

COMMISSIONERS COURT
REGULAR SESSION
December 27, 2001

The Hunt County Commissioners Court met this day with all Commissioners present and Judge Joe Bobbitt presiding. Minutes of the previous meeting were approved as presented.

OLD BUSINESS:

8221 On the motion by Ralph Green, second by Kenneth Thornton, the Court approved the final plat on Blockdale Meadows Phase II in Pct 2 presented by Bobby Crowell. Mr. Crowell stated they were unable to get a performance bond since they build their own roads. The Court agreed as soon as road is completed for Mr. Crowell to get a bond.

NEW BUSINESS:

8222 On the motion by Allen Martin, second by Phillip Martin, the Court approved the applied tax abatement agreement along with the variance for a \$600,00 expansion addition to U.S. Brass current plant, located in Commerce, TX. This expansion will add new extrusion equipment, headquarters in Plano will be moved to Commerce with all the administrative personnel, customer service and sales people for an approximate total of 15 new personnel. Jeanette Moser – Commerce Economic Development Corp. and Jim Brown – Plant Manager advised the Court the metal portion of the plant has been closed.

8223 On the motion by Judge Bobbitt, second by Green, the Court approved the multi numbered bid for copier paper and computer paper from Pollock Paper, Save-On Office Supplies and Olmstead-Kirk Paper Co. – the Court agreed to accept all bids for evaluation to be resubmitted at next court.

8224 On the motion by Kenneth Thornton, second by Allen Martin, the Court approved request from the County Attorney to transfer a 1993 Crown Victoria Automobile to the District Courts and disposition of an automobile currently being used by the District Court bailiffs to be ^{sold at auction} ~~said by Sheriff's sale~~. Judge Bobbitt stated the County Attorney has purchased a used vehicle from either the Highway Patrol or Tx Dot with his fee fund.

8225 On the motion by Green, second by Thornton, the Court approved request of Verizon to bury telephone cable along the ROW of CR 2718 in Pct 2 with the usual stipulations.

— ‘Discuss any new items pertaining to the New Justice Center.’ Judge Bobbitt stated the list of adjustments needed for our jail to be in compliance has been corrected. The Sheriff, Architect and Judge Bobbitt will schedule a final walk-through inspection for next week. Affidavits will be signed stating all items have been fixed; affidavits will then be mailed to the Department of Corrections and we will have our occupancy certified. Hopefully by January 15, 2002 the jail will be ready to occupy. Judge Bobbitt also advised the Court after the first of the year we will have the approval of ^{108,000}~~180,000~~ state grant that has been applied, for with tentative approval, to be sent back to the Juvenile Department for restoration of the old Criminal Justice Center to be remodeled for a Juvenile Detention Center. The County will be required to come up with a 10% match.

8226 On the motion by Allen Martin, second by Green the Court approved accounts payable. Judge Bobbitt abstained from the vote.

8227 On the motion by Green, second by Allen Martin, the Court approved line-item budget transfers.

PERSONNEL AND PAYROLL:

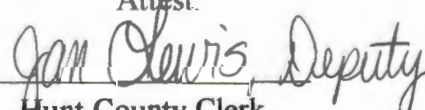
<u>County Clerk:</u>	Add Gabriel Torres as part time records clerk at \$6.00 per hour, effective 12-19-01.
<u>Maintenance:</u>	Add Billy Packham as part time hourly maintenance tech at \$9.00 per hour, effective 12-19-01.
<u>Sheriff:</u>	<p>Please remove Lonnie Griggs due to his resignation, effective 9-28-01.</p> <p>Please remove Erica Armsworthy due to her resignation, effective 8-22-01</p> <p>Please remove Randy Hillee due to his resignation, effective 8-22-01.</p> <p>Please remove Daniel L. Burnette due to his resignation, effective 12-12-01.</p> <p>Add Annette Gray as receptionist G-1 at \$5.15 per hour effective 01-02-02. She will be put on hourly time and work 7 1/2 hours each pay period and the other time she will volunteer.</p> <p>Add LaDayne Wilson as Jailer 1 G4/P46 at \$20,400.00, effective 12-12-01.</p>

	Add Tamera Voirin as part time warrants clerk at \$9.00 per hour, effective 12-18-01. To go full time after Commissioners Court December 27, 2001. G4/P41 at \$19,150.00 per year.
<u>Tax Office:</u>	Add Lynn Armsworthy as Deputy Clerk as G4/P41 as \$16,470.00 per year, effective 12-21-01.

