

INDUSTRIAL DISTRICT AGREEMENT

NORTH 288-B 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 RULICA/ANGLETON, LLC, a Texas Limited Liability Corporation with a place of business located at 11823 Wilcrest Drive, Houston, Angleton, Texas, 77031, 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 January 9, 1995, pursuant to such policy, City enacted Ordinance No. 2342 designating the lands described therein as the NORTH 288-B INDUSTRIAL DISTRICT of the City of Angleton, Texas ("NID"), in accordance with Texas Local Government Code, Section 42.044; formerly Article 970a, Section 5, Vernon's Annotated Texas Civil Statutes, and;

WHEREAS, Company owns land within the exclusive extraterritorial jurisdiction of the City of Angleton, within the NID, 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 NID 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:

Mike Latimer
Rulica/Angleton, LLC
11823 Wilcrest Dr.
Houston, Texas 77031-1919

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.

RULICA/ANGLETON, LLC:

CITY:

THE CITY OF ANGLETON, TEXAS

By: _____
Mike E. Latimer

By: _____
John Wright
Mayor

ATTEST:

ATTEST:

By: _____

By: _____
Desiree Henson
City Secretary

EXHIBIT "A"

BEING A 119.897 ACRE TRACT OF LAND IN THE J.W. CLOUD LEAGUE, ABSTRACT NO. 169, BRAZORIA COUNTY, TEXAS; SAID 119.897 ACRE TRACT BEING A PORTION OF THAT 338.705 ACRE TRACT CONVEYED TO SUGAR CREEK BAPTIST CHURCH FROM MART D. GREEN BY DEED DATED NOVEMBER 29, 2004 AND RECORDED UNDER COUNTY CLERK'S FILE NO. 2004075629 OF THE OFFICIAL RECORDS OF BRAZORIA COUNTY, TEXAS (O.R.B.C.T.); THE BEARINGS USED IN THIS DESCRIPTION ARE REFERENCED TO THE DESCRIPTION OF SAID 338.705 ACRE TRACT; SAID 119.897 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING at a one-half inch iron rod found at an interior ell corner of said 338.705 acre tract and the northeast corner of a 27.03 acre tract conveyed to Walter Gary Jones, et al from Teddy R. Carr by deed dated March 30, 1998 and recorded under County Clerk's File No. 98-012896 of the O.R.B.C.T.; thence as follows:

South 89° 54' 49" West, along a northerly south line of said 338.705 acre tract and the north line of said 27.03 acre tract, a distance of 114.78 feet to a five-eighths inch iron rod with a plastic cap marked "Baker & Lawson" set for the POINT OF BEGINNING of the herein described tract at the intersection with the north line of a 70 feet wide easement conveyed to Houston Pipe Line Company from Minnie W. Mettler, et al by deed dated April 4, 1950 and recorded in Volume 478, Page 634 of the Deed Records of Brazoria County, Texas (O.R.B.C.T.);

THENCE South 89° 54' 49" West, along a northerly south line of said 338.705 acre tract and the north line of said 27.03 acre tract, a distance of 755.53 feet to a one-half inch iron rod found for angle point in said northerly south line;

THENCE South 78° 57' 06" West, continuing along said northerly south line of said 338.705 acre tract and the north line of said 27.03 acre tract, a distance of 569.34 feet to a one-half inch iron rod found at the most westerly southwest corner of said 338.705 acre tract and at the most easterly southeast corner of an 89.71 acre tract conveyed to Walter Gary Jones, et al by said deed recorded under County Clerk's File No. 98-012896 of the O.R.B.C.T.;

