

City of Houston, Texas, Ordinance No. 2015- 1294

AN ORDINANCE DESIGNATING THE UNITED PARCEL SERVICE, INC. AND BT-OH, LLC REINVESTMENT ZONE FOR TAX ABATEMENT PURPOSES PURSUANT TO ARTICLE IV OF CHAPTER 44 OF THE CODE OF ORDINANCES, HOUSTON, TEXAS; CONTAINING FINDINGS AND OTHER PROVISIONS RELATED TO THE SUBJECT; AND DECLARING AN EMERGENCY.

* * * * *

WHEREAS, the encouragement of new and existing development and investment and the creation and retention of job opportunities in the City of Houston is paramount to the City's continued economic development; and

WHEREAS, United Parcel Service, Inc. ("UPS") desires to construct a "Facility," as defined in Section 44-121 of Chapter 44 of the Code of Ordinances, Houston, Texas, as amended (the "Code"), to be used and occupied by UPS for the distribution of parcels; and

WHEREAS, BT-OH, LLC, a wholly-owned subsidiary of UPS, owns the real property against which ad valorem taxes levied will be partially abated, and UPS owns the personal property against which personal property taxes levied will be partially abated; and

WHEREAS, UPS filed a written request for tax abatement dated June 6, 2015, in accordance with Section 44-123 of the Code; and

WHEREAS, UPS and BT-OH, LLC (collectively "UPS") represents and warrants that it will invest approximately \$59 million in capital improvements and \$60 million in personal property at the Facility in the proposed reinvestment zone; and

WHEREAS, UPS represents and warrants that it will retain employment for at least 2,535 Permanent Employees within the proposed reinvestment zone to be known as the "United Parcel Service, Inc. and BT-OH, LLC Reinvestment Zone" (the "Zone") and continuing through the term of the tax abatement agreement executed between the City and UPS approved simultaneously with this Ordinance by City Ordinance No.

2015-_____;¹ and

WHEREAS, UPS represents that its proposed improvements will provide an economic benefit to the City, when the economic qualifications of Section 44-127(g) of the Code are taken into account; and

WHEREAS, UPS represents that its proposed improvements are necessary because capacity cannot be provided using UPS's existing properties; and

WHEREAS, City Council held a public hearing on December 16, 2015, on the designation of the Zone; and

WHEREAS, the City's Office of the Mayor, Economic Development has been provided financial information related to the tax abatement, attached hereto as **Exhibit A** and made a part hereof for all purposes, and recommends that the Zone be designated; and

WHEREAS, it is reasonably likely that designation of the Zone will contribute to the retention or expansion of primary employment and will attract major investment in the Zone that will be a benefit to the property and that will contribute to the economic development of the City; and

WHEREAS, the improvements sought to be constructed and installed within the Zone are feasible and practicable and will be of benefit to the land to be included within the Zone and to the City; **NOW, THEREFORE**,

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON,
TEXAS:**

Section 1. That the findings and recitals contained in the preamble of this Ordinance are found to be true and correct and are adopted as part of this Ordinance for all purposes.

Section 2. That the City hereby establishes and designates a reinvestment zone to be known as the "United Parcel Service, Inc. and BT-OH, LLC Reinvestment Zone" for the purpose of encouraging economic development through commercial or

¹ Ordinance number to be inserted by City Secretary.

industrial tax abatement. This designation shall be effective for five (5) years from the effective date of this Ordinance.

Section 3. That the Zone encompasses approximately 68.4 acres of land, as shown on **Exhibit B** attached hereto and made a part hereof for all purposes.

Section 4. That the City Council hereby authorizes the Chief Development Officer of the City's Office of the Mayor, Economic Development (the "Director") to evaluate and determine if the improvements proposed by the owners of taxable real property and personal property within the Zone are consistent with the findings in this Ordinance and the Code. If the improvements are found to be consistent, the Director shall prepare and submit to City Council for approval a tax abatement agreement with the property owners for specific improvements that are consistent with the provisions of this Ordinance and the Code.

Section 5. That this Ordinance shall serve as notice of the establishment of the United Parcel Service, Inc. and BT-OH, LLC Reinvestment Zone by the City to every taxing unit that includes property within its boundaries that is located within the boundaries of the Zone, and the City Secretary is hereby directed to send certified copies of this Ordinance to all affected taxing units.

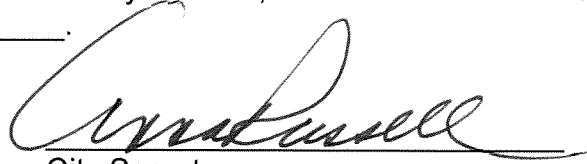
Section 6. That there exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor; however, in the event that the Mayor fails to sign this Ordinance within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED AND ADOPTED this 16th day of December, 2015

APPROVED this _____ day of _____, 2015

Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is DEC 22 2015.


 City Secretary

Prepared by Legal Department
 DRC:drc December 9, 2015


 Assistant City Attorney

Requested by Andy Icken, Chief Development Officer, Office of the Mayor

L.D. File No. 0421500185001

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AYE	NO	
✓		MAYOR PARKER
....	COUNCIL MEMBERS
✓		STARDIG
ABSENT	ABSENT	DAVIS
✓		COHEN
✓		BOYKINS
✓		MARTIN
✓		NGUYEN
✓		PENNINGTON
✓		GONZALEZ
✓		GALLEGOS
✓		LASTER
✓		GREEN
✓		COSTELLO
✓		ROBINSON
✓		KUBOSH
✓		BRADFORD
✓		CHRISTIE
CAPTION	ADOPTED	

CAPTION PUBLISHED IN DAILY COURT
 REVIEW DATE: DEC 22 2015

MAY 017 Rev. 01/14

EXHIBIT A

FINANCIAL INFORMATION RELATED TO THE TAX ABATEMENT

UPS Tax Abatement Projection

Tax Year	Calendar Year	COH Tax Rate	Taxable Value (Real Property)	Taxable Value (Equipment)	Taxable Value (Real Property) at 80% cost	City of Houston Abatement 75% (Improvement)	City of Houston Abatement 75% (Equipments)	Total Abatement	Taxable Value Growth Scenario
2016	2016	0.0060112	-	-	-	-	-	-	0.00%
2017	2017	0.0060112	-	-	-	-	-	-	0.00%
2018	2019	0.0060112	60,000,000	71,000,000	48,000,000	216,403	320,096	536,500	0.00%
2019	2020	0.0060112	62,400,000	66,500,000	49,920,000	225,059	299,809	524,868	4.00%
2020	2021	0.0060112	64,896,000	63,175,000	51,916,800	234,062	284,818	518,880	4.00%
2021	2022	0.0060112	67,491,840	60,016,250	53,993,472	243,424	270,577	514,001	4.00%
2022	2023	0.0060112	70,191,514	57,015,438	56,153,211	253,161	257,048	510,210	4.00%
2023	2024	0.0060112	72,999,174	54,164,666	58,399,339	263,288	244,196	507,484	4.00%
2024	2025	0.0060112	75,919,141	51,456,432	60,735,313	273,819	231,986	505,805	4.00%
2025	2026	0.0060112	78,955,907	48,883,611	63,164,725	284,772	220,387	505,159	4.00%
2026	2027	0.0060112	82,114,143	46,439,430	65,691,314	296,163	209,368	505,530	4.00%
2027	2028	0.0060112	85,398,709	44,117,459	68,318,967	308,009	198,899	506,908	4.00%
2028	2029	0.0060112	87,960,670		70,368,536				3.00%
2029	2030	0.0060112	90,599,490		72,479,592				3.00%
2030	2031	0.0060112	93,317,475		74,653,980				3.00%
2031	2032	0.0060112	96,116,999		76,893,599				3.00%
2032	2033	0.0060112	99,000,509		79,200,407				3.00%
2033	2034	0.0060112	101,970,524		81,576,419				3.00%
2034	2035	0.0060112	105,029,640		84,023,712				3.00%
2035	2036	0.0060112	108,180,529		86,544,423				3.00%
2036	2037	0.0060112	111,425,945		89,140,756				3.00%
2037	2038	0.0060112	114,768,723		91,814,979				3.00%