8228 Approved on the motion by Allen Martin, second by Phillip Martin.

————— There was no Executive Session. Court Adjourned at 10:40 AM.

Minutes approved this 14 day of January, 2002. This is the last meeting of 2001.

Attest:

 Hunt County Clerk


 Hunt County Judge

8222

TAX ABATEMENT AGREEMENT**THE STATE OF TEXAS }****COUNTY OF HUNT }**

This Tax Abatement Agreement (hereinafter referred to as the "Agreement") is made and entered into by and between Hunt County ("Governmental Unit") and US Brass, Inc. ("Owner"), the owner of taxable real property in the City of Commerce and Hunt County, Texas ("Property").

I. AUTHORIZATION

This Agreement is authorized by the Texas Property Redevelopment and Tax Abatement Act, Texas Tax Code, Chapter 312, as amended ("Act"), and is subject to the laws of the State of Texas and the charter, ordinances, and orders of the Governmental Unit.

II. 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 the Improvements on certain property in a zone designated for economic development purposes pursuant to the Act.
- B. "Added Value" means the increase in the assessed value of the Eligible Property as a result of "expansion" or "modernization" of an existing facility or construction of a "new facility". It does not mean or include "deferred maintenance".
- C. "Base Year Value" means the assessed value of the eligible property as certified by the Hunt County Appraisal District on January 1 preceding the execution of the Agreement plus the agreed upon value of Improvements made after January 1.
- D. "Eligible Property" means the abatement may be extended to the value of buildings, structures, fixed machinery and equipment, and site improvements, installed or added between January 1, 2001 and January 1, 2002, plus that office space and related fixed improvements necessary to the operation and administration of the facility.
- E. "Facility" means a Basic Manufacturing Facility, Petrochemical Facility, Regional Distribution Facility, or other Authorized Facility

approved by the Governmental Unit(s) as set forth in the Guidelines and Criteria for Granting Tax Abatement adopted by the Governmental Unit.

- F. "Improvements" means the buildings or portions thereof and other improvements used for commercial or industrial purposes on the property.
- G. "Ineligible Property" means the following types of property shall be fully taxable and ineligible for abatement: Land; inventories; supplies; tools; furnishings and other forms of movable personal property; vehicles; vessels; aircraft; housing; hotel accommodations; retail facilities deferred maintenance; investments; property to be rented or leased, except as provided; property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the State of Texas.
- H. "Community Entities" means the Commerce Economic Development Corporation and any other similar organization within the City of Commerce, Texas which extends to Owner one or more incentives pursuant to this or other agreements.

The Guidelines and Criteria for Granting Tax Abatement adopted by the Governmental Unit(s) are incorporated as a part of this Agreement. Except as the same may be modified herein, all definitions set forth therein are applicable to this Agreement.

III. PROPERTY

The Property is an area within Hunt County, Texas located in whole or part within the jurisdiction of the Governmental Unit as is more fully described in Exhibit "A" attached hereto and made a part hereof. Said Property is located within a zone for tax abatement established pursuant to Chapter 312 of the Texas Tax Code, as amended, by City of Commerce, Texas City Council on October 19, 1999. There is no abatement of taxes on real property pursuant to this Agreement. The abatement of taxes granted is on personal property that is included in the definition of Eligible Property contained herein.

The Hunt County Appraisal District has established the following values for the Property, including improvements thereon, as of the January 1, 2001 valuation date, which is the last valuation record known by Parties:

Land and Improvements	\$3,879,600.00
Personal Property	\$10,898,500.00

Total	\$14,778,100.00
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The Parties incorporate such value into this Agreement but agree to adjust such value as may be necessary upon adoption of the tax rolls for January 1, 2001. This is the Base Year Value.