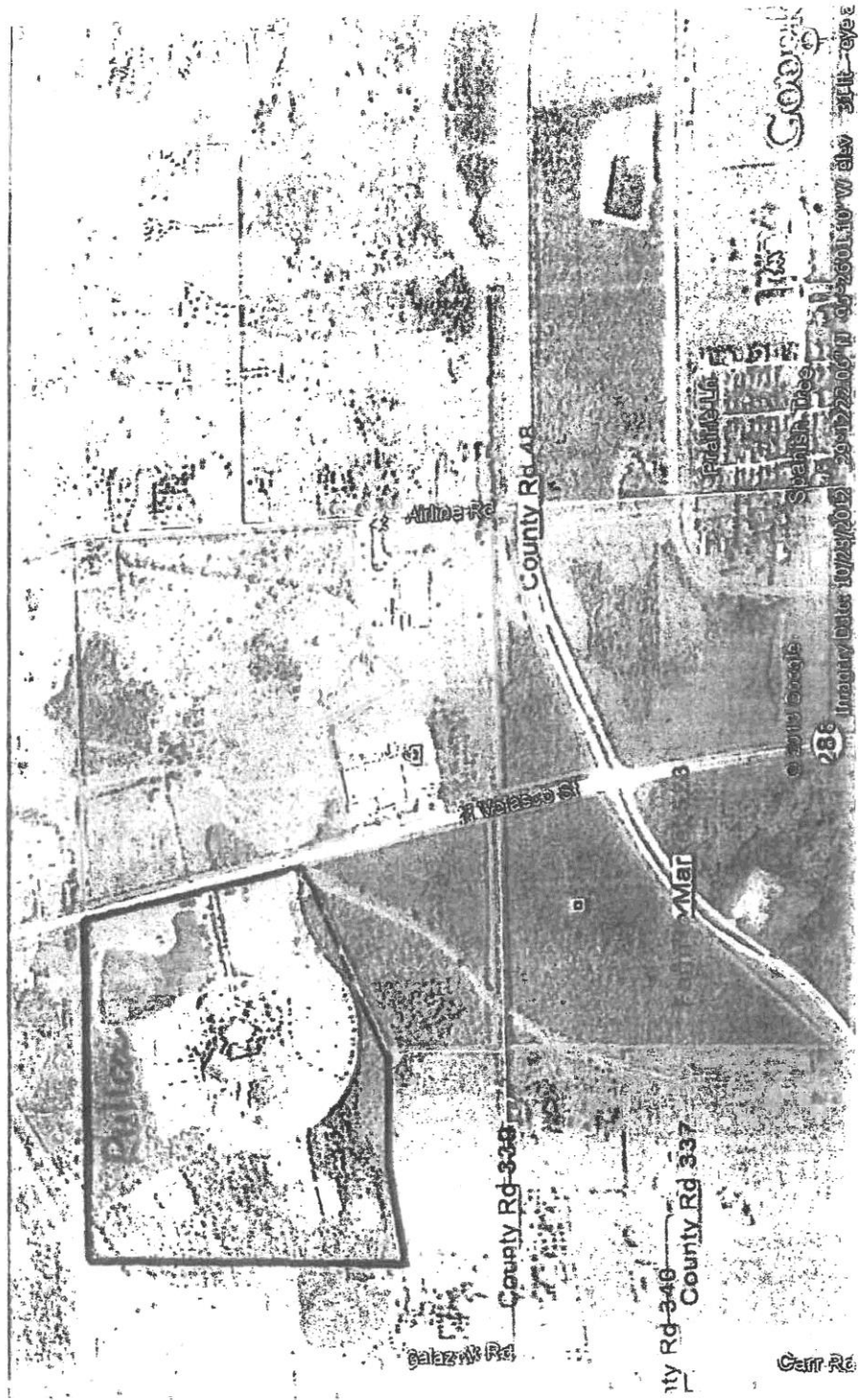
THENCE North 00° 00' 32" West, along the west line of said 338.705 acre tract and the east line of said 89.71 acre tract, at 842.19 pass a three-fourths inch iron rod found at the northeast corner of said 89.71 acre tract and the southeast corner of a tract conveyed to Mery G. Holland by Decree of Partition dated January 18, 1977 and recorded in Volume 1323, Page 467 of the D.R.B.C.T., continuing along the east line of said Holland tract, at 2,330.66 feet pass a five-eighths inch iron rod with a plastic cap marked "Baker & Lawson" set on line in the approximate center of the Angleton Flood Protection Levee, and continuing for a total distance of 2,379.66 feet to a point in a ditch along the north side of said Angleton Protection Levee for the northwest corner of said 338.705 acre tract, said corner being on the north line of said J.W. Cloud League and the south line of the Shubael Marsh Survey, Abstract Nos. 81 and 82,

EXHIBIT "A"

THENCE South $89^{\circ} 59' 45''$ East, along said ditch along the north line of said J. W. Cloud League, the south line of said Shubael Marsh Survey and the north line of said 338.705 acre tract, a distance of 2,223.45 feet to a point for corner at the west right-of-way line of B.S. Highway 288B;

THENCE South $12^{\circ} 18' 42''$ East, along the west right-of-way line of B.S. Highway 288B, at 44.53 feet pass a one-half inch iron rod found on line in the approximate center of the Angleton Flood Protection Levee, and continuing for a total distance of 1,746.23 feet to a five-eighths inch iron rod with a plastic cap marked "Baker & Lawson" set for corner on the north line of said 10 feet wide Houston Pipe Line Company easement;

THENCE South $64^{\circ} 52' 01''$ West, along the north line of said 10 feet wide Houston Pipe Line Company easement, a distance of 1,408.81 to the POINT OF BEGINNING said containing 119.897 acres of land. This description is based on a survey performed on the ground in December 2002 and on October 2007 by Baker & Lawson, Inc.



Sandy

MEMO

Estimated payment to City from Company, RULICA for 2021 only, based upon draft agreement and using 2020 values. Both parties acknowledge and are aware that appraised value may change on an annual basis. Adjusted Appraised Value means appraised value less exemptions and inventory reduction.

Payment due in 2021 for 2020

<u>Account No.</u>	<u>Description</u>	<u>Value</u>	<u>Net</u>
0169-1019-005	Improvements	\$6,373,660.00	\$ 6,373,660.00
9200-2255-000	Personal Property	\$ 0	\$ 26,130.00
0169-1019-115	Land	\$ 1,126,340.00	<u>\$ 1,126,340.00</u>
TOTAL NON-ABATED			\$ 7,526,130.00
			<u>x .00665144</u>
REDUCED PERCENTAGE			\$ 50,059.60
			<u>x .80</u>
"IN LIEU OF" PAYMENT DUE			\$ 40,047.68
DUE 1-15-21		20,023.84	
DUE 7-15-21		20,023.84	

INDUSTRIAL DISTRICT AGREEMENT RULICA WITH THE CITY OF ANGLETON
FOR YEAR 2019 TO BE PAID IN 2020.