10 Yr	\$2,598,160	\$2,537,185	\$5,135,345
NPV (10 Yr)	\$2,236,157	\$2,236,659	\$4,472,816

Assumptions:

Building leasehold improvements: \$59,663,117 (as reported in pro-forma)

Processing Equipments/Conveyors: \$ 70,721,843 (as reported in pro-forma)

Annual Growth at 4% for the first 10 (ten) years.

Equipment depreciation is 5% per year

NPV= 3.25%

EXHIBIT B

DESCRIPTION OF THE UNITED PARCEL SERVICE, INC. AND BT-OH, LLC REINVESTMENT ZONE

Street Address: 11802 N. Gessner Road, Houston, Texas

Legal Description:

Being a tract of land containing 68.409 acres located in the William H. York 1/3 League, Abstract Number 943, in Harris County, Texas; Said 68.409 acre being out of Unrestricted Reserve "A" of Beltway Crossing Northwest, a subdivision of record in Film Code Number (F.C. No.) 659146 of the Harris County Map Records (H.C.M.R.); Said 68.409 acre tract being more particularly described by metes and bounds as follows (all bearings are referenced to the record subdivision plat of said Beltway Crossing Northwest):

BEGINNING, at a ½-inch iron rod found at the northwest corner of said Unrestricted Reserve "A" and the southwest corner of Unrestricted Reserve "A" of Costa Vizcaya, a subdivision of record in F.C. No. 618159 of the H.C.M.R, on the east Right-of-Way (R.O.W.) line of Gessner Road (one hundred feet wide per Harris County Clerk's File (H.C.C.F.) No.(s) M428088, P470456 and P47057);

THENCE, North 88° 44' 22" East, with the line common to Unrestricted Reserve 'A' of said Beltway Crossing Northwest and Unrestricted Reserve "A" of said Costa Vizcaya, a distance of 1,199.13 feet to a 5/8-inch capped iron rod found at the northeast corner of Unrestricted Reserve "A" of said Beltway Crossing Northwest and the northwest corner of a called 10.366 acre tract of land described as Exhibit "K" and recorded in the name of Reliant Energy Properties, Inc. in H.C.C.F. No. W048452;

THENCE, South 01° 40' 22" East, with the most northerly east line of Unrestricted Reserve "A" of said Beltway Crossing Northwest and the west line of said 10.366 acre tract, a distance of 1,505.15 feet to a 5/8-inch capped iron rod found at the southwest corner of said 10.366 acre tract;

THENCE, North 88° 43' 15" East, with a line common to Unrestricted Reserve "A" of said Beltway Crossing Northwest and the south line of said 10.366 acre tract, at a distance of 300.00 feet pass a 5/8-inch iron rod found at the southeast corner of said 10.366 acre tract and the southwest corner of a called 40.730 acre tract of land described as Exhibit "B" and recorded in the name of Reliant Energy Properties, Inc. in H.C.C.F. No. W048452, and continuing with a line common to Unrestricted Reserve "A" of said Beltway Crossing Northwest and the south line of said 40.730 acre tract in all a distance of 543.87 feet to a 5/8-inch capped iron rod set for the most easterly northeast corner of the herein described tract;

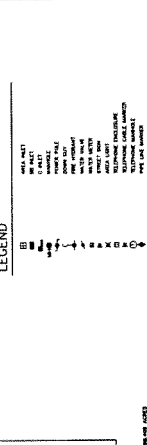
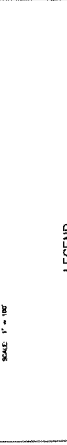
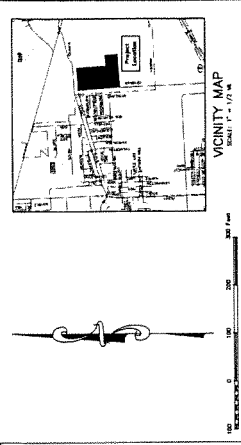
THENCE, through and across Unrestricted Reserve "A" of said Beltway Crossing Northwest, the following two (2) courses:

1. South 02° 03' 28" East, a distance of 670.65 feet to a 5/8-inch capped iron rod set for the

southeast corner of the herein described tract;

2. South $87^{\circ} 56' 27''$ West, a distance of 1,732.71 feet to a 5/8-inch capped iron rod set for the southwest corner of the herein described tract, on the west line of Unrestricted Reserve "A" of said Beltway Crossing Northwest and the east R.O.W. line of said Gessner Road, from which a 5/8-inch capped iron rod found at the southwest corner of Unrestricted Reserve "A" of said Beltway Crossing Northwest bears South $02^{\circ} 03' 28''$ East, a distance of 1,172.20 feet;

THENCE, North $02^{\circ} 03' 28''$ West, with the west line of Unrestricted Reserve "A" of said Beltway Crossing Northwest and with the east R.O.W. line of said Gessner Road, a distance of 2,199.87 feet to the POINT OF BEGINNING and containing 68.409 acres of land.



ABBREVIATIONS

A.C. - ADJACENT COUNTY
 A.E. - ADJACENT ESTATE
 A.P. - ADJACENT PARTY
 A.R. - ADJACENT ROAD
 A.S. - ADJACENT STATE
 A.T. - ADJACENT TRACT
 A.U. - ADJACENT UNIT
 A.V. - ADJACENT VILLAGE
 A.W. - ADJACENT WATERWAY
 A.Z. - ADJACENT ZONE
 A. - ADJACENT

THIS SURVEY WAS PREPARED BY ALTA/CASM LAND SURVEYING, L.P. IN ACCORDANCE WITH THE PROFESSIONAL STANDARDS AND ETHICS OF THE SURVEYING PROFESSION IN TEXAS. THE SURVEYOR HAS CONDUCTED A VISUAL INSPECTION OF THE SURVEY AREA AND HAS FOUND THAT THE INFORMATION PROVIDED IS ACCURATE AND COMPLETE. THE SURVEYOR HAS NOT BEEN ADVISED OF ANY ADVERSE INTERESTS OR CLAIMS THAT MAY AFFECT THE SURVEY. THE SURVEYOR'S LIABILITY IS LIMITED TO THE PROFESSIONAL STANDARDS AND ETHICS OF THE SURVEYING PROFESSION IN TEXAS.

