TAX ABATEMENT AND ECONOMIC DEVELOPMENT PROGRAM AGREEMENT BETWEEN ANGELINA COUNTY AND AMERICAN ECHEM

This Tax Abatement Agreement and Economic Development Program ("Agreement") is made and entered into between Angelina County ("County"), a Texas governmental taxing authority, and American eChem, Inc. ("Owner/Grantee").

RECITALS

WHEREAS, the County, by approval of this Agreement, hereby finds the terms of this Agreement will: (1) present no long-term adverse effect on the provision of County services of tax base; (2) establish a project that will promote the creation of primary jobs in the County; and (3) the planned use of the subject property will not constitute a hazard to public safety, health, or morals; and

WHEREAS, the City has, by Ordinance No. 3519, nominated a 9.6 square mile tract of land within the City of Lufkin, Texas, and its extraterritorial jurisdiction for designation as an Enterprise Zone, and such designation did take place on the 14th day of September, 2001. The official Enterprise Zone number is EZ321-091401-L, and by such designation, said area is automatically a Reinvestment Zone; and

WHEREAS, the Owner/Grantee desires to establish a project and make improvements to an existing facility for purposes of expansion for the manufacture of high quality stearates and esters for the North American market within the City's Enterprise Zone and participate in the Tax Abatement and Economic Development Program established in this Agreement; and

WHEREAS, the County desires to establish the Economic Development Program outlined herein and offer incentives to Owner/Grantee to make improvements to an existing facility for purposes of modernization and expansion for the manufacture of high quality stearates and esters;

WHEREAS, the County is authorized by §380.001, et seq., Texas Local Government Code, to promote state and local economic development and to stimulate business and commercial activity within the City. The County has determined that a substantial economic benefit and the creation of new opportunities of employment will accrue to the City, County and the surrounding area if the project in this Agreement is established within the City's Enterprise Zone;

NOW THEREFORE, in consideration of the foregoing and the covenants, agreements, representations, and warranties hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, County and Owner/Grantee agree as follows:

AGREEMENTS

Section 1. Recitals

The recitals set forth above are incorporated herein by reference, as if fully set forth.

Section 2. Property Subject to Abatement

a. The tax abatement herein referenced is conditioned on the Owner/Grantee making specific improvements or repairs to the property referenced in this Section, and only the increase in the value of such property may be exempted.

b. The real property ("Real Property") subject to this Agreement is the real property and the improvements or repairs to the American eChem, Inc. Facility ("Facility") located in the immediate vicinity of the address commonly known as 1912 Kurth Drive, Lufkin, Texas 75904.

c. The tangible personal property subject to this Agreement is the tangible personal property (including inventory or supplies) that is brought onto the Facility site located at 1912 Kurth Drive, Lufkin, Texas 75904, after the execution of this Agreement and used by Owner/Grantee for the manufacture of high quality stearates and esters. (the "Personal Property").

d. Abatements approved will be based on the appraisal rolls of the Angelina County Appraisal District for each year of the abatement period.

Section 3. Owner/Grantee Representations

a. Owner/Grantee represents that the Real Property and Personal Property will be used as set forth in this Agreement.

b. Owner/Grantee represents that has complied with the required application procedures as adopted by the Angelina County Commissioners Court.

c. Owner/Grantee represents that a minimum capital investment of EIGHT MILLION, DOLLARS ($8,000,000.00), plus or minus ten percent, shall be made in the project subject to this Agreement no later than December 31, 2028 (as set forth in the benchmarks in Section 6 below).

d. Owner/Grantee represents that the investment set forth herein will serve to create at least TWENTY-FIVE (25) new full-time primary jobs with Owner/Grantee in Lufkin, Texas, directly supporting the Facility no later than December 31, 2023 (as set forth in the benchmarks in Section 6 below).

e. Owner/Grantee represents that the capital investment set forth herein, and the delivery to and installation of the Personal Property set forth above in the Facility, will be completed by the dates set forth herein.

