing the property located within said Reinvestment Zone; and

WHEREAS, Johnson County is authorized pursuant to Section 312.402 of V.T.C.A., Tax Code to enter into a Tax Abatement Agreement with TPCI; and

WHEREAS, SWL is proposing to construct a \$3,300,000 facility on the property and thereby increase the local employment for said facility by at least 27 positions; and

WHEREAS, the Johnson County Commissioners' Court has adopted a policy that establishes the criteria that the County will use to evaluate tax abatement requests; and

WHEREAS, the criteria for the Tax Abatement Agreement between Johnson County and SWL will provide for an Abatement of thirty percent of the increased value over a two year period;

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TO ORIGINAL**

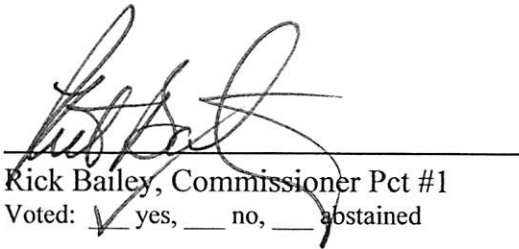
NOW THEREFORE BE IT ORDERED, ADJUDGED AND DECREED, that the Commissioners Court hereby and herewith authorizes the County Judge to execute an abatement agreement between Johnson County and SWL consistent with both the aforesaid terms as to amount of improvements and the level and term of the abatement and the guidelines and criteria previously adopted by the Commissioners' Court.

SO ORDERED IN OPEN COURT this 28th day of JULY, 2014.



Roger Harmon, Johnson County Judge

Voted: yes, ___ no, ___ abstained



Rick Bailey, Commissioner Pct #1

Voted: yes, ___ no, ___ abstained



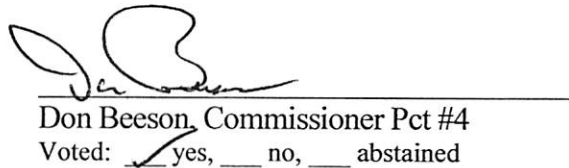
Kenny Howell, Commissioner Pct #2

Voted: yes, ___ no, ___ abstained



Jerry D. Stringer, Commissioner Pct #3

Voted: yes, ___ no, ___ abstained



Don Beeson, Commissioner Pct #4

Voted: yes, ___ no, ___ abstained

Attest: Becky Williams
County Clerk



Order # 2014-35

Tax Abatement - SWL

July 28, 2014

TAX ABATEMENT AGREEMENT

STATE OF TEXAS §
 §
COUNTY OF JOHNSON §

WHEREAS, the City of Cleburne, Texas (the "City") adopted Ordinance No. OR05-2014-36 designating Texas Reinvestment Zone No. 01-2014 , City of Cleburne (referred to herein as the "Zone") under the provisions Title 3, Subtitle B, of Chapter 312 of V.T.C.A., Tax Code; and

WHEREAS, the City has entered into an agreement ("Agreement") with Stephenville Laundry and Linen Supply Inc. dba Southwest Linen Management LLC and Southwest Linen Service (all hereinafter referred to collectively as SWL), as owner of the leasehold interest and/or the owner of the taxable real property for the abatement of ad valorem taxes pursuant to Section 312.204 of V.T.C.A., Tax Code and Ordinance No. OR06-2014-53 (the "Ordinance") of the City; and

WHEREAS, Johnson County, herein after referred to as the County, has determined that the proposed improvements, as described in this Agreement, are to be constructed by SWL, meet the requirements for eligibility for tax abatement under V.T.C.A. Tax Code and the "Ordinance"; and

WHEREAS, it is reasonably likely that this Agreement will contribute to the retention, expansion and creation of primary employment and will attract major investment in the Zone that would be a benefit to property within the Zone and that would contribute to the economic development of the County; and

WHEREAS, the County has determined that the Improvements are practical and are of benefit to the area within the Zone and to the County; and

WHEREAS, Commissioners Court of Johnson County, Texas (the "Commissioners Court") finds that the terms of this Agreement meet the applicable requirements of the Guidelines and Criteria for the Johnson County Tax Abatement Policy Statement, adopted by the Commissioners Court; and

WHEREAS, this Agreement shall become effective upon the approval by Johnson County and the execution of said agreement by both the County and SWL;

NOW, THEREFORE, the parties hereto, for and in consideration of the premises and mutual promises stated herein, agree as follows:

Section 1. The real property, improvements thereto, and related items of tangible personal property, which are described in Section 2 hereof, shall be those constructed on the property constituting the Zone as described by the following legal description; That tract or parcel of land located at 1873 Sparks Dr, Cleburne, Texas, and more particularly described on Exhibit "A" that are attached hereto and incorporated by reference herein for all purposes.