NOTES:
 1. THIS SURVEY WAS PREPARED FOR THE PURPOSE OF DIVIDING THE SURVEYED PROPERTY INTO TWO (2) PARTS.
 2. THE SURVEYED PROPERTY IS DESCRIBED AS FOLLOWS:
 3. THE SURVEYED PROPERTY IS SUBJECT TO THE INTERESTS OF THE SURVEYED PROPERTY.
 4. THE SURVEYED PROPERTY IS SUBJECT TO THE INTERESTS OF THE SURVEYED PROPERTY.
 5. THE SURVEYED PROPERTY IS SUBJECT TO THE INTERESTS OF THE SURVEYED PROPERTY.
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 9. THE SURVEYED PROPERTY IS SUBJECT TO THE INTERESTS OF THE SURVEYED PROPERTY.
 10. THE SURVEYED PROPERTY IS SUBJECT TO THE INTERESTS OF THE SURVEYED PROPERTY.

UNRESTRICTED RESERVE "X"
 BELMONT CROSSING
 F.C. NO. 559146, T.C.M.R.

UNRESTRICTED RESERVE "X"
 BELMONT CROSSING
 F.C. NO. 559146, T.C.M.R.

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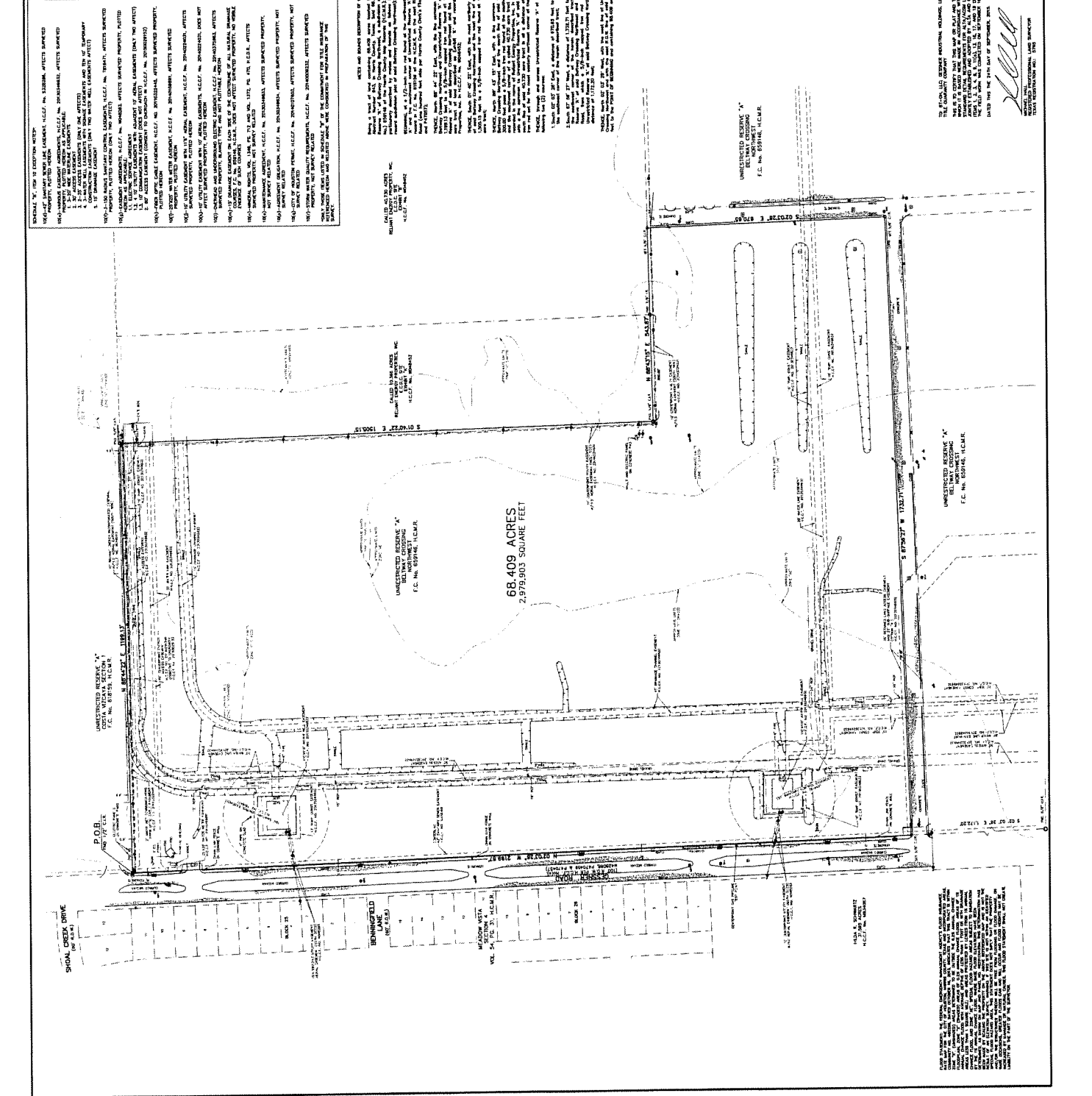
UNRESTRICTED RESERVE "X"
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UNRESTRICTED RESERVE "X"
 BELMONT CROSSING
 F.C. NO. 559146, T.C.M.R.

UNRESTRICTED RESERVE "X"
 BELMONT CROSSING
 F.C. NO. 559146, T.C.M.R.



ALTA/CASM LAND SURVEYING, L.P.
 68,409 ACRES
 TITLE SURVEY
 5015 W. BRADSHAW AVENUE, SUITE 100
 DALLAS, TEXAS 75244
 TEL: (972) 241-1111
 FAX: (972) 241-1112
 WWW.ALTA-CASM.COM

SET OF UNRESTRICTED RESERVE "X" OF BELMONT CROSSING (MORTGAGE), A SUBDIVISION OF RECORD IN F.C. NO. 559146 OF THE PUBLIC RECORDS OF THE COUNTY OF DALLAS, TEXAS, ABSTRACT NO. 943
 HARRIS COUNTY, TEXAS

PROJECT NO. CS 13178 SHEET NO. 1 TOTAL SHEETS 1	DATE: 11/15/11 DRAWN BY: [Signature] CHECKED BY: [Signature] IN CHARGE: [Signature]	PROFESSIONAL SEAL SURVEYOR STATE OF TEXAS NO. 12345 EXPIRES: 12/31/2014

THE ABOVE DESCRIBED PROPERTY, INCLUDING THE UNRESTRICTED RESERVE "X" OF BELMONT CROSSING (MORTGAGE), A SUBDIVISION OF RECORD IN F.C. NO. 559146 OF THE PUBLIC RECORDS OF THE COUNTY OF DALLAS, TEXAS, ABSTRACT NO. 943, IS SUBJECT TO THE INTERESTS OF THE SURVEYED PROPERTY. THE SURVEYED PROPERTY IS SUBJECT TO THE INTERESTS OF THE SURVEYED PROPERTY. THE SURVEYED PROPERTY IS SUBJECT TO THE INTERESTS OF THE SURVEYED PROPERTY. THE SURVEYED PROPERTY IS SUBJECT TO THE INTERESTS OF THE SURVEYED PROPERTY.