The Governmental Unit and the Owner agree that the approximate value of any additions of personal property to the Property made after January 1 and for which abatement is not sought and not otherwise reflected on the above valuation Property is \$0.00 and are referred to as "Ineligible Property".

The Governmental Unit and the Owner agree that the approximate value of any additions to the Property made after January 1, 2001 and for which abatement is sought and not otherwise reflected on the above valuation Property is \$600,000.00 and are referred to as "Eligible Property".

IV. TERM OF ABATEMENT AND AGREEMENT

The Governmental Unit(s) agrees to abate the ad valorem taxes on the Eligible Property in accordance with the terms and conditions of this Agreement. The Abatement shall be effective with the January 1 valuation date immediately following the date of execution of this Agreement. The Abatement shall continue for ten (10) years. This term and amount of Eligible Property is at variance with the Guidelines adopted by Governmental Unit; but is approved with all necessary addendum to said Guidelines. Exhibit "C," which is attached hereto and incorporated herein, is a request for a variance with explanations for said variance request. The years of Abatement provided herein shall in each instance coincide with the tax year commencing on January 1 and expiring on December 31, and in no event shall the Abatement extend beyond December 31 of the tenth tax year.

The terms and conditions of this Agreement shall continue for the period of Abatement. All covenants and representations of the Owner herein shall continue throughout the term of this Agreement, and any defaults shall be subject to the recapture provisions provided in Part VII herein.

V. TAXABILITY

During the period that the Abatement is effective, taxes shall be payable as follows:

- (1) The value of the land comprising the Property shall be fully taxable;
- (2) The value of Ineligible Property shall be fully taxable;
- (3) The Base Year Value of existing Improvements comprising the Property shall be fully taxable;
- (4) The value of the personal property comprising the Property shall be fully taxable; and

- (5) The Added Value of the Eligible Property made a part of the Property shall be abated as set forth in Part VI herein.

VI. AMOUNT OF ABATEMENT

The Abatement provided by this Agreement shall be based upon the added value of Eligible Property made a part of the Property as a result of the project. Taxes shall be abated annually as follows:

Year 1 (Tax Year 2002)	95% of the Added Value
Year 2	85% of the Added Value
Year 3	75% of the Added Value
Year 4	65% of the Added Value
Year 5	55% of the added Value
Year 6	45% of the Added Value
Year 7	35% of the Added Value
Year 8	20% of the Added Value
Year 9	10% of the Added Value
Year 10	0% of the Added Value.

At the time of execution of the Agreement, the Owner reasonably estimates that the Added Value of the eligible personal property upon completion of the Modification and Installation Phase will be at least \$600,000.00 ("Estimated Added Value"), such figure being an estimate only and will be finally determined and Abatement will be based on the actual added value as determined in Article VIII for the completed project.

Upon completion of the Project if the Added Value, as determined by the Hunt County Appraisal District, shall at any time during the term of this Agreement be less than Estimated Added Value to the extent that the percentage of Abatement shall be less than that allowed under the guidelines adopted by the Governmental Unit, the amount of Abatement shall be immediately adjusted or extinguished if the project is no longer eligible for abatement and any taxes previously abated shall be subject to recapture as provided in Part VIII herein.

VII. CONTEMPLATED IMPROVEMENTS

Owner represents that it will install its Eligible Property in a facility at the cost, for the purpose, and in the manner as set forth in the Project Description attached as Exhibit "B". During the Modification and Installation Phase, the Owner may make such change orders to the project as are reasonably necessary, provided that no such change order may be made which will change the qualification of the project as a "Facility" under the Guidelines for Granting Tax Abatement approved by the Governmental Unit. All improvements shall be completed in accordance with all applicable laws, ordinances, rules or regulations. During the term of this Agreement, use of the Property shall be limited to operation of the Facility described in the Project Description consistent with the general purpose of encouraging development or redevelopment of the zone during the period of this Agreement.