Section 2. SWL is proposing to construct a new facility that will initially increase employment and annual local payroll by approximately \$1,804,000 in direct jobs and require \$3,300,000 in new capital investment with 27 additional employees projected over the next 10 years.

Section 3. For purposes of this Agreement:

- (a) the "Abatement Property" means the Premises, the Improvements and the related items of tangible personal property described in Sections 1 and 2 hereof,
- (b) the "Effective Date of Abatement" means January 1, 2015; and
- (c) the "Abatement Period" means that period commencing on the first day of the Effective Date of Abatement and ending two (2) years thereafter.

Section 4. Subject to the terms and conditions of this Agreement, and subject to the rights of holders of any outstanding bonds of the County, thirty percent (30%) of the appraised value for property tax purposes of the Abated Property (to the extent the appraised value of the Abated Property for each year exceeds its value as of January 1, 2014) shall be abated and exempted from taxation for a period of two (2) years beginning with the first day of the Effective Date of Abatement. As a result, said abatement shall result in a reduction by thirty percent (30%) of the taxes that would otherwise be assessed upon that portion of the appraised value of the Abated Property that for each year of abatement exceeds its value as of January 1, 2014. It is the intent of the parties that the abatement granted hereby shall extend for a period of two (2) years beginning with the first day of the Effective Date of Abatement, and shall apply only to all Improvements and items of tangible personal property constructed or placed on the Premises that resulted from this expansion. To the extent necessary, it is the intent of the parties that this Agreement shall not be amended to include such additional improvements and items of tangible personal property. A separate tax abatement agreement shall be entered into with respect to any additional property. It is also agreed that if the appraised value of the improvements should fall below \$2,500,000.00 the percent abated will be reduced per the table in the Guidelines and Criteria For Johnson County Tax Abatement Policy.

Section 5.

It is agreed that employees of the County shall have access to the premises for inspection to ensure that the Improvements are made according to the conditions of this Agreement and that the Improvements are of substantially the same character as described in Section 2 hereof (subject to the right of SWL, to revise the plans and specifications for the Improvements prior to and during construction). All inspections will be made only after giving SWL, at least twenty-four (24) hours advance notice and will be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the project. All inspections will be made with one or more representatives of SWL, and in accordance with SWL's safety standards.

SWL, shall indemnify, hold harmless and defend the County, its members, agents, officials, employees, from and against any and all obligations, claims, suits, damages, and liability, or alleged liability, including, but not limited to liability without fault and liability by virtue of the obligations of SWL, pursuant to this Agreement or the acts or omissions of SWL, its agents, contractors, employees, licensees, or invitees, on or with respect to the Premises, Improvements and/or equipment, including costs of suit, attorney fees and other related costs and expenses of whatever kind or character arising directly or indirectly from any cause whatsoever in connection with or incidental to this Agreement or such acts or omissions, provided, however, that SWL, shall not be required to indemnify and hold harmless any indemnified party for any such injury or harm caused by the gross negligence or willful misconduct of any indemnified party. The indemnity set forth herein shall specifically include, without limitation all actions, damages, claims and liabilities for personal injury, death or property damage occurring on, or arising out of or resulting from the use of premises, improvements and/or equipment by SWL, its sublessee or representative, agents, contractors, employees, licensees or invitees.

Section 6.