[Signature]
 TITLE SURVEYOR

TAX ABATEMENT AGREEMENT

C76596
2015-1295

This Tax Abatement Agreement (the "Agreement") is made by and between the **CITY OF HOUSTON, TEXAS**, a municipal corporation and home-rule city (the "City"), and **UNITED PARCEL SERVICE, INC.**, an Ohio corporation, authorized to transact business in the State of Texas ("UPS") and **BT-OH, LLC** a Delaware limited liability company ("BT"). The City, UPS, and BT may be referred to singularly as a "Party" and collectively as the "Parties." Capitalized terms have the meanings defined in the first section of this Agreement.

RECITALS

WHEREAS, the encouragement of new and existing development and investment and the creation and retention of job opportunities in the City is paramount to the City's continued economic development; and

WHEREAS, in accordance with the requirements of Section 44-127(a)-(c) of the Code, UPS and BT desire to construct a Facility, as defined in Section 44-121 of the Code, to be occupied and used by UPS as a distribution center and for package handling ("Improvements"); and

WHEREAS, UPS or BT owns or will own the real and personal property against which the ad valorem taxes levied will be partially abated pursuant to Chapter 44 of the Code.

WHEREAS, in accordance with Section 44-123 of the Code, UPS filed a written application for tax abatement dated June 6, 2015; and

WHEREAS, the City Council finds that it is reasonably likely that this Agreement will contribute to the retention, expansion, and creation of primary employment and will attract major investment in the Zone that would be a benefit to property within the Zone and that would contribute to the economic development of the City; and

WHEREAS, the City Council finds that the Improvements are practical and will benefit the area within the Zone and the City; and

WHEREAS, the City Council finds that this Agreement will cause no substantial potential adverse effect on the provision of City services or on the tax base; and

WHEREAS, UPS and BT have represented that the Improvements will be designed, constructed, and installed in the Facility according to all applicable federal, state, and local environmental regulations; and

WHEREAS, the City Council finds that the terms of this Agreement meet the applicable requirements of Chapter 44, Article IV, of the Code; and

NOW, THEREFORE, for and in consideration of the premises and mutual promises stated herein, the Parties agree as follows:

1. Definitions

As used in this Agreement, the following capitalized terms have the meanings assigned to them below, unless otherwise defined or clearly required by the context.

"Abated Property" means improvements to the following types of property made subsequent to this Agreement: buildings, structures, fixed machinery and equipment, site improvements, office space and related fixed improvements necessary to the operation and administration of the Facility, and tangible personal property.

"Abatement Period" means the ten (10) year time period that begins on the Effective Date of Abatement.

"Agreement" means this Tax Abatement Agreement between the City of Houston, UPS and BT.

"Agreement Effective Date" means the date that City Council approves this Agreement.

"Base Year Value" means the sum of the assessed value as established and certified by HCAD of all taxable property, including real and personal property (less inventory) in the Zone as of January 1, 2015.

"Chapter 44" means Article IV, Tax Abatement, of the Code, as amended.

"City Council" means the City Council of the City of Houston, Texas.

"Code" means the Code of Ordinances of the City of Houston, Texas, as amended; specifically, City of Houston, Texas Ordinance No. 2014-245.

"Department" means the City's Office of the Mayor, Economic Development, or its successor.

"Director" means the Chief Development Officer of the Department, or his or her designee, or any person who may be designated in writing by the Mayor to perform the functions delegated to the Director in this Agreement, but only for so long as the designations remain in effect.

"Effective Date of Abatement" means the January 1st immediately following the date that the last certificate of occupancy for the Improvements is issued by the City.

"EXHIBIT 1" attached to this Agreement and made a part hereof describes the boundaries of the Real Property in the Zone.

"EXHIBIT 2" attached to this Agreement and made a part hereof lists the street address, HCAD tax account number, and legal description of the taxable property currently or to be located in the Zone.

"EXHIBIT 3" attached to this Agreement and made a part hereof describes the Abated Property.

"EXHIBIT 4" attached to this Agreement and made a part hereof includes financial information related to the Abated Property.

"Facility" means, pursuant to Section 44-121 of the Code, property improvements, completed or in the process of construction or expansion, that together comprise an integral whole.

"HCAD" means the Harris County Appraisal District.

"Improvements" means buildings, structures, fixed machinery and equipment, site improvements, office space and related fixed improvements necessary to the operation and administration of the Facility, and tangible personal property that are developed, constructed, or installed in the Zone by or on behalf of UPS and its affiliates (expressly including BT) subsequent to the Agreement Effective Date.

"Ordinance" means City Ordinance No. 20____-____ adopted on _____, 20____¹ creating the Zone.

"Part Time Employee" means, only for the purposes of and as related to this Tax Abatement Agreement, an individual who works for and is an employee of an abatement recipient in the reinvestment zone, and who works less than 35 hours a week.

"Permanent Employee" means, only for the purposes of and as related to this Tax Abatement Agreement, a single individual or his or her successive replacement who works for, and is an employee of UPS or an affiliate of UPS, works a minimum of thirty-five (35) hours in a seven-day period, and reports to work in the Zone, and excluding any contract employee, seasonal employee, or Part Time Employees.

"Full Time Equivalent" means one or more employees of UPS or an affiliate of UPS whose cumulative hours in a seven-day period reporting to work in the Zone equals 35 hours; and for the avoidance of doubt, hours worked by Permanent Employees and Part Time Employees can be counted towards Full Time Equivalents.

"Real Property" means the land in the Zone and all improvements existing prior to the Agreement Effective Date, which land is or will be owned by UPS or BT. The Real Property is more specifically described on **EXHIBIT 2**.

"Tax Code" means the Texas Tax Code, as amended.

¹ City Secretary to insert ordinance number and date adopted by City Council.

"Zone" means the United Parcel Services, Inc. and BT-OH LLC Reinvestment Zone, which is more particularly described in Exhibit B of the Ordinance.

2. Authorization

This Agreement is authorized by Chapter 44, Article IV of the Code, which establishes the property tax abatement program for properties in designated reinvestment zones, and by the Ordinance.

3. Property

The street address, HCAD tax account number, and a legal description of the Real Property are listed on **EXHIBIT 2**.

4. Representations and Warranties

(a) BT represents that it has contract rights in the Real Property and will own the Real Property prior to the Abatement Period.

(b) UPS and BT represent that the execution and delivery of this Agreement has been duly authorized by all requisite actions of their partners that are necessary for it to have force and effect and that the person signing this Agreement on behalf of UPS and BT has been and is authorized to do so.

(c) UPS and BT represent and warrant that construction or installation of the Improvements described in **EXHIBIT 3** will begin after the Agreement Effective Date. UPS and BT represent that the Real Property comprises approximately 69 acres of land.

(d) UPS and BT represent that, to the extent of the actual knowledge of an employee of UPS or BT who has participated in the negotiation or internal analysis of this Agreement, no interest in the Real Property or the Improvements is held or leased by a member of the City Council or a member of the City's Planning Commission. Notwithstanding the foregoing, the Parties acknowledge that UPS is publicly traded and UPS makes no representations as to any interest any such member or the City may hold as a shareholder of UPS.