Owner represents and warrants that this project will: 1) create at least 15 net permanent full-time equivalent employees at the project site no later than January 1, 2002 with a minimum gross annual payroll of \$613,000.00; 2) retain a minimum of 168 full-time equivalent employees and a minimum gross annual payroll for the remainder for the 10 year term of this Agreement; 3) the project is not expected to solely or primarily have the effect of transferring employment from part of Hunt County to another; 4) increase value of property as of the date the eligible property is installed and improvements are completed, which time shall not be later than January 1, 2002, in the amount of \$600,000.00; and 5) be necessary to create capacity which cannot be provided efficiently utilizing existing improved property. The baseline number of employees is 153, as of January 1, 2001.

VIII. EVENTS OF DEFAULT AND RECAPTURES

- A. 1) Discontinued Operation During the First Five Years of the Term of Agreement. In the event that the facility modification and installation phase is completed and begins operation but subsequently, during the first five years of the Agreement, discontinues operation for any reason except fire, explosion or other casualty, accident or natural disaster for a period of one year during the term of the Agreement, the Agreement may be terminated by the Governmental Unit and all taxes previously abated by virtue of the Agreement and all incentives furnished pursuant to the Agreement will be recaptured and repaid to the appropriate Governmental Unit or Community Entities within 60 days of the termination as follows:

Prior to end of year	1 (2002)	100%
Prior to end of year	2	80%
Prior to end of year	3	60%
Prior to end of year	4	40%
Prior to end of year	5	20%

Penalty and interest shall not begin to accrue upon such sums until the first day of the month following such sixty day notice, at which time penalty and interest shall accrue on abated taxes in accordance with the laws of the State of Texas.

- 2) Discontinued Operation During the Second Five Years of the Term of Agreement. In the event that the facility installation is completed and begins operation but subsequently, during the second five years of the Agreement, discontinues operation for any reason except fire, explosion or other casualty, accident or natural disaster for a period of one year during the term of the Agreement, the Agreement may be terminated by the Governmental Unit and full tax liability on all Eligible Property will accrue immediately.
 - 3) Reduced Operation during the Term of the Agreement. In the event that the facility is completed and begins operation but subsequently during the Agreement fails to maintain the minimum number of new permanent full-time equivalent employee positions and/or the level of gross annual payroll required by the Agreement for any reason except fire, explosion, or other casualty, accident, or natural disaster for a period of one year during the term of the Agreement the Agreement may be terminated by the Governmental Unit and all taxes previously abated by virtue of the Agreement and all incentives provided by the Community Entities will be recaptured on a pro rata basis equivalent to the ratio by which Owner failed to maintain the minimum number of full-time equivalent employee positions and/or the level of gross annual amount of payroll for the affected year. Such recapture shall be paid within 60 days of the termination. Penalty and interest shall not begin to accrue upon such sum until the first day of the month following such sixty day notice, at which time penalty and interest shall accrue in accord with the laws of the State of Texas. All performance criteria will be measured independently each year during the term of this Agreement.
 - 4) Removal of Eligible Property. In the event that fixed machinery or equipment is installed and becomes eligible property, but is subsequently removed from the facility or becomes ineligible property during the abatement period, and is not replaced with fixed machinery or equipment of like value within a reasonable time, then all taxes previously abated by virtue of the agreement for said machinery or equipment will be recaptured and paid within sixty (60) days from the date the machinery or equipment is removed from the facility or becomes ineligible property.
 - 5) Delinquent Taxes. In the event that the company or individual (1) allows its ad valorem taxes owed the Governmental Unit or any affected jurisdiction to become delinquent and fails to timely and properly file the legal procedures for their protest and/or contest, or (2) violates any of the terms and conditions of the abatement agreement and fails to cure during the Cure Period, the agreement then may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within sixty (60) days of the termination.
- B. Notice of Default. Should the Governmental Unit determine that the Owner is in default according to the terms and conditions of this Agreement, it shall notify the Owner that if such default is not cured within sixty (60) days from the date of such notice ("Cure Period"), then

this Agreement may be terminated. In the event the Owner fails to cure said default during the Cure Period, the Agreement may be terminated and the taxes abated by virtue of the Agreement will be recaptured and paid as provided herein.