Section 4. Owner/Grantee Requirements

a. Owner/Grantee agrees to use its commercially reasonable best efforts to complete improvements to its Facility for purposes of expansion and to use its commercially reasonable best efforts to begin and/or continue operation of the Facility for the manufacture of high quality stearates and esters in accordance with the benchmarks set forth in Section 6 below. Notwithstanding the foregoing, in the event Owner/Grantee is unable to complete such improvements or begin such operation due to any matter not within the commercially reasonable control of Owner/Grantee, the County will enter into good faith negotiations with the Owner/Grantee to defer the commencement of the abatement period until a date that is subsequent to the date this Agreement is entered into, except that the duration of the abatement period may not exceed ten years;

b. Owner/Grantee agrees that such Facility will employ TWENTY-FIVE (25) new full-time employees no later than December 31, 2023 (as set forth in benchmarks in Section 6 below).

c. Owner/Grantee agrees to operate the Facility for the manufacture of high quality stearates and esters during the period of tax abatement;

d. Beginning in the second year of the abatement term, Owner/Grantee agrees to maintain an average number of new full-time employees in each successive year of operations equal to the previous year's total of full-time employees at the Facility, and continuing through the remainder of the term of this Agreement. In the event that the average of new full-time employees drops more than ten (10) percent below the previous year's benchmark at any time during the following calendar year, Owner/Grantee will forfeit a portion of the Real Property and Personal Property tax abatement for that year as set forth more fully in Section 7.d.;

e. Owner/Grantee agrees to keep current in the payment of any and all charges and fees for utility services provided by the City to the Real Property;

f. Owner/Grantee agrees to use its commercially reasonable best efforts to install the new Personal Property set forth in Section 2.c. of this Agreement at its Lufkin Facility in accordance with the benchmarks set forth in Section 6 below. Notwithstanding the foregoing, in the event Owner/Grantee is unable to complete installation of such Personal Property due to any matter not within the commercially reasonable control of Owner/Grantee, the County will enter into good faith negotiations with Owner/Grantee to defer the commencement of the abatement period until a date that is subsequent to the date this Agreement is entered into, except that the duration of the abatement period may not exceed ten years;

g. Owner/Grantee agrees to remain current in its payment of ad valorem taxes to all local taxing entities; however, nothing herein shall be construed as limiting Owner/Grantee's right to challenge taxes assessed for the Facility;

h. Owner/Grantee agrees to furnish the Chief Appraiser of the Angelina County Appraisal District with such information as may be necessary for the abatement and for appraisal purposes;

i. Owner/Grantee agrees to provide access to the Facility for inspection during regular business hours or at a mutually agreeable time to representatives of the County and/or the Angelina County Appraisal District to insure that improvements are made in accordance with the requirements and conditions of this Agreement. The County and/or Appraisal District shall give Owner/Grantee reasonable advance notice of the inspections conducted pursuant to this Agreement and they shall be conducted in accordance with standard safety precautions and so as not to interfere with or interrupt the operation of the Facility;

j. Owner/Grantee agrees to remain a City of Lufkin wastewater utility customer and to remain current on payments for the period of the abatement;

k. Owner/Grantee agrees to annually certify in writing its compliance with the terms of this Agreement as set forth in Section 8 below;

Section 5. <u>County Requirements</u>

a. **Tax Abatement:** Provided that Owner/Grantee complies with the terms of this Agreement throughout the abatement period, the County agrees that Owner/Grantee shall receive a tax abatement on the new value of eligible property improvements made subsequent to and specified in this Agreement as follows:

Year One (2019)	100%	Year Six (2024)	60%
Year Two (2020)	100%	Year Seven (2025)	50%
Year Three (2021)	100%	Year Eight (2026)	40%
Year Four (2022)	80%	Year Nine (2027)	30%
Year Five (2023)	70%	Year Ten (2028)	20%

b. The period of the abatement will be ten (10) years, commencing on January 1, 2019 (the "Commencement Date"), and expiring on December 31, 2028 (the "Abatement Term");