(e) BT represents and warrants that it will invest approximately \$59 million in capital improvements to the Facility and UPS represents and warrants that it will invest approximately \$60 million in equipment related to the Facility in the Zone by the Effective Date of Abatement and may continue to invest additional funds after the Effective Date of the Abatement.

(f) UPS represents and warrants that it or its affiliates will (i) retain at least 1885 Full Time Equivalent employees and (ii) in addition it will create 575 new Full Time Equivalent jobs in the Zone whose employment position on the Effective Date of Agreement either does not currently exist or exists outside the current City limits of

Houston, and for the avoidance of doubt, would include job transfers from the City of Houston's current extraterritorial jurisdiction.

(g) UPS and BT represent that developing, constructing, and installing the Improvements in the Zone are necessary because the existing facilities cannot efficiently and economically provide the required capacity needed by UPS and its affiliates when reasonable allowance is made for necessary improvements to the existing facilities.

(h) UPS represents and warrants that it will operate the Facility as described in **EXHIBIT 1**.

(i) UPS and BT represent and warrant that the Improvements will be constructed, installed, and operated in accordance with all applicable federal, state, and local environmental laws and regulations.

5. Terms of the Agreement

(a) UPS and BT shall cause the Improvements to be developed, constructed, and installed substantially in conformity with the description, plans, and specifications described in **EXHIBIT 3** and applicable provisions of the City of Houston Building Code ("Building Code"). In case of any conflict between **EXHIBIT 3** and the Building Code, the Building Code shall prevail. In addition, during the Abatement Period, UPS shall comply with Chapter 42 of the Code, if applicable (platting regulations), and all other laws and regulations applicable to the construction and installation of the Improvements.

(b) Upon completion of the construction and installation of the Improvements, UPS and BT shall use the Facility or cause the Facility to be used for the proposed uses specified herein during the Abatement Period; provided, however, that the Director may approve a change from those proposed uses if the Director determines that the change is consistent with Chapter 44 and with the City's general purpose of encouraging development or redevelopment of the Zone during the Abatement Period. The proposed use of the Facility (unless the Director approves a change in use) is to distribute parcels.

(c) UPS shall maintain the Improvements in good repair and condition during the Abatement Period.

(d) UPS shall allow City employees to have access to the Facility for the purpose of inspecting the Improvements to ensure that the Improvements are completed, installed, and maintained in accordance with the terms of this Agreement. All inspections will be made only after giving UPS at least seven days' advance notice, and will be conducted in such 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 UPS and in accordance with UPS's safety and security procedures. The above shall not act as a limitation on the City's ability to otherwise perform any inspections or to otherwise enter the Facility pursuant to the Code, the Building Code, or otherwise.

(e) UPS shall provide and cause its affiliates to provide City employees reasonable access to any relevant records requested and necessary for the purpose of

conducting an audit of the Facility to ensure compliance with this Agreement. Any such audit shall be made only after giving UPS at least seven days' advance notice, and will be conducted in such a manner as to not unreasonably interfere with the operation of the Facility. Documents and materials provided to the City by UPS or its affiliates in connection with any audit or other inspections under this Agreement which contain information that is, or which themselves are, confidential or proprietary to UPS shall not be removed from the Facility, nor shall the information contained in them be used or disclosed by the City other than for the sole purpose of determining UPS's compliance with the terms and conditions of this Agreement, unless disclosure is otherwise required by state or federal law. In the event that the City receives any request for information pursuant to the Texas Public Information Act or any similar provision of federal law, the City agrees to promptly give UPS notice of that request. If UPS, for itself or one or more of its affiliates, advises the City that it believes that the right of the City to withhold such information from disclosure is allowed by the Texas Public Information Act or other applicable state or federal statute, rule, or regulation, the City agrees to withhold the information or to immediately request an opinion from the Texas Attorney General or other appropriate public official with legal authority to render such decision on the City's right to withhold such information. If the decision rendered is to the effect that disclosure is not required to be made, then the City agrees to withhold disclosure of such information unless thereafter authorized by UPS to be disclosed. The City agrees that during any period after request but before the rendering of a decision by the Texas Attorney General or other appropriate public official regarding the obligation of the City to make disclosure of information deemed confidential, proprietary, or both by UPS, it will not disclose the requested information unless ordered to do so by a court of competent jurisdiction.

(f) This Agreement may be assigned to a new owner or lessee of the Facility with the written consent of the Director, which consent shall not be unreasonably withheld. If the proposed assignee is an affiliated entity under the common control of the assignor, the Director shall consent to an assignment if the assignor is in compliance with all terms of this Agreement. Any assignment of this Agreement shall not relieve the assignor of continuing liability under this Agreement unless specifically agreed to in a writing signed by both the Director and the City Attorney. Any assignment shall provide that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the assignor upon the same terms and conditions as set out in this Agreement. Any assignment of the Agreement shall be to an entity that contemplates the same improvements to the Real Property, except to the extent such improvements have been completed. No assignment shall be approved if either the assignor or the assignee is indebted to the City for ad valorem taxes or other obligations. Notwithstanding the foregoing, if any such assignment is not to an affiliated entity of UPS and if the Director shall reasonably object to any such assignment, the City shall have the option to terminate this Agreement as of the date of such assignment and UPS and BT shall reimburse the City for any taxes abated during and after the date of such assignment.

(g) Not later than **March 1st** of each year during the Abatement Period, a chief financial officer or an authorized representative of UPS shall submit to the Director and the Chief Appraiser of HCAD a signed affidavit delineating the number of (i) retained and (ii) new Full Time Equivalent Employees that UPS and its affiliates collectively employ in the Zone during the preceding year and confirming that UPS and BT are and have been in

compliance with all provisions of this Agreement in the prior year. The employee count submitted shall correspond to the employee count reported by UPS in its "Employer's Quarterly Report" to the Texas Workforce Commission. The employee count submitted by UPS shall be used to determine abatement eligibility for that year and be subject to audit, if requested by the Director, pursuant to the provisions of Section 44-135 of the Code.

(h) This Agreement may be amended at any time upon the mutual written consent of all Parties hereto, subject to approval by the City Council.

(i) Not later than **April 30th** of each year during of the Abatement Period, UPS shall file the appropriate form with HCAD to qualify for the tax abatement granted under this Agreement for that year.

(j) Not later than **April 15th** of each year during the Abatement Period, UPS shall render to HCAD the value of all taxable personal property, including the tangible personal property included in the Improvements, located in the Zone on the preceding January 1st.

(k) Part Time Employees and Permanent Employees may be used to comply with UPS's contractual obligation to create and retain jobs on a Full Time Equivalency basis for any number of jobs; provided that Full Time Equivalent jobs shall only be used to satisfy UPS's contractual obligation if UPS maintains a minimum of 25 Permanent Employees who work within the Zone. By way of example, and consistent with Section 44-121 of the Code, if during the Abatement Period UPS (i) retains 1600 Permanent Employees, and (ii) retains 600 Part Time Employee that collectively work 600,000 hours in the year, then UPS's total Full Time Equivalent employment for purposes of this Agreement would be $1943 (1600 + (600,000 / 1750) = 1942.85)$, rounded to the nearest whole employee, and such employment level would be in compliance with the retained employment requirements in subsection 4(f) of this Agreement for such year.

