## ORDER FOR DESIGNATION OF REINVESTMENT ZONE

**WHEREAS,** the Commissioners' Court of Orange County, Texas, has determined that the economic well-being of the Orange community is a primary concern of the Court; and

**WHEREAS,** Chapter 312, Tax Code, V.A.C.S. known as the Texas Property Redevelopment and Tax Abatement Act provides that Orange County has authority to create reinvestment zones within the County for the purpose of economic development; and

**WHEREAS,** on November 1, 2001, the Orange County Commissioners' Court established certain guidelines and criteria governing tax abatement agreements and indicated the desire of Orange County to become eligible to participate in tax abatement; and

**WHEREAS,** Hallwood Modular Buildings has indicated a desire to create a reinvestment zone comprised of real property controlled by Hallwood Modular Buildings, for the purposes of economic development as defined under the Texas Redevelopment and Tax Abatement Act; and

**WHEREAS,** on the 16th day of April, 2016, notice was published in the Orange Leader, a newspaper of general circulation in Orange County, Texas, stating that a public hearing would be conducted by the Orange County Commissioners' Court on April 26, 2016, to consider the application of Hallwood Modular Buildings, to have property herein described as Exhibit "A", designated as a reinvestment zone; and

**WHEREAS,** it is the finding of the Commissioners' Court of Orange County, that the terms of the agreement and the property would be a benefit to the said property and the development anticipated to occur in the proposed zone would contribute to the economic development of Orange County, Texas; and

**WHEREAS,** it is the finding of the Commissioners' Court of Orange County, that the designation of the reinvestment zone would contribute to the retention or expansion of primary employment within Orange County; and

**WHEREAS,** it is the finding of the Commissioners' Court of Orange County, that the terms of the agreement and the property described as Exhibit "A", meet the applicable guidelines and criteria adopted by Orange County; and

**BE IT THEREFORE ORDERED,** that the Commissioner's Court of Orange County, hereby designates as a reinvestment zone property herein described as Exhibit "A", pursuant to the authority of Section 312.401 of the Texas Property Redevelopment and Tax Abatement Act.

**ENTERED INTO** on this the 26 day of April, 2016.

Stephen Brint Carlton, County Judge

David Dubose, Comm., Pct. 1

Barry Burton, Comm., Pct. 2

Absent

John Banken, Comm., Pct. 3

Jody Crump, Comm., Pct. 4

Attest:

By S. Wells Deputy

Brandy Robertson, County Clerk

STATE OF TEXAS §
§
COUNTY OF ORANGE §

**CHAPTER 381**
**ECONOMIC DEVELOPMENT AGREEMENT**

**between**

**ORANGE COUNTY, TEXAS**

**and**

**HALLWOOD MODULAR BUILDINGS, LLC**

This CHAPTER 381 ECONOMIC DEVELOPMENT AGREEMENT (the "AGREEMENT") is made, entered, and executed in duplicate originals by and between **ORANGE COUNTY, TEXAS**, acting through its Commissioners Court ("COUNTY") and **HALLWOOD MODULAR BUILDINGS, LLC**, ("HALLWOOD"), as authorized by Chapter 381, Texas Local Government Code.

WHEREAS, Article 3, Section 52A, Texas Constitution, authorizes the Legislature to enable cities and counties to implement programs for the public purposes of economic development under which counties may provide financial incentives for the purposes of stimulating local economic development and business and commercial activity in the COUNTY; and

WHEREAS, Section 381.004, Texas Local Government Code, authorizes the Commissioners Court of a county to establish and provide for the administration of one or more programs in order to stimulate business and commercial activity in the COUNTY, including programs for making loans and grants of public money to promote local economic development; and

WHEREAS, COUNTY has established a program of economic development for the purposes of creation and retention of jobs for the citizens of the COUNTY and region, to promote economic expansion, and to add to the tax base of the COUNTY; and

WHEREAS, COUNTY wishes to encourage HALLWOOD to select Orange County as the site for the proposed expansion in the Gulf Coast by HALLWOOD and the Hallwood Affiliates (as defined below); and