- (a) During the Abatement Period, the County may declare a default hereunder by SWL, only if SWL, fails to commence construction of the Improvements within two (2) years from the date this Agreement is executed, fails to construct the Improvements, or refuses or neglects to comply with any of the terms of this Agreement, or if any representation made by SWL, in this Agreement is false or misleading in any material respect, or if SWL, allows its ad valorem taxes owed the County to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest.
- (b) Should the County determine SWL, to be in default of this agreement, the County shall notify SWL, in writing prior to the end of the abatement period, and if such default is not cured within one hundred twenty (120) days from the date of such notice (the "Cure Period"), then the Agreement may be terminated; provided, however, that in the case of a default that, for causes beyond SWL's reasonable control, cannot with due diligence be cured within

such one hundred twenty day period, the "Cure Period" shall be deemed extended if SWL, (i) shall immediately, upon the receipt of such notice, advise the County of SWL's intention to institute all steps necessary to cure such default, and (ii) shall institute and thereafter prosecute to completion with reasonable dispatch all steps necessary to cure same.

- (c) Except as provided in Subsection (d) below, if SWL, violates any of the terms and conditions of this Agreement and fails to cure during the Cure Period, this Agreement may then be terminated and all taxes previously abated by virtue of this Agreement will be recaptured and paid within one hundred twenty (120) days of the termination.
- (d) During the period of time when SWL, is constructing, renovating, repairing, or installing the improvements and/or equipment on the premises, and at all times thereafter, during the term of this Agreement, SWL, shall keep the improvements and equipment insured against all loss or damage by fire or any other casualty. SWL, shall furnish the County with all Certificates of Insurance that are required by this Agreement within thirty (30) days after the initiation of construction, repairs, or installation, and within thirty (30) days succeeding the renewal of each policy required herein.

In the event, improvements and/or equipment are damaged by fire or any other casualty, should SWL, decide not to repair, remodel, renovate or reinstall; or fails to begin repair, remodeling, renovation or reinstallation on the damaged Improvements and/or equipment within six (6) months of the fire and/or other casualty, then the abatement shall terminate and all taxes previously abated by virtue of this Agreement will be recaptured and paid within one hundred twenty (120) days of the termination.

Section 7. For purposes of this Agreement, the value of the Premises, the Improvements and all items of tangible personal property situated on the Premises shall be the same as the value of such property as determined annually by the Chief Appraiser of the Johnson County Appraisal District, subject to the appeal procedures set forth in the Texas Property Tax Code (V.T.C.A. Tax Code). Any reduction in the number of new employees hired and retained by SWL, during any tax year subject to this Agreement shall reduce the amount of abated tax per the table on page three (3) of the tax abatement policy for Johnson County.

Prior to October 1st of each year that this Agreement is in effect, SWL, shall certify to the County that SWL, is in compliance with each applicable term of this Agreement. This annual certification shall include a rendition of the property value.

SWL, is solely responsible for meeting any and all additional requirements for the completion of this Agreement. These additional requirements include the application for the Abatement which will need to be filed with the Central Appraisal District of Johnson County, Texas.

Section 8.

If the County terminates this Agreement upon an event of default as defined in Section 6 hereof, it shall provide SWL, written notice of such termination. If SWL, believes that such termination was improper, SWL, may file suit in Johnson County District Courts appealing such termination within one hundred twenty (120) days after receipt from the County of written notice of the termination. If an appeal suit is filed, SWL, shall remit to the County, within one hundred twenty (120) days after receipt of the notice of termination, any additional and/or recaptured taxes as may be payable pursuant to Section 6 of this Agreement during the pendency of the litigation pursuant to the payment provisions of section 42.08, V.T.C.A. Tax Code. If the final determination of the appeal increases SWL, tax liability above the amount of tax paid, SWL, shall remit the additional tax to the County pursuant to section 42.42, V.T.C.A. Tax Code and this agreement. If the final determination of the appeal decreases SWL's tax liability, the County shall refund to SWL, the difference between the amount of tax paid and the amount of tax for which SWL, is liable pursuant to section 42.43, V.T.C.A. Tax Code, and this agreement.

Section 9.

