

DEVELOPMENT AGREEMENT BETWEEN CITY OF BRYAN AND VILLAGE FOODS, LTD.

This Development Agreement (this "Agreement") is executed to be effective on the 20th day of October 2008, by the CITY OF BRYAN, a home-rule municipal corporation organized under the laws of Texas ("CITY"), and Village Foods, Ltd. hereafter collectively referred to as "DEVELOPER";

RECITALS

The CITY is authorized by Texas law to aid in local economic development and stimulate business and commercial activity within the geographic boundaries of the CITY by offering economic and other incentives under Local Government Code 380. This Agreement shall promote local economic development and stimulate business and commercial activity in the City of Bryan. Village Foods Ltd. will be a new business located on a tract consisting of 5.4149 acres located in the Richard Carter League and will be a redevelopment of the AppleTree Store located at 1760 Briarcrest Drive, Bryan Texas ("STORE"). This will be accomplished by providing a refund up to 50% of the City of Bryan's portion of the sales tax collected at the store by the State of Texas. Village Foods Ltd. is purchasing the inventory and taking over the operations of AppleTree on October 5, 2008, but the exterior name on the store will not change until the Spring of 2009. Village Foods Ltd. will hire employees working for AppleTree at the Briarcrest location in addition to re-merchandising and reconfiguring to differentiate their operations from competitors. The sales tax rebate will be used to help Village Foods, Ltd. to more quickly move forward with these plans to upgrade, reconfigure and purchase new equipment for the store.

AGREEMENT

For the consideration recited herein and the mutual benefits to parties accruing in connection with the proposed Project, the receipt and sufficiency being acknowledged herein, the parties agree as follows:

1. The City will provide a rebate to DEVELOPER of the portion of the sales tax collected by the State of Texas and paid by the State to the City of Bryan from the operation of DEVELOPER'S STORE as follows: 50% of the sales taxes received by the City will be paid to DEVELOPER for each year that DEVELOPER continuously employs a minimum of 30 or more employees each month who work a minimum of 30 hours per week at this location for that particular year. In the event that the minimum number of employees is 29 to 19 employees, the payment by the City shall be 40% for that year. In the event the number of employees shall be 19 to 15, the rebate shall be 30%. In the event that the number of employees in any one month falls below 15 employees at the STORE, the rebate percentage shall be 0%. For purposes of this Agreement, the minimum number shall be determined by a review of payroll records to determine the minimum number of employees who worked during each month of any particular year or quarterly portion of that year, if a full year has not elapsed, and whatever number is determined to be the lowest during this time, shall constitute the number of employees who worked for that particular year. Any employee who is on paid sick leave, worker's comp or other paid leave shall be counted towards the monthly minimum number of employees.

2. DEVELOPER shall invest an amount equal to or greater than the amount of the sales tax rebate received for each year of its operation in capital improvements and equipment

hardware and software upgrades (and the installation thereof) located at the STORE. In the event that DEVELOPER fails to make such investment in any particular year, this Agreement shall automatically terminate and DEVELOPER will not be entitled to any further rebates (except that investments made by DEVELOPER in previous years that were in excess of the rebates received in those years shall be carried forward and credited against future year investment requirements).

3. Developer will keep records of employment and investments, and produce copies of same when requesting payment of the rebate from the CITY. Upon failure of DEVELOPER to keep such records and produce same that demonstrate and permit verification of the requirements of this Agreement, this Agreement shall automatically terminate and DEVELOPER shall not be entitled to any further rebates.

4. In the event that the STORE closes or employs less than the minimum number of 15 employees for a period longer than 60 days, this Agreement shall automatically terminate and DEVELOPER will not be entitled to any further rebates.

5. The term for this Agreement will be five years from the date of the signing, beginning in October 2008, and extending until December 31, 2013 unless terminated early by operation of this Agreement.

6. CITY shall pay these rebates upon written request of DEVELOPER and after receipt from the State of Texas of its portion of the sales taxes from the State of Texas. The written request will include copies of all documents necessary to show compliance with this Agreement.