WHEREAS, the proposed expansion by HALLWOOD and the Hallwood Affiliates will result in new economic development in the COUNTY, including creating new jobs, increasing sales tax revenues to the COUNTY and increasing ad valorem taxes within the COUNTY; and

WHEREAS, the proposed expansion by HALLWOOD and the HAllwood Affiliates will have a direct position and measurable economic benefit to the COUNTY; and

WHEREAS, the COUNTY recognizes the positive economic impact the proposed expansion will have on the COUNTY and wishes to provide incentives to HALLWOOD to assist in the proposed expansion by HALLWOOD and the HAllwood Affiliates, thereby contributing toward the further economic development and growth of the COUNTY; and

WHEREAS, the COUNTY finds that this AGREEMENT embodies an eligible "program" and clearly promotes economic development in Orange County, Texas, and, as such, meets the requisites under Chapter 381 of the Texas Local Government Code and further is in the best interests of the COUNTY.

NOW, THEREFORE, for the mutual consideration set out below, the Parties hereto agree as follows:

## I. AUTHORIZATION

COUNTY's execution and performance of this AGREEMENT is authorized by Section 381.004, Texas Local Government Code, and constitutes the valid and binding obligation of the COUNTY from and after execution hereof by all Parties. HALLWOOD's execution and performance of this AGREEMENT has been duly authorized and constitutes the valid and binding obligation of HALLWOOD from and after execution hereof by all Parties.

## II. DEFINITIONS

1. "Ad Valorem Taxes" means with respect to any property tax year, all *ad valorem* property taxes collected by the COUNTY on the Eligible Property for that tax year. For the purposes of this AGREEMENT, Ad Valorem Taxes collected by the COUNTY shall not include penalties, interest, or attorneys' fees.

2. "Affiliate" of any specified person or entity means any other person or entity, which, (i) directly or indirectly, through one or more intermediaries, controls, or is controlled by, or (ii) is under direct or indirect common control with such specified person or entity. For the purposes of this definition, "control" when used with respect to any person or entity means (a) the ownership, directly or indirectly, of fifty (50%) or more of the voting securities of such person or entity; or (b) the right to direct the management and operations of such person or entity, directly or indirectly, whether through the ownership of (directly or indirectly) of securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

3. "Commercially Reasonable Efforts" means, as to a Party hereto, an undertaking by such Party to perform or satisfy an obligation or duty or otherwise act in a manner reasonably calculated to obtain the intended result by action or expenditure not disproportionate or unduly burdensome under the circumstances, which means, among other things, that such Party shall not be required to (i) expend funds other than for payment of the reasonable and customary costs and expenses of employees, contractors, counsel, consultants, representatives or agents of such Party in connection with the performance or satisfaction of such obligation, duty or other action or (ii) institute or settle any litigation or arbitration as a part of its reasonable efforts.

4. "Eligible Property" means the buildings, structures, fixed machinery and equipment, process units including all integral components necessary for operations, site improvements, infrastructure, and that office space and related fixed improvements necessary to the operations and administration of the Project. During the construction phase of the Eligible Property, HALLWOOD and/or the applicable Hallwood Affiliates may make such Change Orders to the Eligible Property as are reasonably necessary to accomplish its intended use.

5. "Hallwood Affiliates" means those Affiliates of HALLWOOD that own the portions of the Project and/or the Property that are not owned by HALLWOOD.

6. "Force Majeure" means an event or occurrence caused by (a) provisions of law, or the operation or effect of rules, regulations or orders promulgated by any governmental authority having jurisdiction over HALLWOOD, the applicable Hallwood Affiliates, or the Project; (b) any demand or requisition, arrest, order, request, directive, restraint or requirement of any government or governmental agency whether federal, state, military, local or otherwise; (c) the action, judgment or decree of any court; (d) floods, storms, hurricanes, evacuation due to threats of hurricanes, lightning, earthquakes, washouts, high water, fires, acts of God or public enemies, wars (declared