(l) A chief financial officer or an authorized representative of UPS who cannot make the affidavit required by paragraph (g) above on any **March 1st** shall by such date provide the Director with a signed affidavit identifying any provision of the Agreement with which UPS is not or has not been in full compliance.

(m) Failure by a chief financial officer or an authorized representative of UPS to timely provide the Director with the signed affidavit required by paragraphs (g) and (l) above will result in an automatic default under this Agreement for which no notice or opportunity to cure shall be required.

(n) By **April 30th** annually, beginning after the Abatement Effective Date, UPS and the City agree that UPS shall provide to the City via an electronic internet link UPS's certified financial records prepared in accordance with GAAP standards for the fiscal year ending December 31st before such **April 30th** date, reflecting UPS's operating performance for the prior fiscal year.

6. Termination of Abatement and Agreement

(a) The term of this Agreement shall be the Abatement Period. Upon expiration of the Abatement Period, this Agreement shall terminate automatically without further action by the Parties.

(b) Notwithstanding any other provision in this Agreement, in the event that UPS and BT are unable to comply with any applicable provisions of this Agreement prior to commencement of construction of the Facility and Improvements, UPS, on behalf of BT, will provide to the City a written notice of termination ("Termination Notice"). Upon the City's receipt of the Termination Notice, this Agreement and all rights and obligations of the Parties shall cease and terminate and UPS and BT shall not be entitled to any tax abatement pursuant to this Agreement.

(c) Subject to the provisions of 5(f) and 8(d) of this Agreement, UPS, on behalf of BT, shall have the option and right at any time during the Abatement Period to give the City a Termination Notice that UPS has elected to terminate this Agreement and its right to tax abatement on the Real Property, Personal Property, Facility, and Improvements effective as of the year UPS gives the Termination Notice; provided, however, at the time UPS gives the Termination Notice, no event of default shall exist which has not been cured. Upon the City's receipt of a Termination Notice from UPS and subject to the proviso of the preceding sentence, this Agreement and all rights and obligations of the Parties shall cease and terminate and UPS shall not be entitled to any tax abatement pursuant to this Agreement for the year in which UPS gives the Termination Notice and for all years remaining in the Abatement Period.

(d) In the case of either (a) or (b) above, the Parties must sign an agreement in a form reasonably acceptable to both Parties acknowledging the termination of this Agreement; provided, however, that neither Party shall impose any conditions upon the other Party as a prerequisite to that Party's execution of the termination agreement. The Director is authorized to sign the termination agreement on behalf of the City. Pursuant to Texas Tax Code Sec. 312.208(b), the Agreement must be terminated in the same manner that it was approved and executed.

(e) Any termination of this Agreement for any reason is effective as to both UPS and BT.

7. Tax Abatement

(a) Base Value means the sum of the assessed value as established and certified by HCAD of all taxable property, including real and personal property (less inventory) in the Zone as of January 1, 2015.

(b) In consideration of UPS's and BT's collective commitment to invest approximately \$59 million in capital improvements and \$60 million in equipment at the Facility, the City agrees to grant a 75% abatement of the ad valorem real and personal property taxes on the Improvements in the Zone during the Abatement Period. The tax abatement will apply to the appraised value up to \$59 Million in real property and up to

\$60 Million in personal property and is capped at that value. Any value in excess of \$59 Million in real property and \$60 Million in personal property will not be subject to the abatement. The estimated benefit of the tax abatement is reflected on **EXHIBIT 4**. In addition, the abatement of the ad valorem taxes granted by this Agreement is specifically subject to the rights of the holders of outstanding bonds of the City as of the effective date of this Agreement. The Abatement Period begins on the January 1st following the date on which the final certificate of occupancy for the Improvements is issued by the City (the "Effective Date of Abatement") and ends on December 31st of the tenth calendar year after the Effective Date of Abatement.

(c) From the Agreement Effective Date to the Effective Date of Abatement, ad valorem taxes levied on ineligible property, as that term is defined in Section 44-127(e) of the Code, including the Real Property, shall be fully payable.

(d) From the Effective Date of Abatement to the end of the Abatement Period:

(1) Ad valorem taxes levied on "ineligible property," as that term is defined in Section 44-127(e) of the Code, including the Real Property, shall be fully payable by the Party that owns such ineligible property.

(2) Ad valorem taxes levied on the Base Year Value of "eligible property," as that term is defined in Section 44-127(d) of the Code, shall be fully payable by the Party that owns such eligible property.

(3) Twenty-five percent of the ad valorem taxes levied on the Improvements, as determined each year, shall be fully payable by the Party owning such Improvements.

(e) The City shall enter into only one tax abatement agreement for the Facility described in this Agreement during the existence of the Zone.

8. Default and Recapture

(a) Events of Default

UPS and BT shall be in default jointly and severally under this Agreement, regardless of the Party responsible for the event of default, if any of the following occur at any time from the Agreement Effective Date until the expiration of the Abatement Period, or such earlier date on which this Agreement may otherwise expire or otherwise be terminated:

(1) The Facility is completed and is occupied, but subsequently is wholly vacated or abandoned for any reason other than the occurrence of a force majeure such as a fire, explosion, or other casualty or accident or natural disaster;

(2) UPS or BT fails to comply timely with job creation, investment or payment requirements stated in this Agreement;

(3) UPS or BT fails to comply timely with any material term of this Agreement;

(4) UPS fails to file any required report or statement or to give any required notice pursuant to this Agreement; or

(5) Employees or designated representatives of the City determine pursuant to an inspection under Section 44-134 of the Code that UPS or BT has not complied with this Agreement.

(6) Notwithstanding the foregoing or any statement to the contrary herein, it shall not be a default under this Agreement if any condition is not timely satisfied due to labor conditions or unrest.

(b) Notice

(1) If the Director determines that an event of default has occurred, the Director shall notify UPS in writing at the address stated in the Agreement, and if the condition of default is not cured within 60 days from the date of the notice, then the City may take any one or more of the following actions set forth in Section 8(d) of this Agreement; provided, however, that the City shall only be required to give a 60-day notice of default for failure to comply with job creation or investment requirements. UPS's failure to comply with job creation or investment requirements is an "incurable default." Within such 60-day notice period for incurable defaults, UPS shall be entitled to question the accuracy of the City's determination of the incurable default but shall not be entitled to cure the default. After such 60-day notice period, if the City concludes that its determination of the incurable default is correct ("noticed incurable default") or that a curable default has not been cured, then the City shall be entitled to pursue any one or more of the remedies set forth in Section 8(d) of this Agreement.

(2) If UPS or BT is in default under Section 8(a) of this Agreement, UPS shall notify the City within 90 days of the default, and if the default is one that can be cured, the default shall be cured within 60 days following the date of the notice of default. If UPS fails to cure the curable default within such 60-day period, then the City may pursue any one or more of the remedies listed in Section 8(d) of this Agreement.