7. **Default and No waiver of Governmental or Sovereign Immunity of the CITY.** If either party should default (the "Defaulting Party") with respect to any of its obligations under this Agreement and should fail, within sixty (60) days after delivery of written notice of such default from the other party (the "Complaining Party ") to cure such default, the Complaining Party, by action or proceeding at law or in equity, shall be entitled to pursue remedies, as may be appropriate to cure such default under the Agreement, but this Agreement shall not waive governmental or sovereign immunity nor be considered to be a waiver of governmental or sovereign immunity of the CITY as to any of the Parties to this Agreement or as to any other person or entity, **AND THE CITY SHALL HAVE NO LIABILITY FOR ANY CONSEQUENTIAL, INCIDENTAL, EXEMPLARY, PERSONAL INJURY OR INDIRECT DAMAGES, (including, but not limited to, loss of profits or revenue, downtime costs, loss of use of any property, cost of substitute equipment or facilities, whether arising in tort, contract or otherwise) FOR ANY DEFAULT UNDER THIS AGREEMENT AND ALL SUCH PRESENT OR FUTURE CLAIMS FOR ANY SUCH DAMAGES ARE WAIVED AND EXCLUDED.** Further, this written Notice is not necessary to terminate this Agreement or for DEVELOPER to lose any entitlement to any rebates under this Agreement.

8. Representations.

DEVELOPER hereby represents that:

It is duly authorized, created and existing in good standing under the laws of the State and is duly qualified and authorized to carry out its obligations described in this Agreement.

It has the power, authority and legal right to enter into and perform this Agreement and the execution, delivery and performance hereof (i) have been duly authorized, (ii) will not, to the best of its knowledge, violate any applicable judgment, order, law or regulation, and (iii) does not constitute a default under, any lien, charge, encumbrance or security interest upon any assets of the DEVELOPER under any agreement or instrument to which the DEVELOPER is a party or by which the DEVELOPER or its assets may be bound or affected.

This Agreement has been duly authorized, executed and delivered by the DEVELOPER and, constitutes a legal, valid and binding obligation of the DEVELOPER, enforceable in accordance with its terms.

The execution, delivery and performance of this Agreement by the DEVELOPER do not require the consent or approval of any person which has not been obtained.

CITY hereby represents that:

The CITY is duly authorized, created and existing under the laws of the State and is duly qualified and authorized to carry on the governmental functions and operations as contemplated by this Agreement.

The CITY has the power, authority and legal right to enter into and perform this Agreement and the execution, delivery and performance hereof (i) have been duly authorized, (ii) will not, to the best of its knowledge, violate any applicable judgment, order, law or regulation, and (iii) does not constitute a default under, or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of the CITY under any agreement or instrument to which the CITY is a party or by which the CITY or its assets may be bound or affected.

This Agreement has been duly authorized, executed and delivered by the CITY and, constitutes a legal, valid and binding obligation of the CITY, enforceable in accordance with its terms.

The execution, delivery and performance of this Agreement by the CITY do not require the consent or approval of any person which has not been obtained.

9. No Third Party Beneficiary. There are to be no third party beneficiaries to this Agreement.

10. Invalidity. If any provision of this Agreement shall be held to be invalid, illegal or unenforceable by a court or other tribunal of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The parties shall use their best efforts to replace the respective provision or provisions of this Agreement with legal terms and conditions approximating the original intent of the parties.

11. Written Notice. All notices required by this Agreement (i) shall be in writing, (ii) shall be addressed to the parties as set forth below unless notified in writing of a change in address, and (iii) shall be deemed to have been delivered either when personally delivered or, if

sent by mail, in which event it shall be sent by registered or certified mail, return receipt requested, three (3) business days after mailing. The addresses of the parties are as follows:

To DEVELOPER:

Village Foods, Ltd.
Attn: Jim Lewis
1716 Briarcrest Drive, Suite 300
Bryan, Texas 77802-2777

To CITY:

City of Bryan
Attn: Mark Conlee
P.O. Box 1000
Bryan, Texas 77805

with a copy to :