or undeclared), blockades, epidemics, riots or civil disturbances, insurrections, strikes, labor disputes (it being understood that nothing contained in this AGREEMENT shall require HALLWOOD or the applicable Hallwood Affiliates to settle any such strike or labor dispute), explosions, breakdown or failure of plant, machinery, equipment, lines of pipe or electric power lines (or unplanned or forced outages or shutdowns of the foregoing for inspections, repairs or maintenance), inability to obtain, renew or extend franchises, licenses or permits, loss, interruption, curtailment or failure to obtain electricity, gas, steam, water, wastewater disposal, waste disposal or other utilities or utility services, inability to obtain or failure of suppliers to deliver equipment, parts or material, or inability of HALLWOOD or the applicable Hallwood Affiliates receive product into, or to ship or transport product out their respective facilities; or (e) any other cause (except financial), whether similar or dissimilar, over which HALLWOOD or the applicable Hallwood Affiliate(s) have no reasonable control and which forbids or prevents performance.

7. "Parties" means collectively the COUNTY and HALLWOOD, and "Party" means the COUNTY or HALLWOOD, as the case may be.

8. "PILOT Payment" means the amount for each tax year as designated in Exhibit "B" attached hereto, subject to reduction as provided in Section IV.1 and Section VII.4 of this Agreement.

9. "Project" means the new manufacturing facilities to be constructed by HALLWOOD at its Highway 62, Orange County complex, as described in Section IV. 1, below on the Property described in Exhibit A.

10. "Property" means the land on which the Project will be developed as described in the legal description and depicted on the plat attached hereto as Exhibit A.

11. "Term" means the period commencing on the Effective Date and ending on the Termination Date.

12. "Termination Date" means December 31, 2024.

## III. TERM

This AGREEMENT shall be enforceable upon execution and delivery by both Parties (which date is herein referred to as the "Effective Date"). Subject to the provisions of Section 1 of Article IV, should HALLWOOD and the Hallwood Affiliates not undertake the expansion described in Section 1 of Article IV below, this AGREEMENT shall be

null and void.

## IV. HALLWOOD REPRESENTATIONS / OBLIGATIONS

HALLWOOD agrees as a condition of receiving the benefits of this AGREEMENT:

1. Project: To construct, and/or to cause the Hallwood Affiliates to construct a new manufacturing facility for its blast resistant modular buildings on the Property located at 19238 HIGHWAY 62 S. Orange, Texas and further described on Exhibit A at the estimated construction costs set forth below:

| | |
|---|---|
| i) Land | $ 500,000.00 |
| ii) Real Property Improvement | $1,500,000.00 |
| iii) Modular buildings for lease over term | $15,000,000.00 |

2. Employment: To maintain from the date of completion of the Project until the Termination Date an employment level of not less than 10 full-time employees at the new facilities listed in item 1, above including service employees whose home office shall be considered to be the new facilities, subject to expansion dependent on business conditions, resulting in up to 28 employees by 2024.

3. Reporting: To certify annually to the COUNTY that HALLWOOD is in compliance with each applicable term of the AGREEMENT within 30 days after the end of each calendar year.

4. Inspection Of Facility: Employees and/or designated representatives of the COUNTY shall have access to the PROPERTY during the term of this AGREEMENT to inspect the FACILITY to determine if HALLWOOD is performing in accordance with the terms of this AGREEMENT. All inspections will be made only after giving of at least twenty-four (24) hours prior notice and will only be conducted in such a manner as to not unreasonably interfere with the construction and operation of the FACILITY. All inspections will be made with one or more representatives of HALLWOOD present, and in accordance with its safety standards.

5. Local Sourcing: To make Commercially Reasonable Efforts, with respect to any contracts for the purchase of supplies and services in connection with construction of the Project that are let to bid after the Effective Date, to identify and ensure that qualified, Orange County vendors suppliers and sub-contractors are given the opportunity to bid on such contracts.

6. Administration Fee: Beginning on January 31, 2016, and on or before January 31st of each calendar year thereafter during the life of this Agreement, HALLWOOD shall pay to the Orange County Economic Development Corporation (OCEDC) an administration fee of 10% of the PILOT Payment in such calendar year. This fee is considered payment for Chapter 381 administrative services as provided in Section 381.004 (c) of the Texas Local Government Code.