- C. Actual Added Value. Annually, the Chief of the Hunt County Appraisal District or his/her designee, shall assess the real and personal property. Should the Hunt County Appraisal District determine that the total level of Added Value during any year of the term of this Agreement after completion of the Construction Phase is lower than the Estimated Added Value such that a lower percentage of Abatement is applicable, for each year during which an Abatement has been granted the difference between the tax abated and the tax which should have been abated based upon, the actual Added Value shall be determined and each Governmental Unit owner shall be notified. The taxes shall be paid within sixty (60) days of notification to the Owner of such determination. Penalty and interest shall not begin to accrue upon such sum until the first day of the month following such sixty (60) days notice, at which time penalty and interest shall accrue in accord with the laws of the State of Texas.
- D. Continuation of Tax Lien. The amount of tax abated each year under the terms of this agreement shall be secured by a first and prior tax lien which shall continue in existence from year to year until such time as this Agreement between the Governmental Unit and Owner is fully performed by Owner, or until all taxes, whether assessed or recaptured, are paid in full.

If the Governmental Unit terminates this Agreement pursuant to this paragraph VIII, it shall provide Owner written notice of such termination. If Owner believes that such termination was improper, Owner may file suit in the Hunt County district courts appealing such termination within sixty (60) days after the written notice of the termination by the Governmental Unit. If an appeal suit is filed, Owner shall remit to the Governmental Unit, within such sixty (60) days after the notice of termination, any additional and/or recaptured taxes as may be payable during the pendency of the litigation pursuant to the payment provisions of Section 42.08, Texas Tax Code. If the final determination of the appeal increases Owner's tax liability above the amount of tax paid, Owner shall remit the additional tax to the Governmental Unit pursuant to Section 42.42, Texas Tax Code. If the final determination of the appeal decreases Owner's tax liability, the Governmental Unit shall refund the Owner the difference between the amount of tax paid and the amount of tax for which owner is liable pursuant to Section 42.43, Texas Tax Code.

IX. ADMINISTRATION

The Owner shall allow employees and/or representative(s) of the Governmental Unit to have access to the Property during the term of this Agreement to inspect the facility to determine compliance with the terms and conditions of this Agreement. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the Facility. All inspections will

be made with one or more representatives of the Owner and in accordance with Owner's safety standards.

Upon completion of the Modification and Installation Phase for the added value, the affected jurisdiction shall annually evaluate each facility and report possible violations of the contract and agreement to the governing body and its attorney.

The Chief Appraiser of the Hunt County Appraisal District shall annually determine (i) the taxable value of the real and personal property comprising the Property taking into consideration the Abatement provided by this Agreement, and (ii) the full taxable value without Abatement of the real and personal property comprising the Property. The Chief Appraiser shall record both the abated taxable value and the full taxable value in the appraisal records. The full taxable value figure listed in the appraisal records 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. Each year the Owner shall furnish the Chief Appraiser with such information outlined in Chapter 22, Texas Tax Code, as amended, as may be necessary for the administration of the Agreement specified herein.

X. ASSIGNMENT

This Agreement may not be assigned by Owner without the written consent of the Governmental Unit secured in advance; provided that no consent shall be required in the event of a corporate name change of Owner or a reorganization with any affiliated entity. A transfer, sale, merger or other transaction in the capital stock of Owner with an unaffiliated third party resulting, in the opinion of the Governmental Unit, in a change in management of the Owner shall be considered and is hereby defined as a sale. Should Owner sell the business to a new owner, lease the facility, or engage in a defined stock transaction, in any event without the written consent of the Governmental Unit procured in advance this Agreement will immediately terminate. Such termination shall be considered an event of default and Article VIII shall apply, along with all rights and remedies for any default, including the recapture as set out in Article VIII.

XI. NOTICE

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, with the proper postage prepaid thereon, and duly registered or certified, return receipt requested, with the United States Postal Service, addressed to the Governmental Unit or Owner 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 the Owner:

US Brass, Inc.
116 Maple Street
Commerce, Texas 75428
Attn: Trevor Johnson

To the Governmental Unit:

Hunt County
2500 Lee Street
Greenville, Texas 75401
Attention: Joe Bobbitt

Either party may designate a different address by giving the other party ten (10) days written notice.

