

ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT

This Economic Development Incentive Agreement (“Agreement”) is made by and between the City of Carrollton, Texas (the “City”), and Prologis, L.P., a Delaware limited partnership authorized to conduct business in Texas (“Company”), acting by and through their respective authorized officers and representatives.

WITNESSETH:

WHEREAS, Company is engaged in the logistics industry and intends to develop and manage at least one or more logistics and distribution facilities, located on a fifty-four (54) acre site of land (the “Property”), as generally depicted in the conceptual master plan, attached hereto and incorporated by reference, as if written word for word herein, in Exhibit “A”, as such plans may be further amended and approved pursuant to applicable laws; and

WHEREAS, Company will demolish and clear the existing structures which are not suitable for Company’s proposed commercial activities in connection with the development of the Property; and

WHEREAS, Company will construct all necessary on-site infrastructure to serve the Property; 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 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 use for clearing and developing the Property 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 Company, intending to be legally bound, hereby covenant and agree as follows:

Article I Definitions

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

“Base Year Value” shall mean the assessed value of the Taxable Property, as defined below, on the Property effective January 1, 2015.

“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.

“Property” shall include the land and improvements thereon, as determined by the Texas Property Tax Code.

“Taxable Property” shall include the real property and improvements subject to City of Carrollton taxes for the term of this Agreement.

“Taxable Value” shall be the same as the value of the Taxable Property as determined annually by the Dallas Central Appraisal District, or any other applicable taxing or valuation governmental authority with jurisdiction over the Property, subject to the appeal procedures set forth in the V.T.C.A. Tax Code. Any decrease in Taxable Value after appeal is subject to recalculation of the appropriate amount of the grant from the City under this Agreement. If the City has issued the grant to the Company based on the greater value, refund of any overpayment by the City to Company of such difference shall be remitted to the City within 60 days to City after final determination of an appeal.

Article II Term

The term of this Agreement shall begin on the Effective Date and continue until December 31, 2031 (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 **Development of Property.** On or before December 1, 2014, Company will enter into a purchase agreement and acquire ownership of the Property. Subject to extension for Events of Force Majeure, (A) Company will complete the remediation and demolition of the existing structures on the Property by December 31, 2015, (B) Construction on the improvements, set forth below, will begin no later than December 31, 2016, as evidenced by Company obtaining a building permit for the Property, and (C) build out of the Property will be substantially complete by January 1, 2021, as evidenced by a Certificate of Occupancy (or applicable equivalent) for the structures constructed thereon; provided, however, an extension of this date may be granted based upon market conditions; and

3.2 **Performance.** Company agrees and covenants that it will diligently and faithfully, in a good and workmanlike manner, construct its improvements to the Property; and

3.3 **Improvements.** Company shall, during the term of this Agreement, make real property improvements in and on the Property to consist of one or more logistics and distribution facilities, as generally depicted in Exhibit "A", as such plans may be further amended and approved pursuant to applicable laws, and such improvements may be owned and managed by Company or sold by Company after development.

Article IV Economic Development Grant

4.1 Grant.

(A) For the term of this Agreement, City agrees to provide grants to the Company on the Taxable Value assessed and paid in an amount equal to one hundred percent (100%) of the Taxable Value for years one (1) through five (5) and fifty percent (50%) of the Taxable Value for years six (6) through ten (10) on each of the improvements located on the Property, less the Base Year Value. The term of the grant for each improvement shall commence in the year in which the Taxable Value is assessed on the specific improvement after the Certificate of Occupancy is issued and will continue during the term of this Agreement as long as Company meets each of the obligations set forth in this Agreement and complies with the requirements set out in Section 4.2 below.

(B) The City will reimburse Company fifty percent (50%) for the remediation and demolition costs necessary to remove the existing structures on the Property ("Demolition Costs"), with the City's share being an amount not to exceed Seven Hundred Fifty Thousand Dollars (\$750,000). For the purposes of this Section 4.1(B), Demolition Costs shall include the costs necessary to remove the approximately eleven (11) buildings, and related improvements, including, but not limited to, utilities, asphalt, paving, curbing, landscaping and other improvements, that currently exist on the Property, but do not include grading or site prep work, beyond the infill of utility tunnels, or Property infrastructure (road, driveway or utilities) costs, after removal of the existing improvements. Reimbursement for Demolition Costs shall be made by the City within thirty (30) days of the receipt of written invoices or documentation evidencing the total actual costs of the work performed, with any necessary supporting documentation that may be reasonably requested by the City.

(C) The City shall reimburse Company one hundred percent (100%) of all permitting fees charged by the City for the construction costs of the improvements, with the City's share being an amount not to exceed Three Hundred Thousand Dollars (\$300,000) from the effective date of this Agreement for a period not to exceed sixty (60) months. Reimbursement by the City to Company will be made within thirty (30) days of receipt of a written request after the start of construction of the improvement for which the permit fee was paid, as evidenced by Company obtaining a building permit for the Property.