7. PILOT Payments: Commencing January 31, 2017, and continuing through the term of this Agreement, HALLWOOD shall pay to the COUNTY the PILOT Payment amount set forth on Exhibit B less the Administration Fee paid to the OCEDC as indicated in item 5, above. Payments of the PILOT received after the due date of February 28th of each calendar year shall be imposed a penalty of ten percent (10%) per month until payment is made in full or the COUNTY declares the CONTRACT null and void.

## V. VALUE AND TERM OF AGREEMENT

1. The Abatement provided for in this Agreement for the Project shall be effective on the January 1, 2016 valuation date as authorized by Sec. 312.007 of the Texas Tax Code and Section 381.004 (g) of the Texas Local Government Code. In each year that this Agreement is in effect, the amount of abatement for this portion of the Project shall be an amount equal to the percentage as indicated in the Tax Abatement Schedule ("Schedule") below. The appraised value, as defined in the Texas Property Tax Code, of Eligible Property must be abated in accordance with the Schedule below:

**TAX ABATEMENT SCHEDULE**

| Tax Year Abated | Percentage of Value Abated |
|---|---|
| 2017 | 90% |
| 2018 | 90% |
| 2019 | 90% |
| 2020 | 90% |

| | |
|---|---|
| **2021** | **80%** |
| **2022** | **60%** |
| **2023** | **40%** |
| **2024** | **20%** |

2. In no event shall the abatement period for the Project exceed a period of ten (10) years, in accordance with state law.

## VI. LIABILITY

1. No Assumption: By this AGREEMENT, HALLWOOD assumes no obligation, duty or other responsibility with regard to any governmental function or service for which the COUNTY is responsible that is not otherwise addressed by this AGREEMENT. In addition, HALLWOOD assumes no legal liability for the actions of the COUNTY through the execution of this AGREEMENT. The COUNTY individually assumes no obligation, duty or other responsibility with regard to any duty, right, obligation or responsibility associated with the Project for which HALLWOOD is responsible that is not otherwise addressed by this AGREEMENT. In addition, the COUNTY assumes no legal liability for the actions of HALLWOOD or its successors or assigns by virtue of its execution of this AGREEMENT.

2. Agents: Each Party to this AGREEMENT agrees that it shall have no liability for the actions or omissions of the employees, agents, directors, members, trustees or representatives of any other Party, and each Party is solely responsible for the actions and omissions of its own employees, agents, directors, members, trustees or representatives.

## VII. DEFAULT

1. Events of Default: During the Term, the COUNTY may declare a default hereunder by HALLWOOD if HALLWOOD (i) fails to commence construction of the Project within three (3) years after the Effective Date, (ii) fails to commence construction of the Project, (iii) refuses or neglects to comply with any of the terms of this AGREEMENT, or (iv) if any representation made by HALLWOOD in this AGREEMENT is false or misleading in any material respect.

2. Notice and Cure: If the COUNTY declares HALLWOOD to be in default of this

AGREEMENT, the COUNTY shall notify HALLWOOD in writing prior to the end of the abatement period, and if such default is not cured within sixty (60) days from the date of such notice (such sixty (60) day period, or such longer period as is provided for in this Section 2 being referred to as the "Cure Period"), then this AGREEMENT may be terminated or modified; provided, however, that in the case of a default for causes beyond HALLWOOD's reasonable control which cannot with due diligence be cured within such sixty (60) day period, the Cure Period shall be deemed extended if HALLWOOD (i) shall immediately, upon the receipt of such notice, advise the COUNTY of HALLWOOD's intention to institute all steps necessary to cure such default and (ii) shall proceed to cure.

3. Delinquent *Ad Valorem* Taxes: In the event HALLWOOD allows its *ad valorem* taxes on the Project owed the COUNTY to become delinquent and fails to timely and properly follow the legal procedures for their protest and appeal, or if HALLWOOD violates any of the terms and conditions of this AGREEMENT and fails to cure during the Cure Period, this AGREEMENT may then be terminated.