This agreement has been executed by the parties in multiple originals or counterparts, each having full force and effect.

Executed this the 27 day of Dec., 2001.

ATTEST:

Linda Brooks
Linda Brooks, County Clerk

GOVERNMENTAL UNIT:

Joe Bobbitt
Joe Bobbitt, County Judge

APPROVED AS TO FORM:

Keith Willeford
Keith Willeford, County Attorney

OWNER:
US Brass, Inc.

By: [Signature]
Name: [Signature]
Title: [Signature]

EXHIBIT "A"

List of equipment included for tax abatement pursuant to this Agreement and located at
116 Maple Street, Commerce, Texas

Project #	Description
C-01-38	Barrier Extrusion Line
C-01-31	Construct Product Development Lab
C-01-33	Remodel Office Space Various Other Projects

have GRANTED, SOLD AND CONVEYED, and by these presents do GRANT, SELL AND CONVEY, unto
WALLACE MURRAY CORPORATION, a Delaware Corporation

of the County of New York and State of New York
the following described real property in Hunt County, Texas, to-wit:

DESCRIPTION OF A 58.766 Acre Tract of land situated in Hunt County, Texas, in the Swartz Survey, A-1022 and the Sayle Survey, A-1276.

BEING a tract or parcel of land situated in Hunt County, Texas, being part of the Swartz Survey, Abstract No. 1022, and the N. A. Sayle Survey, Abstract No. 1276, and being the tract conveyed by Christene Bullard to the Commerce Industrial Development Association by deed dated December 18, 1980, and recorded in the Deed Records of Hunt County in Volume 863 at Page 881, and being more particularly described as follows:

BEGINNING at an iron pin set at the intersection of the centerline of a county road with the northerly line in a flare in the right-of-way of State Highway No. 11, said point being at the northwesterly corner of 1.858 acres conveyed by Knight to the State of Texas by deed recorded in said Deed Records in Volume 497, Page 538, said point also being at the most northerly southwest corner of said Bullard to Commerce Industrial Development Association tract; THENCE N 4° 05' 05" E along said centerline of county road and west line of said Bullard to Commerce tract 1233.92 feet to an iron pin set in the southwesterly right-of-way line of the St. Louis and Southwestern Railroad, for a corner;

THENCE S 42° 02' 54" E along said southwesterly right-of-way line 862.09 feet to an iron pin set at the beginning of a curve to the left in said right-of-way line, said curve having a radius of 2914.79 feet and a central angle of 22° 41' 21";

THENCE in a southeasterly direction along said curve and right-of-way line 1154.27 feet to an iron pin set at the end of said curve;

THENCE S 64° 48' 07" E along said right-of-way line 814.68 feet to an iron pin set at the northeast corner of said Bullard to Commerce Tract, for a corner;

THENCE S 27° 50' 54" W along the easterly line of said Bullard to Commerce tract 1298.66 feet to an iron pin set in the northeasterly right-of-way line of said State Highway No. 11, for a corner;

THENCE N 48° 42' 00" W along said northeasterly right-of-way line 2092.66 feet to a concrete highway monument found at a flare in said right-of-way, for a corner;

THENCE N 11° 30' 42" W along an easterly line of said flare 218.10 feet to an iron pin set, for a corner;

THENCE S 78° 29' 18" W along the northerly line of said flare 40.00 feet to return to the Place of Beginning and containing 58.766 acres of land of which 0.567 acres, more or less, lie in said county road.

SAVE AND EXCEPT any minerals and/or royalty interest heretofore severed from the land herein conveyed but to include in this conveyance all minerals owned by Grantor herein and including all right, title and interest in and to the surface estate acquired from Christine Bullard by Commerce Industrial Development Association by instrument dated the 14th day of June, 1982, County Clerk File No. 6139 for 1982, Deed records of Hunt County, Texas reference is made thereto for all purposes.

Grantor having paid their pro rata share of the ad valorem taxes on the property herein conveyed for the year 1982, to Grantee, Grantee therefore assumes payment of all ad valorem taxes on the property herein conveyed for the entire year 1982.