Section 6. Benchmarks

Date	Performance Benchmarks
First Year of Abatement Term	**Mandatory Benchmarks:** Make improvements to Facility and contribute a minimum capital investment of $2, 000,000.00; occupy and operate the Facility no later than December 31, 2019; employ and verify 5 new full-time employees at Facility no later than December 31, 2019. In order to be counted toward the required number, all employees must have been employed for a period not less than three months during the first year of operations.
Second Year of Abatement Term	**Mandatory Benchmarks:** Maintain the employment of full-time employees at Facility equal to the number employed in first year of abatement term; complete the full year of operations at Facility; verify compliance with this benchmark no later than December 31, 2020. In order to be counted toward the required number, all employees must have been employed for a period not less than three months during the second year of operations.
Third Year of Abatement Term	**Mandatory Benchmarks:** Maintain the employment of full-time employees at Facility equal to the number employed at end of the second year of abatement term; complete the full year of operations at Facility; employ and verify 10 new full-time employees at Facility no later than December 31, 2021, for a minimum total of 15 full-time employees at the Facility. In order to be counted toward the required number, all employees must have been employed for a period not less than three months during the third year of operations.
Fourth Year of Abatement Term	**Mandatory Benchmarks:** Maintain the employment of full-time employees at the Facility equal to the number employed at the end of the third year of the abatement term; complete the full year of operations; verify compliance with this benchmark no later than December 31, 2022. In order to be counted toward the required number, all employees must have been employed for a period not less than three months during the fourth year of operations.
Fifth Year of Abatement Term	**Mandatory Benchmarks:** Increase the minimum capital investment in the Facility to a total of $5,000,000.00; maintain the employment of full-time employees at Facility equal to the number employed at end of the fourth year of abatement term; complete the full year of operations at Facility; employ and verify ten (10) new full-time employees at Facility no later than December 31, 2023, for a minimum total of 25 full-time employees at the Facility. In order to be counted toward the required number, all employees must have been employed for

	a period not less than three months during the fifth year of operations.
Sixth Year of Abatement Term	**Mandatory Benchmarks:** Maintain the employment of at least 25 full-time employees at the Facility; complete the full year of operations at Facility; verify compliance with this benchmark no later than December 31, 2024. In order to be counted toward the required number, all employees must have been employed for a period not less than three months during the sixth year of operations.
Seventh Year of Abatement	**Mandatory Benchmarks:** Maintain the employment of at least 25 full-time employees at the Facility; complete the full year of operations at Facility; verify compliance with this benchmark no later than December 31, 2025. In order to be counted toward the required number, all employees must have been employed for a period not less than three months during the seventh year of operations.
Eighth Year of Abatement	**Mandatory Benchmarks:** Maintain the employment of at least 25 full-time employees at the Facility; complete the full year of operations at Facility; verify compliance with this benchmark no later than December 31, 2026. In order to be counted toward the required number, all employees must have been employed for a period not less than three months during the eighth year of operations.
Ninth Year of Abatement	**Mandatory Benchmarks:** Maintain the employment of at least 25 full-time employees at the Facility; complete the full year of operations at Facility; verify compliance with this benchmark no later than December 31, 2027. In order to be counted toward the required number, all employees must have been employed for a period not less than three months during the ninth year of operations.
Tenth Year of Abatement	**Mandatory Benchmarks:** Increase the minimum capital investment in the Facility to a total of $8,000,000.00; maintain the employment of at least 25 full-time employees at the Facility; complete the full year of operations at Facility; verify compliance with this benchmark no later than December 31, 2028. In order to be counted toward the required number, all employees must have been employed for a period not less than three months during the tenth year of operations.

Failure to meet the performance benchmarks above or failure to abide by any terms of this Agreement may result in the early termination of this Agreement as provided herein.

Section 7. Default and Recapture

a. If Owner/Grantee refuses or fails to materially comply with any of the terms of this Agreement, or if any representation made by Owner/Grantee in the tax abatement

application is false or misleading in any material respect, the County may declare this Agreement in default. In such event, if Owner/Grantee does not cure any default within the expiration of the Cure Period below, the County may terminate this Agreement and all taxes abated and any job creations grant monies shall be recaptured under the provisions of this Section.

