

INDUSTRIAL DISTRICT AGREEMENT

2014-01 INDUSTRIAL DISTRICT OF ANGLETON, TEXAS

This Industrial District Agreement (the "Agreement") is entered between the CITY OF ANGLETON, TEXAS, a municipal corporation, and home-rule city in Brazoria County, Texas, ("City"), and ANGLETON 288 INDUSTRIAL PARK LLC, a Texas Limited Liability Corporation with a place of business located at 2526 Lakeside Landing, Seabrook, Texas, 77586, designated as "Company".

WHEREAS, it is the established policy of City to adopt such reasonable measures from time-to-time as are permitted by law, to endeavor to attract industry and expand its growth and thereby enhance the economic stability and growth of the City; and

WHEREAS, on October 28, 2014, City enacted Ordinance No. 2014-O-10E, disannexing and discontinuing a 5.46-acre unimproved tract of land that is now in the City of Angleton's extraterritorial jurisdiction; and

WHEREAS on October 28, 2014, pursuant to such policy, City enacted Ordinance No. 2014-O-10F, designating the lands described therein as the 2014-01 INDUSTRIAL DISTRICT of the City of Angleton, Texas ("2014-01-ID"), in accordance with Texas Local Government Code, Section 42.044, and;

WHEREAS, Company owns land within the exclusive extraterritorial jurisdiction of the City of Angleton, within the 2014-01-ID, said land described on Exhibit "A" ("Land"), attached, and incorporated by reference; and

NOW, THEREFORE, in consideration of the premises and the mutual agreements of the parties contained herein, and pursuant to the authority granted to City under Section 42.044, Texas Local Government Code, City and Company hereby agree as follows:

Article I.

COMPANY'S OBLIGATIONS

A. Annual Payment. Commencing with the calendar year 2027, and each calendar year thereafter for the duration of this Agreement, the Company will pay the City a certain sum which will be computed on the assessed value of the Company's facilities and property, real, personal, and mixed located on Company's land covered by this Agreement. Company shall pay to City an amount which totals "in lieu of" taxes on Company's Property as of January 1st of the prior calendar year ("value year"). Said payments made "in lieu of" taxes under this Agreement shall be made in two (2) equal installments, the first being due on or before January 15, 2027, and the second being due on or before July 15, 2027, with the remaining payments due on or before January 15th and July 15th of each year thereafter, through and including the year 2031.

B. For purposes of this agreement "value year exemptions" means exemptions granted to Company by Brazoria County, Texas, for its taxing purposes. The parties agree the appraised value

for tax purposes of property lying within the corporate limits of the City, shall be determined by the Brazoria County Appraisal District ("BCAD").

C. The "in lieu of" taxes payable by Company will be calculated by first ascertaining the final Brazoria County Appraisal District ("BCAD") appraisal value after all appeals, protests, suits, if any, by the Company of the Property (Property is defined as land, improvements, and tangible personal property of every description, including without limitation, inventory, oil, gas, and mineral interests, items of leased equipment, pipelines, and products in storage located on the land) on January 1st of each value year less value year exemptions and applying the following formulas:

1. Payment of eighty per cent (80%) regardless of taxable value of the ad valorem taxes which would be payable to the City if all the Property which existed on January 1st of value year had been within the corporate limits of City and appraised at market value by BCAD.
2. There shall be no "in lieu of" payments during the term of this Agreement on new construction commenced after the date of this Agreement. The purpose of this section is to provide an incentive for new construction.

For the purposes of this section, "new construction" contemplates new improvements to realty and new construction and expansion of existing facilities which constitutes an integral, permanent part of the plant, buildings, structures, and facilities of Company. Purchases or acquisitions by Company of existing real or personal properties are excluded.

The new construction incentive provisions of this section terminate at the expiration of this Agreement regardless of the status year of any new construction.

D. Any such amounts not paid when due shall become delinquent on January 16th and July 16th, respectively, of that year, and will be subject to the same provisions for interest, penalty and attorney's fees as are applicable to delinquent ad valorem taxes on lands within the City limits.

ARTICLE II

CITY'S OBLIGATIONS

A. City and Company agree that during the term of this Agreement, the Land shall be designated as located in the 2014-01-ID within the exclusive extraterritorial jurisdiction. City agrees that it will not annex, attempt to annex or in any way cause or permit to be annexed any portion of the Land for the period of the Agreement.

B. Company and the Land already have City water and sewer services but shall have no right to any other City services; provided however City agrees to furnish fire protection to Company should such protection be requested by Company in the event an unusual emergency situation occurs. The City shall not extend, by ordinance, to the Company, its Land, and any property of Company situated on said Land any rules and regulations (a) governing plats and subdivisions of land, (b) prescribing any building, electrical, plumbing or inspection code or codes, or (c) attempting to exercise in any manner whatever control over the conduct of Company's business.