(c) Cure

(1) In curing an event of default based on any of the items set forth in Section 8(a) of this Agreement, and assuming the event of default is curable and is not an incurable default, UPS shall provide sufficient evidence to the Director that the default has been cured within 60 days following the date of the notice of default. Sufficient evidence shall include providing information not timely provided and/or providing evidence of the completion of the act(s) not timely performed. The City shall have the right to ask for additional information to confirm the adequate cure of any default.

(d) City Remedies for Default

(1) In the event of a noticed incurable default or a curable default which has not been cured after notice and an opportunity to cure was given pursuant to Section 8(c)

above, no tax abatement shall be allowed for the calendar year in which the default occurs and thereafter, and the City shall have the right to terminate the Agreement and pursue any and all remedies allowed under the Agreement.

(2) In addition to the foregoing, in the event of a noticed incurable default or a curable default which has not been cured after notice and an opportunity to cure has been given, the City, in its sole discretion, may recover all or any part of the taxes abated under the Agreement. UPS shall pay to the City all such previously abated taxes within 60 days of the City's written demand therefor. Any taxes or economic incentive not paid timely shall bear interest at the rate of 12% annually beginning on the 61st day after such demand.

(3) Notwithstanding the foregoing, the Director and the City Attorney are hereby authorized to negotiate and enter into amendments and revisions to the Agreements under which there are noticed incurable defaults or curable defaults which have not been cured after notice and opportunity to cure has been given. In the foregoing circumstances, the Parties are also authorized to negotiate and enter into any other and further agreements they determine best protect the City's interests.

(e) The City's right and authority to pursue any default and to recover abated taxes granted under this Section 8 shall survive the amendment, revision, expiration, or termination of this Agreement.

9. Administration

(a) The Chief Appraiser of HCAD shall annually determine the taxable value of the Improvements listed in **EXHIBIT 3**. Each year, UPS shall furnish the City with any additional information applicable to the tax abatement that may be necessary for the administration of the abatement. Once the taxable values of the Improvements have been established and the amount of the tax abatement calculated, the Chief Appraiser of HCAD shall notify the affected jurisdictions that levy taxes on the Improvements of the amounts of the taxable values of the Improvements.

(b) Upon completion of construction or installation of the Improvements, the Director shall annually evaluate the Facility to ensure compliance with this Agreement and prepare a report of any violations of this Agreement.

10. Compliance with Applicable Government Regulations

Except as specifically provided herein, nothing in this Agreement shall be construed to alter or affect the obligation of UPS to comply with any ordinance, rule, or regulation of the City, or the laws and regulations of the State of Texas and the United States.

11. Merger

The Parties agree that 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.

12. Notices

All notices shall be in writing and, unless hand-delivered, shall be sent by U.S. Mail certified, return receipt requested. Unless otherwise provided in this Agreement, all notices shall be delivered to the following addresses:

To UPS or BT: United Parcel Service, Inc.
Attn: Shane Simpson
1331 S. Vernon St.
Anaheim, CA 92805

To the City: *Mailing Address:*
Chief Development Officer
Office of the Mayor, Economic Development
P. O. Box 1562
Houston, Texas 77251

Physical Address:
Chief Development Officer
Office of the Mayor, Economic Development
901 Bagby, 4th Floor
Houston, Texas 77002

Each Party may designate a different address by giving the other Party written notice 10 days in advance of such designation.

This Agreement may be executed by the Parties in multiple originals, each having full force and effect.

[Execution page follows]

UNITED PARCEL SERVICE, INC.
An Ohio Corporation

CITY OF HOUSTON, TEXAS

By: Brenda Fountain
Name: Brenda Fountain
Title: West Region Tax Director

Armanda D. Parker
Armanda Washington
Mayor

ATTEST:

ATTEST/SEAL:

By: Shane Simpson
Name: Shane Simpson
Title: Region Tax Manager

[Signature]
City Secretary

BT-OH, LLC,
a Delaware limited liability company

COUNTERSIGNED:

By: Brenda Fountain
Name: Brenda Fountain
Title: West Region Tax Director

Ronald C. [Signature]
City Controller Jenack Polk

ATTEST:

DATE COUNTERSIGNED:

By: Shane Simpson
Name: Shane Simpson
Title: Region Tax Manager

12-29-15

APPROVED:

[Signature]
Chief Development Officer, Office of
the Mayor, Economic Development

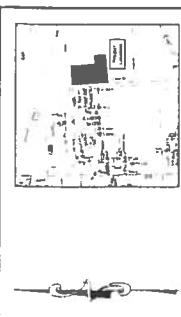
APPROVED AS TO FORM:

Donna Capps
Assistant City Attorney

L.D. File No. 0421500185001

EXHIBIT 1

Boundaries of the Real Property in the Zone



VICINITY MAP

THIS SURVEY WAS MADE BY THE SURVEYOR IN ACCORDANCE WITH THE ACTS OF CONGRESS AND THE STATUTES OF THE STATE OF TEXAS, AND THE RULES AND REGULATIONS THEREOF, AND THE SURVEYOR'S OATH AND AFFIDAVIT IS HEREBY FILED FOR RECORD.

ALL DISTANCES ARE GIVEN IN FEET AND DECIMALS THEREOF, UNLESS OTHERWISE SPECIFIED.

ALL ANGLES ARE GIVEN IN DEGREES, MINUTES AND SECONDS, UNLESS OTHERWISE SPECIFIED.

ALL BEARINGS ARE GIVEN AS TRUE BEARINGS, UNLESS OTHERWISE SPECIFIED.

ALL CURVES ARE GIVEN AS CIRCULAR CURVES, UNLESS OTHERWISE SPECIFIED.

ALL POINTS ARE GIVEN AS BEARING AND DISTANCE, UNLESS OTHERWISE SPECIFIED.

ALL CORNERS ARE GIVEN AS BEARING AND DISTANCE, UNLESS OTHERWISE SPECIFIED.

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ALL CORNERS ARE GIVEN AS BEARING AND DISTANCE, UNLESS OTHERWISE SPECIFIED.



LEGEND

---	Section Line
---	Survey Line
---	Right of Way
---	Water
---	Other

ABBREVIATIONS

---	Section Line
---	Survey Line
---	Right of Way
---	Water
---	Other

THIS SURVEY WAS MADE BY THE SURVEYOR IN ACCORDANCE WITH THE ACTS OF CONGRESS AND THE STATUTES OF THE STATE OF TEXAS, AND THE SURVEYOR'S OATH AND AFFIDAVIT IS HEREBY FILED FOR RECORD.

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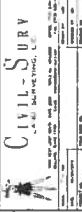
ALL CURVES ARE GIVEN AS CIRCULAR CURVES, UNLESS OTHERWISE SPECIFIED.

ALL POINTS ARE GIVEN AS BEARING AND DISTANCE, UNLESS OTHERWISE SPECIFIED.

ALL CORNERS ARE GIVEN AS BEARING AND DISTANCE, UNLESS OTHERWISE SPECIFIED.