(D) The City shall defer the payment of mitigation fee(s), as set forth in Section 31.01(G)(9) and Section 155.08(E)(3) of the City of Carrollton Code of Ordinances, as may be amended, if any, due and payable by the Company to the City for tree removal on the Property until the final reimbursement by the City to the Company of permitting fees charged by the City for the construction costs of the improvements or until January 1, 2021, whichever date is earlier.

4.2 **Grant Payment Requirements and Schedule.**

(A) Subject to compliance with Article III above, Company may submit itemized documents setting forth the Taxable Value of the improvement(s) and request grant funds in accordance with the terms of Section 4.1. Failure to comply with this Section 4.2 shall not subject the grant in Section 4.1(A) to forfeiture.

(B) City shall remit the grant funds under this Article IV to the Company within sixty (60) days of the receipt of its annual property tax payment from the Dallas Central Appraisal District, or other taxing entity, but not later than ninety (90) days after Company's annual property tax payment.

**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 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 obligations or default(s) that existed prior to such termination or as otherwise provided herein and those liabilities and obligations shall survive the termination of this Agreement, including the refund provision, maintenance of records, and access thereto.

5.3 **Intentionally Omitted.**

5.4 **Cross-Default.** In the event that one or more of the improvements are now or hereafter owned by separate persons or entities, any of the events of default described in this Article V will be applied individually and independently to each such person or entity, as applicable, and will not be a "cross default" of the separate, unrelated person or entity, which would otherwise qualify as an assigned under Article VII of this Agreement. Such default shall only apply to the defaulting party and not to the other portions or owners of the Property merely by reason of such

persons or entities owning the other improvements on the Property, and all non-defaulting persons or entities shall continue to be bound by the obligations set forth in this Agreement.

Article VI Retention and Accessibility of Records

6.1 **Records**. Company shall maintain the fiscal records and supporting documentation for expenditures of funds associated with this Agreement. Company shall retain such records, and any supporting documentation for the greater of:

- (1) Five (5) years from the end of the Agreement period; or
- (2) The period required by other applicable laws and regulations.

6.2 **Accessibility**. Company gives 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 and Real Property belonging to or in use by Company pertaining to the Economic Development Program Grant (the "Records") upon receipt of ten (10) business days written notice from the City. The City's access to 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 City. In no event shall City's access to Company's Records include any access to any personal and/or medical data of any employees of Company. Company shall not be required to disclose to the City any information that by law 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 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 Company. The rights to access the Records shall terminate five (5) 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 Company for a period of five (5) years after all performance requirements are achieved for audit purposes until such audits or other administrative, civil or criminal matters including, but not limited to, investigations, lawsuits, administrative inquiries and open record requests are completed. 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. 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 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 Company files for bankruptcy, whether involuntarily or voluntary, 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:
Prologis, L.P.
Attn: Reid Dunbar
2501 N. Harwood Street, Suite 2450
Dallas, Texas 75201

With a copy to:
Prologis, Inc.
Attn: Legal Department
4545 Airport Way
Denver, Colorado 80239

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. **Compliance.** Under Chapter 2264 of the Texas Local Government Code, Company has submitted the required certification that the business, or a branch, division, or department of the business, does not and will not knowingly employ an undocumented worker. An undocumented worker means an individual who, at the time of employment, is not lawfully admitted for permanent residence to the United States or authorized under the law to be employed in that manner in the United States. If after receiving this public subsidy/grant from the City, the Company, or a branch, division, or department of the business, is convicted of a violation under 8 U.S.C. Section 1324a(f), the Company shall repay the amount of the grant from the City with interest, at the rate of 5% according to the terms provided by this Agreement under Section 2264.053, but not later than the 120th day after the date the public agency, state or local taxing jurisdiction, or economic development corporation notifies the Company of the violation. City may exercise all rights to enforce this recovery as allowed by Subchapter C of Chapter 2264 or any other laws.

8.12. **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 _____, 2014.

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

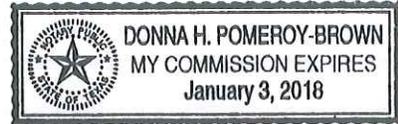
Thomas Latchem, Director of Econ. Dev't

COMPANY

PROLOGIS, L.P., a Delaware limited partnership

By: PROLOGIS, INC. a Maryland Corporation

By: 
Name: Reid Dunbar
Title: Senior Vice President



STATE OF Texas)

COUNTY OF Gaines)

BEFORE ME, the undersigned authority, on this day personally appeared Reid Dunbar, Senior VP of Prologis, Inc., general partner of Prologis, L.P., 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 28 day of August, 2014.

(seal)

A handwritten signature in blue ink, written over a horizontal line. The signature is highly stylized and cursive, appearing to read "Reid Dunbar".