b. In the event that the County determines Owner/Grantee to be in default of this Agreement, the County will notify Owner/Grantee in writing at the Owner/Grantee's business headquarters address set forth in the Application for Economic Development Assistance. If the default is not cured within one-hundred twenty (120) days, or if substantial steps to cure default have not been taken by Owner/Grantee within one-hundred twenty (120) days from the date such notice is received (the "Cure Period"), County shall have the right to declare Owner/Grantee in default of this Agreement. If Owner/Grantee is in default, a total bill for recaptured taxes calculated in accordance with this Section will be sent to the Owner/Grantee, and Owner/Grantee agrees to pay the total amount within thirty (30) days of receipt. Interest at the rate of twelve percent (12%) per annum on unpaid amounts will begin to accrue on all amounts that remain unpaid following sixty (60) days after receipt of the bill. If Owner/Grantee cures the default following notice by the County, Owner/Grantee shall not be liable to repay the recaptured amounts, and it shall be entitled to the benefits under this Agreement for the current and any future years in which it is not in default. Owner/Grantee shall be responsible for advising the County that any default has been cured and obtaining a release from the notice of default from the County, which release shall not be unreasonably withheld, conditioned or delayed.

c. If during the Abatement Term the Owner/Grantee permanently ceases operation in Lufkin, Texas, then the County shall be entitled to recapture ONE HUNDRED PERCENT (100%) of the taxes abated in the year in which such discontinuance occurs. If the Owner/Grantee has not otherwise been in default of any of its obligations prior to ceasing operations, there will be no recapture for those years during which the Owner/Grantee performed its obligations. In the event of discontinuance during the Abatement Term the County shall be further entitled to terminate this Agreement and recapture all job incentive grant monies and expansion grant monies as follows:

1. If discontinuance occurs during the first five years of the Abatement Term, the County shall be entitled to recapture one-hundred percent (100%) of all job incentive and expansion grant monies previously paid to Owner/Grantee.

2. If discontinuance occurs after the first five years of the Abatement Term, the County shall be entitled to recapture job incentive and expansion grant monies as follows: eighty percent (80%) if discontinuance occurs during the sixth year, sixty percent (60%) if during the seventh year, forty percent (40%) if during the eighth year,

and twenty percent (20%) if discontinuance occurs at any time thereafter but prior to the end of the Abatement Term.

d. During the period commencing January 1, 2019 and continuing through the end of the Abatement Term, if in a given year the Owner/Grantee does not maintain the minimum required number of jobs as set forth in Section 6, then the abatement percentage set forth in Section 5(a) shall be proportionately reduced for that tax year and the County shall be entitled to recapture a pro-rated portion of the property tax benefits received by the Owner/Grantee for that year as a result of the abatement. In addition, the abatement percentages set forth in Section 5(a) shall be proportionately reduced for the tax year immediately following the tax year in which Owner/Grantee failed to maintain the minimum required number of jobs.

EXAMPLE: (for purposes of illustration) Assume that by December 31, 2021 Owner/Grantee created at least 15 new full-time jobs but for the 2022 calendar year Owner/Grantee maintained only 12 jobs.

12 jobs is 20% fewer than the minimum number of jobs required by Section 6. As a result, the County would be entitled to recapture 20% of the County property tax benefits Owner/Grantee realized as a result of the abatement for the 2022 tax year (the year in which Owner/Grantee failed to maintain the minimum required number of jobs). In addition, Owner/Grantee would only be entitled to an abatement of 80% (100% - 20%) for the 2023 tax year (the tax year immediately following the tax year in which Owner/Grantee failed to maintain the minimum required number of jobs).

e. Neither party shall be required under this Agreement or be liable or responsible for any loss or damage resulting from its failure to perform so long as performance is actually, materially, and reasonably, delayed or prevented by acts of God, fire, explosion, or other casualty or accident or natural disaster or other event beyond the reasonable control of the parties.

f. The burden shall be upon Owner/Grantee to prove to the reasonable satisfaction of the County that the discontinuance of the operation of its Facility for the manufacture of high quality stearates and esters was as a result of a fire, explosion, or other casualty or accident or natural disaster or other event beyond the control of Owner/Grantee. In the event Owner/Grantee meets this burden and the County is satisfied that the discontinuance of the operations at the Facility was the result of events beyond the control of Owner/Grantee, then Owner/Grantee shall have a period of one (1) year in which to resume the operation of the Facility for the manufacture of high quality stearates and esters at the same location. In the event that Owner/Grantee fails to resume such operation within one (1) year, then this Agreement shall terminate. The one (1) year time period, hereinabove mentioned, shall commence upon written notification from the County to Owner/Grantee.