The Parties agree that City shall have the right to institute or intervene in any judicial or administrative proceeding authorized by: the Texas Water Code; the Texas Clean Air Act, Chapter 382, Health & Safety Code; and the Texas Solid Waste Disposal Act, Chapter 361, Health & Safety Code.

C. Company shall pay such amount to City or before January 15 and July 15 of each year as set forth in Art. II, Section A of this Agreement. Upon receiving the annual payment due, the Finance Officer of the City shall issue an official receipt of the City acknowledging full, timely, final, and complete payment due for the property involved in this Agreement for the year for which such payment is made. If payment is not made on or before any due date, City shall be entitled to a tax lien on Company's Property in payment of "in lieu of taxes" required in this Agreement the same penalties, interest, attorneys' fees, and costs of collection shall be recoverable by the City as would be collectible in the case of delinquent ad valorem taxes.

ARTICLE III.

COVENANTS

A. The parties hereby agree that for the purposes of this Agreement, all appraisal values will be those determined to be the final appraised values by the BCAD after all appeals, protests, suits, if any, by the Company for property owned by the Company and subject to this Agreement. The parties recognize that in making such appraisal for "in lieu of taxes" as described Article I. Paragraph C, of this agreement; such appraiser must, if necessary, appraise the entire Land, and the improvements and tangible personal property of Company located thereon.

B. Term. This Agreement shall extend for a five (5) year period, beginning on January 1, 2027, and ending on December 31, 2031, unless extended for an additional period or periods of time upon mutual consent of Company and City as provided by the Texas Local Government Code. Any extension of this Agreement shall be negotiated six (6) months prior to the expiration of this Agreement. Provided, however, in the event this Agreement is not so extended for an additional period or periods of time the covenant of City not to annex the Land shall terminate, and City shall have the right to commence annexation proceedings as to all of Company's Land and Property covered by this Agreement. In such event, Company agrees that the rights of the parties shall be determined in accordance with the provisions of the Texas Local Government Code Chapter 43, and specifically Section 43.0116, as amended.

C. This Agreement may be extended for an additional period or periods by agreement between City and Company pursuant to Texas Local Government Code Sec. 42.044(d). City has determined that industrial district agreements are conducive to the development of existing and future industry and are in the best interest of the City and encourages future City Councils to enter into future industrial district agreements, and to extend for additional periods permitted by law this Agreement upon request of Company. Provided, however, that nothing herein contained shall be deemed to obligate either party to agree to an extension of this Agreement.

D. This Agreement shall inure to the benefit of and be binding upon City and Company, and upon Company's successors and assigns, affiliates, and subsidiaries, and shall remain in force

whether Company sells, assigns, or in any other manner disposes of, either voluntarily or by operation of law, all or any part of the Property, and the agreements herein contained shall be held to be covenants running with the Land for so long as this Agreement or any extension thereof remains in force. Company shall notify City of any sale of any or all of Company's property to any person or entity if the value of such property substantially affects the current assessed value of the property as set forth by the Brazoria County Appraisal District. It is the intent of the parties that no sale of any of Company's Property will affect the amount to be paid to the City under this Agreement.

E. In the event any one or more words, phrases, clauses, sentences, paragraphs, sections or other parts of this Agreement or the application thereof to any person, firm, corporation or circumstances shall be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, then the application, invalidity or unconstitutionality of such words, phrases, clauses, sentences, paragraphs, sections, or other parts of this Agreement shall be deemed to be independent of and separable from the remainder of this Agreement, and the validity of the remaining parts of this Agreement shall not be affected thereby.

F. The Agreement is not intended to, and shall not be construed to, create any joint enterprise between or among the Parties.

G. This Agreement shall in all respects be interpreted and construed in accordance with and governed by the laws of the State of Texas and the City, regardless of the place of its execution or performance. The place of making and the place of performance for all purposes shall be Angleton, Brazoria County, Texas.

H. **Venue and Applicable Law.** This Agreement is subject to all present and future valid laws, orders, rules, ordinances, and regulations of the United States of America, the State of Texas, the Parties, and any other regulatory body having jurisdiction. This Agreement shall be construed and governed according to the laws of the State of Texas. The sole venue for any action, controversy, dispute, or claim arising under this Agreement shall be exclusively in a court of appropriate jurisdiction in Brazoria County, Texas.

I. **Public Information.** This Agreement is public information. To the extent, if any, that any provision of this Agreement is in conflict with Texas Government Code Chapter 552 et seq., as amended (the "Texas Public Information Act"), such provision shall be void and have no force or effect.