4. Termination: If after notice of default and failure to cure, the COUNTY terminates this Agreement, it shall provide HALLWOOD written notice of such termination. If HALLWOOD believes that such termination was improper, HALLWOOD may file suit in the Orange County District Court appealing such termination within sixty (60) days after receipt from the COUNTY of written notice of the termination. If such a suit is filed, HALLWOOD shall remit to the COUNTY, within ninety (90) days after receipt of the notice of termination, any additional Ad Valorem Taxes as may be payable during the pendency the litigation pursuant to the payment provisions of Section 42.08, Tax Code. If the final determination of the appeal increases HALLWOOD's tax liability above the amount of tax paid, HALLWOOD shall remit the additional tax to the COUNTY pursuant to Section 42.42, Tax Code. If the final determination of the appeal decreases HALLWOOD's tax liability, the COUNTY shall refund to HALLWOOD the difference between the amount of tax paid and the amount of tax for which HALLWOOD is liable pursuant to Section 42.43, Tax Code.

## VIII. NOTICE

Any notice and/or statement required and permitted to be delivered shall be deemed delivered by depositing by depositing same in the United States mail, certified with return receipt requested, postage prepaid, addressed to the appropriate Party at the following addresses:

Notices to HALLWOOD shall be addressed to:

Joe Koenig, CFO
Hallwood Modular Buildings, LLC
_____
_____

Notices to ORANGE COUNTY shall be addressed to:

Stephen Brint Carlton, County Judge
123 South 6th
Street; Orange,
Texas
Fax: 409-882-7079

With copies to:

Orange County Economic Development Corporation
123 South 6th
Street; Orange,
Texas

Either Party may change its address for receipt of notices under this AGREEMENT from time to time by delivering at least ten (10) days prior written notice of such change to the other Party in the manner prescribed above.

## IX. MISCELLANEOUS PROVISIONS

1. Disclaimer: Nothing herein shall confer upon any person, firm or other entity other than the Parties hereto any benefit or any legal or equitable right, remedy or claim under this AGREEMENT. All obligations hereunder of the Parties hereto shall be binding upon their respective successors and assigns.

2. Amendments to Agreement; Waivers: This AGREEMENT may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties. Waiver of any term, condition or provision of this AGREEMENT by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition or provision, or a waiver of any other term, condition or provision of this AGREEMENT.

3. Approvals or Consents: Approvals or consents required or permitted to be given under this AGREEMENT shall be evidenced by an ordinance, resolution, or minute order adopted by the governing body or board of the appropriate Party or by a certificate executed by a person, firm or entity previously authorized to give such approval or consent on behalf of a Party. Approvals and consents shall be effective without regard to whether given before or after the time required for giving such approvals or consents.

4. Assignment: This CONTRACT cannot be assigned by HALLWOOD unless written permission is first granted by COUNTY, which permission will not be unreasonably withheld. Upon assignment of this CONTRACT by HALLWOOD with the consent of the COUNTY, HALLWOOD shall be deemed released from this CONTRACT for all purposes with respect to any default hereunder after such assignment, and upon such assignment, HALLWOOD's assignee will be liable to the COUNTY for outstanding taxes or other obligations arising under this AGREEMENT with respect to the applicable portion of the Property or the Project. The COUNTY shall not assign its rights or obligations under this Agreement to any other person or party.

5. Parties in Interest: This AGREEMENT shall be for the sole and exclusive benefit of the Parties hereto and shall not be construed to confer any rights upon any third parties.

6. Supplementation: In the event any further documentation or information is required for this AGREEMENT to be valid, then the Parties to this AGREEMENT shall provide or cause to be provided such documentation or information. The Parties shall execute and deliver such documentation, including but not limited to any amendments, corrections, deletions or additions as necessary to this AGREEMENT provided however that the Parties shall not be required to do anything that has the effect of changing the essential economic terms of this AGREEMENT or imposing greater liability on the Parties. The Parties further agree that they shall do anything necessary to comply with any requirements to enable the full effect of this AGREEMENT; provided, however, that the Parties shall not be required to do anything that has the effect of changing the essential economic terms of this AGREEMENT or imposing greater liability on the Parties.