g. In the event that Owner/Grantee allows ad valorem taxes on real property or business personal property taxes owed to the local taxing authorities to become delinquent and fails to timely and properly follow the legal procedures for their protest or contest, then in such event following written notice and the Cure Period this Agreement shall terminate.

h. In accordance with Chapter 2264, Texas Government Code, Owner/Grantee certifies that neither Owner/Grantee, nor a branch, division, or department of Owner/Grantee currently employs and will not knowingly employ an undocumented worker. Owner/Grantee further certifies that in the event that Owner/Grantee, or a branch, division, or department of Owner/Grantee, is convicted of a violation under 8 U.S.C. Section 1324a(f), Owner/Grantee shall repay the amounts previously paid in grants to Owner/Grantee by the County pursuant to this Agreement, with interest, at the rate and according to the other terms provided herein. Such a conviction shall be cause for this Agreement to terminate.

i. Following written notice and the Cure Period, and subject to the other terms and conditions of this Agreement, in every case of termination for cause by the County set forth above: (1) the County shall determine, based upon reasonable judgment, whether default has occurred by Owner/Grantee in the terms and conditions of this Agreement, which determination shall not be unreasonably withheld or delayed; (2) Owner/Grantee will forfeit, and the County may recapture, any tax abatement Owner/Grantee has received under this Agreement; and (3) Owner/Grantee will forfeit, and the County may recapture, any grant payment provided to Owner/Grantee under the terms of this Agreement. Any required repayment shall be made to the County as set forth in Section 7(b) above.

Section 8. Certification of Compliance by Owner/Grantee

a. On or before March 1 of each year that this Agreement is in effect, Owner/Grantee shall certify in writing to the County's designee its compliance with all provisions of this Agreement. Such certification shall include any and all reasonable documentation establishing that Owner/Grantee has met the annual employment requirement for the previous year and that all taxes related to the Facility property have been paid in full as required by law. The certification shall be delivered to the Director of Economic Development for the City.

b. Owner/Grantee understands that in addition to the above certification to the City of Lufkin, the Texas Property Tax Code also requires Owner/Grantee to file a separate tax abatement application with the Angelina County Appraisal District each and every year during the term of this Agreement. Texas Property Tax Code Section 11.43(d) currently provides that the deadline for filing the annual tax abatement application with the Appraisal District is April 30 of each tax year.

c. At all reasonable times during the term of this Agreement, the City and its respective designees may inspect the Facility improvements in order to verify the construction, workmanship, materials, installations, and maintenance involved in or incident to, and

operation of, the project are performed in substantial compliance with the applicable building permits, governmental regulations, and the terms and conditions of this Agreement.

Section 9. Term

a. From its effective date, this Agreement shall be effective for a period extending through the Abatement Term in Section 5(b) above, unless otherwise terminated in accordance with another section of this Agreement.

Section 10. Entire Agreement

a. This Agreement contains the entire agreement between the County and Owner/Grantee with respect to the transactions contemplated herein. This Agreement may be amended, altered, or revoked only by written instrument signed by the County and Owner/Grantee.

Section 11. Successors and Assigns

a. This Agreement shall be binding on and inure to the benefit of the parties, their respective successors and assigns. Owner/Grantee may assign all or part of its rights and obligations hereunder only upon prior written approval of the County, which approval shall not be unreasonably withheld or delayed.

Section 12. Notices

a. Any notice and/or statement required and permitted to be delivered shall be deemed delivered by depositing same in the United States mail, certified with return receipt requested, postage prepaid, addressed to the appropriate party at the following addresses or at such addresses provided by the parties in writing hereafter:

Owner/Grantee:
Mr. Bernard Hylands
President
American eChem, Inc.
1912 Kurth Drive
Lufkin, Texas 75904

City:
Mr. Keith Wright
City Manager
City of Lufkin, Texas
P.O. Box 190
Lufkin, TX 75902-0190

Section 13. Interpretation

a. Regardless of the actual drafter of this Agreement, this Agreement shall in the event of dispute over its meaning or application, be interpreted fairly and reasonably, and neither more strongly for or against either party.