J. **No Third-Party Beneficiaries.** This Agreement is entered solely by and between and may be enforced only by and among the Parties. Except as set forth herein, this Agreement shall not be deemed to create any rights in, or obligations to, any third parties.

K. **Entire Agreement.** This Agreement, including the exhibits, contains the entire agreement between the City and the Company and fully supersedes all prior agreements and understandings between the parties.

L. Severability Clause: The parties intend for the various provisions of this Agreement to be severable so that the invalidity, if any, of any one section (or more) shall not affect the validity of the remaining provisions or sections.

M. This document may be executed in any number of original signature counterparts, each of which shall for all purposes be deemed an original, and all such counterparts shall constitute one and the same document. 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 entity.

N. This Agreement represents the entire agreement of the parties and supersedes any verbal or written representations of, to or by the parties to each other. Each party agrees, represents, and conclusively stipulates that it has neither received nor relied upon any oral or written representations or promises concerning the subject matter of this agreement, except for the statements written in this document.

O. **Modification.** The Agreement cannot under any circumstance be modified orally, and no agreement shall be effective to waive, change, modify, or discharge this Agreement in whole or in part unless such agreement is in writing and is signed by both the City and the Company.

P. **Notices.** All notices, demands and requests which may be given, or which are required to be given by either party to the other, and any exercise of a right of termination provided by this Agreement, shall be in writing and shall be given in the aforesaid manner, and shall be deemed effective when personally delivered to the address of the party to receive such notice set forth below, or, whether actually received or not, three (3) days after such written notice, demand or request has been deposited in any post office or mail receptacle regularly maintained by the United States government, certified or registered mail, return receipt requested, postage prepaid, addressed as set forth on the signature pages attached hereto and made a part hereof for all purposes, or such other place as either party may from time to time designate by written notice to the other.

Any written notice to be given to the City shall be given to the City at the following addresses:

City of Angleton, Texas
121 South Velasco
Angleton, Texas 77515
Attn: Lupe Valdez, Acting City Manager

With a copy of any such notice to the City's attorney at:

J. Grady Randle
Randle Law Office Ltd., L.L.P.
Memorial City Plaza II
820 Gessner, Suite 1570
Houston, Texas 77024-4494

Any written notice to be given to the Company at the following address:

Angleton 288 Industrial Park LLC
2526 Lakeside Landing
Seabrook, Texas 77586

Q. The parties acknowledge that they have read, understand, and intend to be bound by the terms and conditions of this Agreement.

Effective Date. The Effective Date of this Agreement shall be the date on which the second of the two Parties executes this Agreement.

AGREED and SIGNED to be effective as of the Effective Date.

ANGLETON 288 INDUSTRIAL PARK LLC: **CITY:**

THE CITY OF ANGLETON, TEXAS

By: _____
Phil Newton

By: _____
John Wright
Mayor

ATTEST:

ATTEST:

By: _____

By: _____
Desiree Henson
City Secretary

ORDINANCE NO. 2014-O-10F

AN ORDINANCE OF THE CITY OF ANGLETON, TEXAS, DESIGNATING A PART OF ITS EXTRATERRITORIAL JURISDICTION AS AN INDUSTRIAL DISTRICT TO BE KNOWN AS THE 2014-01 INDUSTRIAL DISTRICT; PROVIDING A SEVERABILITY CLAUSE; PROVIDING AN OPEN MEETINGS CLAUSE AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, by Ordinance No. 2014-O-10E, the City of Angleton disannexed a 5.46 acre unimproved area as a part of the municipality pursuant to Texas Local Government Code §43.145; and

WHEREAS, Texas Local Government Code §42.044 authorizes the governing body of a municipality to designate any part of its extraterritorial jurisdiction as an industrial district and may treat the designated area in a manner considered by the governing body to be in the best interests of the municipality;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ANGLETON, TEXAS:

SECTION 1: That the City Council of the City of Angleton, Texas, hereby designates and creates the 2014-01 Industrial District containing 35.04 acres of land within the extraterritorial jurisdiction of the City of Angleton as more specifically described by metes and bounds in Exhibit "A" attached hereto and made a part hereof for all purposes.

SECTION 2: That the City Council may enlarge or reduce the designated area of the 2014-01 Industrial District from time to time as permitted by law and hereby reserves all rights and powers of the City of Angleton with respect to such Industrial District.

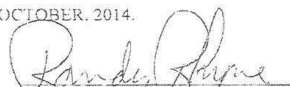
SECTION 3: That should any portion of the 35.04 acre area described in Exhibit "A" not actually be situated within the extraterritorial jurisdiction of the City of Angleton, Texas, and thus not be capable of being designated as a part of the 2014-01 Industrial District, such fact shall not effect the validity of the designation of the remaining portions of the area as part of the 2014-01 Industrial District.