7. Merger: This AGREEMENT contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof.

All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this AGREEMENT.

8. Governing Law: This AGREEMENT and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in Orange County, Texas.

9. Authorization: Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this AGREEMENT for and on behalf of such Party.

10. Severability: If any term, provision or condition of this AGREEMENT, or any application thereof, is held invalid, illegal or unenforceable in any respect under any Law (as hereinafter defined), this AGREEMENT shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision or condition cannot be so reformed, then such term, provision or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this AGREEMENT, as the case may be, and the validity, legality and enforceability of the remaining terms, provisions and conditions contained herein (and any other application such term, provision or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this AGREEMENT in a mutually acceptable manner so as to effect the original intent of the Parties as closely as possible to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

11. Payment of Expenses: Except as otherwise expressly provided in this AGREEMENT, or as covered by the application fee, (i) each of the Parties shall pay its own costs and expenses relating to this AGREEMENT, including, but not limited to, its costs and expenses of the negotiations leading up to this AGREEMENT, and of its performance and compliance with this AGREEMENT, and (ii) in the event of a dispute between the Parties in connection with this AGREEMENT, the prevailing Party in the resolution of any such dispute, whether by

litigation or otherwise, shall be entitled to full recovery of all attorneys' fees (including a reasonable hourly fee for in-house legal counsel), costs and expenses incurred in connection therewith, including costs of court, from the non-prevailing Party to the extent allowed by law.

12. Force Majeure: In the event either Party is rendered unable, wholly or in part, by Force Majeure to carry out any of its obligations under this AGREEMENT, except the obligation to pay amounts owed or required to be paid pursuant to the terms of this AGREEMENT, then the obligations of such Party, to the extent affected by such Force Majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused to the extent provided but for no longer period. As soon as reasonably possible after the occurrence of the Force Majeure relied upon, the Party whose contractual obligations are affected thereby shall give notice and full particulars of such Force Majeure to the other Party. Such cause, as far as possible, shall be remedied with all reasonable diligence.

13. Interpretation: When a reference is made in this AGREEMENT to a Section, Article or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this AGREEMENT unless otherwise indicated. The headings contained in this AGREEMENT are for reference purposes only and shall not affect in any way the meaning or interpretation of this AGREEMENT. The words "include," "includes" and "including" when used in this AGREEMENT shall be deemed in such case to be followed by the phrase "but not limited to" words used in this AGREEMENT, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require. This AGREEMENT is the joint product of the Parties and each provision of this AGREEMENT has been subject to the mutual consultation, negotiation and agreement of each Party and shall not be construed for or against any Party.

14. Execution of Counterparts: This AGREEMENT may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

15. Waiver. Failure of any Party hereto to insist on the strict performance of any of the agreements herein or to exercise any rights or remedies accruing thereunder upon default or failure of performance shall not be considered a waiver of the right to insist on and to enforce by an appropriate remedy, strict

compliance with any other obligation hereunder to exercise any right or remedy occurring as a result of any future default or failure of performance.

16. Governmental Immunity; Consent to Suit. Nothing in this AGREEMENT shall constitute a waiver by the COUNTY of its governmental or sovereign immunity. Nothing in this AGREEMENT shall be construed as express or implied consent by the COUNTY to being sued.