Section 14. Applicable Law

a. This Agreement is made and shall be construed and interpreted under the laws of the State of Texas and exclusive venue for any cause of action, claim, dispute, or legal proceeding arising out of this Agreement shall lie in Angelina County, Texas.

Section 15. Attorney's Fees

a. The parties hereto agree that the prevailing party in any dispute between the parties arising out of this Agreement shall be entitled to recover its attorney's fees and costs.

Section 16. Severability

a. In the event that any provision of this Agreement is illegal, invalid, or unenforceable under present or future laws, then and in that event it is the intention of the parties hereto that the remainder of this Agreement shall not be affected thereby, and it is also the intention of the parties to this Agreement that in lieu of each clause or provision that is found to be illegal, invalid, or unenforceable, a provision be added to this Agreement which is legal, valid and enforceable and is as similar in terms as possible to the provision found to be illegal, invalid, or unenforceable.

Section 17. Mutual Assistance

a. County and Owner/Grantee agree to do all things reasonably necessary or appropriate to carry out the terms and provisions of this Agreement and to reasonably aid and assist each other in carrying out such terms and provisions. Toward that end, and notwithstanding anything herein to the contrary, in the event Owner/Grantee is not able to complete improvements to its Facility and begin operation of the Facility prior to December 31, 2019, as contemplated by Section 4.a., above, then, if appropriate under the facts existing at that time, Owner/Grantee will enter into good faith negotiations with the County to amend the dates set forth in this Agreement.

Section 18. No Material Adverse Change Prior to Execution

a. County and Owner/Grantee agree that should there occur any material adverse change in the business, operations, properties, prospects, assets or condition of Owner/Grantee's company, or any event occurs or circumstances exist that may result in such material adverse effect prior to the execution of this Agreement, then the Agreement is null and void. For purposes of this Agreement, a "Material Adverse

Change" shall mean any event, occurrence, change in facts, conditions or other change or effect that has resulted or could reasonably be expected to be materially adverse to any of the following: the Owner/Grantee, its business, its prospects, operations or results of operations, the condition (financial or otherwise) of the company or any material asset (including, without limitation, any material contract). For purposes hereof, an event, occurrence, change in facts, conditions or other change or effect that has resulted or could reasonably be expected to result in a suit, action, charge, claim, demand, cost, damage, penalty, fine, liability or other adverse consequence of at least $150,000.00 shall be deemed to constitute a Material Adverse Change.

Section 19. No Unanticipated Material Adverse Change in Clientele

a. Should there occur any unanticipated material adverse change in the clientele of Owner/Grantee's company during the Abatement Term, the County will enter into good faith negotiations with the Owner/Grantee regarding the modification of the terms of this Agreement, except that the duration of the abatement period may not be extended to exceed ten years. For purposes of this section, an "unanticipated material adverse change in the clientele of Owner/Grantee's company" shall mean any event, occurrence, or condition that results in the unanticipated diminution or loss of any material contract with a client that has resulted or could reasonably be expected to result in a twenty percent (20%) percent loss of annual revenue to the company.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the 13 day of February, 2018.

ANGELINA COUNTY

Wes Suiter
Angelina County Judge

ATTEST:

Amy Fincher
Printed Name: Amy Fincher
Title: County Clerk

AMERICAN ECHEM, INC.

B. Hylands
Bernard Hylands, President

ATTEST:

RA Collmorgen
Printed Name: Richard Collmorgen
Title: Plant Manager

STATE OF TEXAS
COUNTY OF ANGELINA
I hereby certify that this instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the RECORDS of Angelina County, Texas

Amy Fincher
COUNTY CLERK
ANGELINA COUNTY TEXAS

FILED
AT 9:18 O'CLOCK A M

FEB 27 2018

AMY FINCHER
County Clerk, County Court at Law
Angelina County, Texas
By