SECTION 4: That should any section or part of this Ordinance be held unconstitutional, illegal, or invalid, such unconstitutionality, illegality, or invalidity of such section, or part shall in no wise affect, impair or invalidate the remaining portion thereof, but as to such remaining portion, the same shall remain in full force and effect.

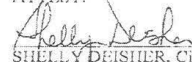
SECTION 5: That it is hereby found and determined that the meetings at which this Ordinance is considered are open to the public and that notice of the time, place and purpose thereof was given in accordance with the provisions of the Texas Government Code -- Chapter 551, as amended, and that a quorum of the City Council was present.

SECTION 6: That this Ordinance shall be effective immediately.

PASSED AND ADOPTED THIS 28th DAY OF OCTOBER, 2014.


RANDY RIIYVE, Mayor

ATTEST:


SHELLY DEISHER, City Secretary

APPROVED AS TO FORM:

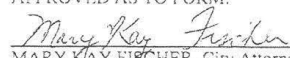

MARY KAY FISCHER, City Attorney

EXHIBIT A

File No. 20600-GAT91 (ME)
Property: HWY 288, FM 520, Angleton, TX 77615

FIELD NOTES OF A 35.00 ACRE TRACT OF LAND OUT OF LOTS 61 AND 62 OF THE NEW YORK AND TEXAS LAND COMPANY SUBDIVISION OF THE J. de J. VALDERAS SURVEY, ABSTRACT 360, BRAZORIA COUNTY, TEXAS, ACCORDING TO THE RECORDED PLAT THEREOF IN VOLUME 70, PAGE 141 OF THE DEED RECORDS OF BRAZORIA COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a 1/2" iron rod found at the intersection of the South right-of-way line of County Road 341 with the West right-of-way line of State Highway 288;

THENCE, West 1535.43 feet, along the South right-of-way line of County Road 341, to a 1/2" iron rod found at the beginning of a curve to the left having a radius of 158.05 feet;

THENCE, Along said right-of-way line, around said curve to the left having a radius of 158.05 feet, an arc length of 100.55 feet, and a chord which bears South 71° 49' 28" West 98.86 feet to a 1/2" iron rod found for corner;

THENCE, South 53° 32' 53" West 65.60 feet, along said right-of-way line, to a 1/2" iron rod found at the beginning of a curve to the left having a radius of 119.44 feet;

THENCE, Along said right-of-way line, around said curve to the left having a radius of 119.44 feet, an arc length of 51.73 feet and a chord which bears South 41° 08' 25" West 51.33 feet to a 1/2" iron rod found for corner;

THENCE, South 78° 43' 56" West 38.94 feet, along said right-of-way line, to a 1/2" iron rod found at the beginning of a curve to the left having a radius of 381.53 feet;

THENCE, Along said right-of-way line, around said curve to the left having a radius of 381.53 feet, an arc length of 103.20 feet, and a chord which bears South 21° 02' 26" West 102.59 feet to a 1/2" iron rod found for corner;

THENCE, South 13° 20' 54" West 104.94 feet, along said right-of-way line, to a 1/2" iron rod found for corner in the Northeast right-of-way line of County Road 44 (Anchor Road);

THENCE, South 44° 10' East 918.08 feet, along the Northeast right-of-way line of County Road 44 (Anchor Road), to a 1/2" iron pipe found, marking the West corner of a 2.00 acre tract described in Volume 1606, Page 82 of the Deed Records of Brazoria County, Texas;

THENCE, North 54° 41' 01" East 110.74 feet, along the Northwest line of said 2.00 acre tract and the Northwest line of a 7.97 acre tract, to a 5/8" iron rod found for corner, said rod marking the Northwest corner of said 7.97 acre tract as described in a deed recorded in Volume 1870, Page 68 of the Deed Records of Brazoria County, Texas;

THENCE, South 89° 23' 59" East 172.72 feet, along the North line of said 7.97 acre tract and the North line of a 4.08 acre tract, to a 5/8" iron rod found for corner in the West right-of-way line of State Highway 288; said rod marking the Northeast corner of said 4.08 acre tract as described in a deed recorded in Volume 1870, Page 68 of the Deed Records of Brazoria County, Texas;

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Great American Title Company

File No: 70600-GAT81 (PS)
Date: June 05, 2014

TRWENCE: North 2° 52' 26" East 220.10 feet, along the West right-of-way line of State Highway 288, to a 1/2" iron rod found for corner at an angle point in said right-of-way line;
TRWENCE: North 40° 24' 42" West 69.10 feet, along the West right-of-way line of State Highway 288, to the Place of Beginning;

Said tract therein containing 35.94 Acres of Land.

A.P.N. 0360-0067 000 AND 0381-0067 1.

25509GAT.1

2014