ALTA/ALSM LAND
TITLE SURVEY
68.409 ACRES

ALTA/ALSM LAND
TITLE SURVEY
68.409 ACRES
ABSTRACT NO. 943
MAY 1912



ALTA/ALSM LAND
TITLE SURVEY
68.409 ACRES
ABSTRACT NO. 943
MAY 1912

EXHIBIT 2

Legal Description, Street Address, and HCAD Account Numbers for the Real Property in the Zone

HCAD Account Number: #1349890010001

Street Address: 11802 N. Gessner Road, Houston, Texas

Legal Description:

METES AND BOUNDS DESCRIPTION OF 68.409 ACRES

Being a tract of land containing 68.409 acres located in the William H. York 1/3 League, Abstract Number 943, in Harris County, Texas; Said 68.409 acre being out of Unrestricted Reserve "A" of Beltway Crossing Northwest, a subdivision of record in Film Code Number (F.C. No.) 659146 of the Harris County Map Records (H.C.M.R.); Said 68.409 acre tract being more particularly described by metes and bounds as follows (all bearings are referenced to the record subdivision plat of said Beltway Crossing Northwest):

BEGINNING, at a ½-inch iron rod found at the northwest corner of said Unrestricted Reserve "A" and the southwest corner of Unrestricted Reserve "A" of Costa Vizcaya, a subdivision of record in F.C. No. 618159 of the H.C.M.R, on the east Right-of-Way (R.O.W.) line of Gessner Road (one hundred feet wide per Harris County Clerk's File (H.C.C.F.) No.(s) M428088, P470456 and P47057);

THENCE, North 88° 44' 22" East, with the line common to Unrestricted Reserve 'A' of said Beltway Crossing Northwest and Unrestricted Reserve "A" of said Costa Vizcaya, a distance of 1,199.13 feet to a 5/8-inch capped iron rod found at the northeast corner of Unrestricted Reserve "A" of said Beltway Crossing Northwest and the northwest corner of a called 10.366 acre tract of land described as Exhibit "K" and recorded in the name of Reliant Energy Properties, Inc. in H.C.C.F. No. W048452;

THENCE, South 01° 40' 22" East, with the most northerly east line of Unrestricted Reserve "A" of said Beltway Crossing Northwest and the west line of said 10.366 acre tract, a distance of 1,505.15 feet to a 5/8-inch capped iron rod found at the southwest corner of said 10.366 acre tract;

THENCE, North 88° 43' 15" East, with a line common to Unrestricted Reserve "A" of said Beltway Crossing Northwest and the south line of said 10.366 acre tract, at a distance of 300.00 feet pass a 5/8-inch iron rod found at the southeast corner of said 10.366 acre tract and the southwest corner of a called 40.730 acre tract of land described as Exhibit "B" and recorded in the name of Reliant Energy Properties, Inc. in H.C.C.F. No. W048452, and continuing with a line common to Unrestricted Reserve "A" of said Beltway Crossing Northwest and the south line of said 40.730 acre tract in all a distance of 543.87 feet to a 5/8-inch capped iron rod set for the most easterly northeast corner of the herein described tract;

THENCE, through and across Unrestricted Reserve "A" of said Beltway Crossing Northwest, the following two (2) courses:

1. South 02° 03' 28" East, a distance of 670.65 feet to a 5/8-inch capped iron rod set for the southeast corner of the herein described tract;
2. South 87° 56' 27" West, a distance of 1,732.71 feet to a 5/8-inch capped iron rod set for the southwest corner of the herein described tract, on the west line of Unrestricted Reserve "A" of said Beltway Crossing Northwest and the east R.O.W. line of said Gessner Road, from which a 5/8-inch capped iron rod found at the southwest corner of Unrestricted Reserve "A" of said Beltway Crossing Northwest bears South 02° 03' 28" East, a distance of 1,172.20 feet;

THENCE, North 02° 03' 28" West, with the west line of Unrestricted Reserve "A" of said Beltway Crossing Northwest and with the east R.O.W. line of said Gessner Road, a distance of 2,199.87 feet to the POINT OF BEGINNING and containing 68.409 acres of land.

EXHIBIT 3

Abated Property/Improvements

The proposed use of the Improvements/Abated Property is for a "Facility" as defined in Section 44-121 of the Code of Ordinances of the City of Houston, Texas. The Facility (as that term is defined in the Agreement) will be approximately 400,000 to 500,000 square feet comprising package handling and distribution center and ancillary office facilities.

EXHIBIT 4

Financial Information related to the Tax Abatement

UPS Tax Abatement Projection

Tax Year	Calendar Year	COH Tax Rate	Taxable Value (Real Property)	Taxable Value (Equipment)	Taxable Value at 80% cost (Real Property)	City of Houston Abatement 75% (Improvement)	City of Houston Abatement 75% (Equipments)	Total Abatement	Taxable Value Growth Scenario
2016	2016	0.0060112	-	-	-	-	-	-	0.00%
2017	2017	0.0060112	-	-	-	-	-	-	0.00%
2018	2019	0.0060112	60,000,000	71,000,000	48,000,000	216,403	320,096	536,500	0.00%
2019	2020	0.0060112	62,400,000	66,500,000	49,920,000	225,059	299,809	524,868	4.00%
2020	2021	0.0060112	64,896,000	63,175,000	51,916,800	234,062	284,818	518,880	4.00%
2021	2022	0.0060112	67,491,840	60,016,250	53,993,472	243,424	270,577	514,001	4.00%
2022	2023	0.0060112	70,191,514	57,015,438	56,153,211	253,161	257,048	510,210	4.00%
2023	2024	0.0060112	72,999,174	54,164,666	58,399,339	263,288	244,196	507,484	4.00%
2024	2025	0.0060112	75,919,141	51,456,432	60,735,313	273,819	231,986	505,805	4.00%
2025	2026	0.0060112	78,955,907	48,883,611	63,164,725	284,772	220,387	505,159	4.00%
2026	2027	0.0060112	82,114,143	46,439,430	65,691,314	296,163	209,368	505,530	4.00%
2027	2028	0.0060112	85,398,709	44,117,459	68,318,967	308,009	198,899	506,908	4.00%
2028	2029	0.0060112	87,960,670		70,368,536				3.00%
2029	2030	0.0060112	90,599,490		72,479,592				3.00%
2030	2031	0.0060112	93,317,475		74,653,980				3.00%
2031	2032	0.0060112	96,116,999		76,893,599				3.00%
2032	2033	0.0060112	99,000,509		79,200,407				3.00%
2033	2034	0.0060112	101,970,524		81,576,419				3.00%
2034	2035	0.0060112	105,029,640		84,023,712				3.00%
2035	2036	0.0060112	108,180,529		86,544,423				3.00%
2036	2037	0.0060112	111,425,945		89,140,756				3.00%
2037	2038	0.0060112	114,768,723		91,814,979				3.00%

10 Yr	\$2,598,160	\$2,537,185	\$5,135,345
NPV (10 Yr)	\$2,236,157	\$2,236,659	\$4,472,816

Assumptions:

Building leasehold improvements: \$59,663,117 (as reported in pro-forma)

Processing Equipments/Conveyors: \$ 70,721,843 (as reported in pro-forma)

Annual Growth at 4% for the first 10 (ten) years.

Equipment depreciation is 5% per year

NPV= 3.25%