WIT 898 PAGE 631

END

EXHIBIT "B"

US Brass, Inc.
PROPOSED MODIFICATION AND INSTALLATION
FOR COMMERCE, TEXAS FACILITYPROJECT DESCRIPTION**Expansion**

US Brass, Inc. is a publicly held manufacturer of plastic plumbing and HVAC fixtures and piping that distributes products nationally. The company has been in operation in Commerce, Texas since 1983. The firm plans to install new, fixed manufacturing equipment at the facility and convert approximately 26,000 sf of existing space to accommodate manufacturing, research and development, and headquarters for Qest. The total projected cost of the building conversion is \$100,000, and the total projected cost of the equipment is \$500,000.

US Brass, Inc. will create 15 net new permanent, full-time equivalent jobs at the Commerce facility during the first year of the agreement. The average starting wage will be approximately \$40,000 per year. The base line employment on January 1, 2001 was 153 employees.

Background

In late 2000, the decision was made at the corporate level of US Industries to cease production of three product lines offered by US Brass, Inc. One of these product lines, the metal connectors, was produced in the Commerce, Texas plant. This decision had a dual effect on the plant operation. First, it meant the loss of a number of jobs; but it also meant that this location would become the headquarters for the company's Qest operation and the relocation of administrative personnel from the former headquarters in Plano, Texas.

From the plant operation, approximately 15%, or 26,00 sf, of the plant floor space was being vacated. However, the remaining Qest product line is in a growth mode requiring the addition of equipment. Another product line has been introduced and is experiencing very rapid growth. This new product line is a plastic product that fits the overall operation much better than the lost metal products line. The vacated space is critical for production and warehousing. Two extrusion lines and an assembly operation will utilize this area as well as storage racks for finished goods storage. The increased production also allows for retention of some employees who might otherwise have lost their jobs.

A portion of the vacated space is also being utilized for a research and development lab that is being moved from Plano, Texas to the Commerce facility. Remodeling, equipment installation and production is scheduled for mid-December 2001.

In addition to utilization of the space vacated by the connector operation, renovation was needed to facilitate the move of Accounting, Customer Service, Marketing and Engineering to this location from Plano, Texas. This involved remodeling existing office space and required converting a portion of the break room and atrium into individual offices.

EXHIBIT "C"
REQUEST FOR VARIANCE

US Brass, Inc.
December _____, 2001

US Brass, Inc. is a manufacturer of plastic injection molded and extruded plumbing and HVAC fixtures and piping. The firm is planning to enhance its manufacturing operations in Commerce, Hunt County, Texas.

The current guidelines and criteria adopted by Hunt County and Hunt Memorial Hospital District jurisdictions provide that new industry may request 100% tax abatement for up to seven years on allowable items. US Brass, Inc. is not requesting a 100% tax abatement for seven years; but rather requests a variance from the current guidelines to allow the incremental payment of taxes of ten (10) years.

Under the proposal, taxing entities will receive a portion of taxes from Year 1. It is estimated that the City of Commerce will receive \$13,919.00 in City Property Taxes over the ten year life span of this Agreement. It is estimated that Hunt County will receive \$13,994.00 in Property Taxes over the ten year life span of this Agreement. It is estimated that Hunt Memorial Hospital District will receive \$9,892.00 in Property Taxes over the life span of this Agreement.

The current guidelines of the taxing unit requires an increase in value of the property by \$1,000,000.00. The proposal is only for abatement of \$600,000.00. US Brass, Inc. lost its metals production line when it was sold to EZ-Flo International and subsequently relocated to Greenville, Texas. The division headquarters for US Brass, Inc. was relocated from Plano to Commerce. The granting of this tax abatement will allow this existing industry to expand its plastics production line, administrative functions and add jobs and retain some of the employees who might have been laid off.

US Brass, Inc. respectfully requests that the taxing jurisdictions grant a variance to US Brass, Inc.'s Tax Abatement Agreement for this project by granting an incremental tax abatement for ten (10) years and to grant abatement on an amount less than 1,000,000.00.