Executed in duplicate this the 17th day of May, 2016 ORANGE COUNTY:

Orange County Judge
The Honorable Stephen Brint Carlton

HALLWOOD MODULAR BUILDINGS, LLC

By: Joseph Koenig
Chief Financial Officer

# EXHIBIT "A"

(Property Description)

**Anderson Surveying & Mapping, Inc.**
P. O. Box 692
Bridge City, TX 77611
(409) 735-6161 Fax (409) 735-5544

# LEGAL DESCRIPTION
## 9.942 Acre Tract 1

January 20, 2016

Being a 9.942 acre tract or parcel of land out of the BRADLEY GARNER SURVEY, ABSTRACT No. 87, Orange County, Texas, and being out of and a part of that certain 2.000 acre Tract Two conveyed to Highway 62 Enterprises, Inc., by deed recorded in Clerk File No. 266460, of the Official Public Records, of Real Property, Orange County, Texas, also that certain 13.839 acre tract or parcel of land conveyed to Highway 62 Enterprises, Inc., by deed recorded in Clerks File Number 337101, of the Official Public Records, of real Property, Orange County, Texas, said 9.942 acre tract being more particularly described as follows;

BEGINNING at a ½" iron rod found for the intersection of the Northeast corner of said 2.000 acre tract, the West right-of-way line State Highway 62, and also being the Southeast corner of a 4.000 acre tract or parcel of land conveyed to 62 Storage LLC., by deed recorded in Clerks File Number 412903, of the Official Public Records, of Real Property, Orange County, Texas;

THENCE South 00 Deg. 00 Min. 14 Sec. West, along and with the West right-of-way line of said S. H. 62, for a distance of 196.42 feet, to a ½" iron rod found for the intersection of the Southeast corner of said 2.000 acre tract, the West right-of-way line of said S.H. 62, and also being the Northeast corner of that certain 1.704 acre tract or parcel of land conveyed to Gopher Industrial, Inc., by deed recorded in Clerks File Number 340669, of the Official Public Records, of Real Property, Orange County, Texas;

THENCE North 89 Deg. 55 Min. 42 Sec. West, along and with the North line of said 1.704 acre tract, at 455.10 feet pass the intersection of the Northwest corner of said 1.704 acre tract, and the Northeast corner of that certain 0.837 acre tract or parcel of land conveyed to Gopher Industrial Inc., by deed recorded in Clerks File Number 366463, of the Official Public Records, of Real Property, Orange County, Texas, continue on for a total distance of 681.39 feet, to a ½" iron rod found for the Northwest corner of said 0.837 acre tract;

THENCE South 00 Deg. 01 Min. 25 Sec. West, along and with the West line of said 0.837 acre tract, for a distance of 159.33 feet, to a 1/2" iron rod found for the Southwest corner of said 0.837 acre tract;

THENCE South 89 Deg. 40 Min. 17 Sec. East, along and with the South line of said 0.837 acre tract, for a distance of 681.39 feet, to a ½" iron rod found for the intersection of the Southeast corner of said 1.704 acre tract, and the West right-of-way line of said S.H. 62;

THENCE South 00 Deg. 45 Min. 42 Sec. West, along and with the West right-of-way line of said S. H. 62, for a distance of 59.82 feet, to a ½" iron rod found for the intersection of the West right-of-way line of said S.H. 62, and the Northeast corner of that certain 1.000 acre Tract 1, or parcel

of land conveyed to Traditions Child Enrichment Center, Inc., by deed recorded in Clerks File Number 321447, of the Official Public Records, of Real Property, Orange County, Texas;

THENCE North 89 Deg. 42 Min. 11 Sec. West, along and with the North line of said 1.000 acre tract, at 217.65 feet, pass the intersection of the Northwest corner of said 1.000 acre tract, and the Northeast corner of that certain 1.000 acre Tract 2, or parcel of land conveyed to Traditions Child Enrichment Center, Inc., by deed recorded in Clerks File Number 321447, of the Official Public Records, of Real Property, Orange County, Texas, continue on for a total distance of 435.25 feet, to a ½" iron rod found for the Northwest corner of said Tract 2;

THENCE South 00 Deg. 21 Min. 46 Sec. West, along and with the West line of said Tract 2, for a distance of 117.71 feet, to a ½" iron rod set for corner, from which a ½" iron rod found for the Southwest corner of a 1.382 acre tract conveyed to Romero Land Management LLC., by deed recorded in Clerk File No.417525, of the Official Pubic Records, of Real Property, Orange County, Texas, bears South 00 Deg. 21 Min. 46 Sec. West, for a distance of 115.30 feet;