City of Bryan
Attention: City Attorney
P.O. Box 1000
Bryan, TX 77805

12. Entire Agreement and No Assignment. It is understood that this Agreement contains the entire agreement between the parties and supersedes any and all prior agreements, arrangements, or understandings, written or oral, between the parties relating to the subject matter. No oral understandings, statements, promises or inducements contrary to the terms of this Agreement exist. This Agreement cannot be changed or terminated orally. No verbal agreement or conversation with any officer, agent or employee of the CITY, either before or after the execution of this Agreement, shall affect or modify any of the terms or obligations hereunder. No amendment to this Agreement shall be effective and binding unless and until it is reduced to writing and signed by duly authorized representatives of CITY and DEVELOPER. This Agreement and the rights and obligations under this Agreement shall be binding on the heirs, successors and assigns of the parties. This Agreement can not be assigned or transferred to any other person or entity without the written consent of all parties to the Agreement.

13. Texas Law. This Agreement has been made under and shall be governed by the laws of the State of Texas.

14. Place of Performance. Performance and all matters related thereto shall be in Brazos County, Texas, United States of America.

15. Authority to Contract. Each party has the full power and authority to enter into and perform this Agreement, and the person signing this Agreement on behalf of each party has been properly authorized and empowered to enter into this Agreement. The persons executing this Agreement hereby represent that they have authorization to sign on behalf of their respective entities.

16. Waiver. Failure of any party, at any time, to enforce a provision of this Agreement, shall in no way constitute a waiver of that provision, nor in any way affect the validity of this

Agreement, any part hereof, or the right of the party thereafter to enforce each and every provision hereof. No term of this Agreement shall be deemed waived or breach excused unless the waiver shall be in writing and signed by the party claimed to have waived. Furthermore, any consent to or waiver of a breach will not constitute consent to or waiver of or excuse of any other different or subsequent breach.

17. Representation. DEVELOPER represents and warrants that no member of the Bryan City Council has an interest in the Property, and that the same are not owned or leased by any member of the Bryan City Council. DEVELOPER further represents and warrants that no member of the Bryan City Council is under contract either directly or indirectly with DEVELOPER, or their respective agents, contractors or subcontractors. This representation and warranty shall be in effect for the full term of this Agreement.

18. Construction. This Agreement is not to be construed more or less favorably between the Parties by reason of authorship or origin of language.

19. Counterparts and Facsimile Signature. This Agreement may be executed by facsimile signature, which for all purposes shall be deemed an original signature. To facilitate execution, this Agreement may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature and acknowledgment of, or on behalf of, each party, or that the signature and acknowledgment of all persons required to bind any party, appear on each counterpart. All counterparts shall collectively constitute a single instrument. It shall not be necessary in making proof of this Agreement to produce or account for more than a single counterpart containing the respective signatures and acknowledgment of, or on behalf of, each of the parties hereto. Any signature and acknowledgment page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures and acknowledgments thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature and acknowledgment pages.

EXECUTED as of the date of the taking of the acknowledgements below, to be effective as of the day, month and year above written.

CITY OF BRYAN:

By VILLAGE FOODS LTD

[Signature]

[Signature]

MAYOR

By: James A. Lewis

Date: 10-20-08

Title: President

Date:

ATTEST

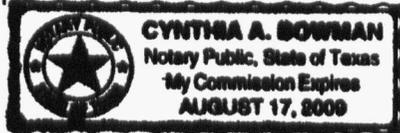
Approved as to Form:

[Signature]
CITY SECRETARY

[Signature]
Janis K. Hampton
City Attorney

THE STATE OF TEXAS
COUNTY OF BRAZOS

This instrument was acknowledged before me on the 20th day of October, 2008, by D. Mark Conlee, Mayor of the City of Bryan, a home-rule municipal corporation organized under the laws of Texas, on behalf of said corporation



[Signature]
Notary Public, State of Texas

THE STATE OF TEXAS
COUNTY OF BRAZOS



This instrument was acknowledged before me on the 3rd day of October, 2008, by Jim Lewis, whose title is President of Village Foods LTD, on behalf of said limited partnership company.

[Signature]
Notary Public, State of Texas