Any notice required to be given under the provisions of this Agreement shall be in writing and shall be duly served when it shall have been deposited, enclosed in a wrapper with the proper postage prepaid thereon, and duly registered or certified, return receipt requested, in a United States Post Office, addressed to the County or SWL, at the following addresses. If mailed, any notice or communication shall be deemed to be received three days after the date of deposit in the United States Mail. Unless otherwise provided in this Agreement, all notices shall be delivered to the following addresses:

To SWL:

Stephenville Laundry and linen
Supply, Inc. dba Southwest Linen Service
SWL Linen Management, LLC
Title: President
239 N. Columbia
Stephenville, Texas, 76401

To the County:

Johnson County Courthouse
2 Main Street
Cleburne, Texas 76031
Attention: Roger Harmon
County Judge

Any party may designate a different address by giving the other parties ten days' written notice.

Section 10. All provisions of this Agreement shall be executed in compliance with the Order of the Commissioners Court. A copy of the Order is attached hereto as Attachment I and incorporated herein by reference for all purposes.

Section 11. SWL, warrants to the best of its knowledge that the Premises do not include any property that is owned by a member of the Commissioners' Court or any board, commission or other governmental body approving, or having responsibility for the approval of this Agreement.

Section 12. If any provision of this Agreement or the application thereof to any person or circumstances shall be invalid or unenforceable to any extent, and such invalidity or unenforceability does not destroy the basis of the bargain between the parties, then the remainder of this Agreement and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.


Section 13. The terms and conditions of this Agreement are binding upon the successors and assigns of all parties hereto.

Section 14. This Agreement was authorized by the Order adopted by the Commissioners Court of Johnson County, Texas, at a meeting open to the public, and that public notice of the time, place and purpose of said meeting was given, all as required by Texas Open Meetings Act, V.T.C.A., government code, Chapter 551, and such Order authorizes the County Judge to execute this Agreement on behalf of the County. This Agreement shall constitute a valid and binding agreement between the County and SWL, upon (i) execution by the County and SWL. This Agreement shall constitute a covenant running with the land and shall be recorded upon execution in the Real Property Records of Johnson County, Texas. This agreement is performable in Johnson County, Texas, and venue over any action to enforce any of the provisions hereof shall lie exclusively in Johnson County, Texas. The laws of the State of Texas shall apply in all respects to interpretation of this Agreement.

Section 15. This Agreement has been executed by the parties in multiple originals, each having full force and effect.

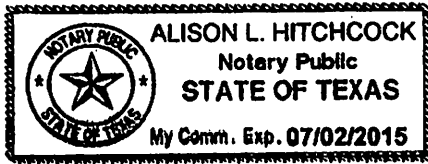
EXECUTED THE 28th, DAY OF July, 2014.

JOHNSON COUNTY, TEXAS


By: 
Roger Harmon
County Judge

This instrument was acknowledged before me on the 28th day of July, 2014, by Roger Harmon as County Judge.

Alison L. Hitchcock
Notary Public Signature
My commission expires: 7/2/15



Stephenville Laundry and linen
Supply, Inc. dba Southwest Linen Service
SWL Linen Management, LLC
239 N. Columbia
Stephenville, Texas, 76401

By: 
Title: Pres/CEO

State of
County of

This instrument was acknowledged before me on the 28th day of July, 2014, by Richard Mairs as President/CEO.

Alison L. Hitchcock
Notary Public Signature
My commission expires: 7/2/15

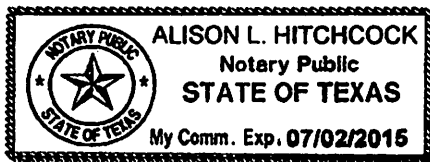


EXHIBIT "A"

Description of Premises

Property located at 1873 Sparks Drive, Cleburne, Texas with the following legal description - Being 5.5 acres out of Lot 2R, Block 1, Windmill Addition, Cleburne Industrial Park, West, an addition to the City of Cleburne, Johnson County, Texas, being a 5.5 acre tract, conveyed by Cleburne Economic Development Foundation, Inc. to SWL Linen Management, LLC by deed as recorded in Volume 10, page 596, Deed Records of Johnson County, Texas.

Description of Improvements

Construct 30,000 sq. ft. - new commercial industrial bldg . - Est. \$1 ,350,000 million
Estimated land cost - \$150,000
Equipment, fixtures and furniture - Est. \$1 ,800,000
Estimated total project investment- \$3,300,000
Begin date - August 1, 2014
Estimated completion - April 30, 2015