THENCE North 59 Deg. 46 Min. 50 Sec. West, parallel to and 100 feet Northerly of the West line of said 13.839 acre tract, for a distance of 1335.42 feet, to a ½" iron rod set for corner on the West line of said 13.839 acre tract;

THENCE North 00 Deg. 06 Min. 53 Sec. West, for a distance of 54.81 feet, to a ½" iron rod found for the Northwest corner of said 13.839 acre tract;

THENCE North 89 Deg. 49 Min. 56 Sec. East, along and with the North line of said 13.839 acre tract, for a distance of 670.36 feet, to a ½" iron rod found for the Northwest corner of 4.000 acre tract;

THENCE South 00 Deg. 12 Min. 29 Sec. East, along and with the West line of said 4.000 acre tract, for a distance of 190.91 feet, to a ½" iron rod found for the Southwest corner of said 4.000 acre tract;

THENCE South 89 Deg. 45 Min. 21 Sec. East, along and with the South line of said 4.000 acre tract, for a distance of 919.84 feet, to the POINT OF BEGINNING and containing, 9.942 Acres, of land.




WM. LEE JAMES R.P.L.S. No. 2815
Job#15-0424t1

**Anderson Surveying & Mapping, Inc.**
P. O. Box 692
Bridge City, TX 77611
(409) 735-6161 Fax (409) 735-5544

## LEGAL DESCRIPTION
## 3.064 Acre Tract 2

January 20, 2016

Being a 3.064 acre tract or parcel of land out of the BRADLEY GARNER SURVEY, ABSTRACT No. 87, Orange County, Texas, and being out of and a part of that certain 13.839 acre tract or parcel of land conveyed to Highway 62 Enterprises, Inc., by deed recorded in Clerks File Number 337101, of the Official Public Records, of real Property, Orange County, Texas, said 3.064 acre tract being more particularly described as follows;

BEGINNING at a ½" iron rod found for the Southeast corner of said 13.839 acre tract;

THENCE North 59 Deg. 46 Min. 50 Sec. West, along and with the West line of said 13.839 acre tract, for a distance of 1334.30 feet, to a ½" iron rod found for corner;

THENCE North 00 Deg. 06 Min. 53 Sec. West, for a distance of 115.86 feet, to a ½" iron rod set for corner, from which a ½" iron rod found for the Northwest corner of said 13.839 acre tract bears, North 00 Deg. 06 Min. 53 Sec. West, a distance of 54.81 feet;

THENCE South 59 Deg. 46 Min. 50 Sec. East, parallel to and 100 feet Northerly of the West line of said 13.839 acre tract, for a distance of 1335.42 feet, to a ½" iron rod set for corner in the East line of said 13.839 acre tract, also being in the West line of that certain 1.000 acre Tract 2, conveyed to Traditions Child Enrichment Center, Inc., recorded in Clerks File No. 321447, of the Official Public Records, of Real Property, Orange County, Texas;

THENCE South 00 Deg. 21 Min. 46 Sec. West, along and with the West line of said 1.000 acre tract, for a distance of 115.30 feet, to the POINT OF BEGINNING and containing, 3.064 Acres, of land.

WM. LEE JAMES R.P.L.S. No. 2815
Job#15-0424t2



# EXHIBIT "B"

## PILOT Payment Schedule

| Tax Year | PILOT Payment Amount | Payment Date |
|---|---|---|
| 2017 | $2,389.20 | 1/31/17 |
| 2018 | $4,249.80 | 1/31/18 |
| 2019 | $5,572.00 | 1/31/19 |
| 2020 | $5,426.20 | 1/31/20 |
| 2021 | $4,694.40 | 1/31/21 |
| 2022 | $3,714.60 | 1/31/22 |
| 2023 | $2,411.60 | 1/31/23 |
| 2024 | $1,173.60 | 1/31/24 |

PILOT Payment is calculated as 20% of the Orange County abated property tax revenue. This payment schedule is an estimate of anticipated value. Formal acknowledgement of payment will be distributed after the annual appraisal valuation and prior to the payment date.