

TYLER COUNTY COMMISSIONERS COURT  
SPECIAL MEETING  
August 29, 2011 ---- 9:00 a.m.

THE STATE OF TEXAS                      ON THIS THE 29th day of August, 2011 the  
Commissioners' Court in and for Tyler County, Texas convened in a Special Meeting at  
the Commissioners' Courtroom in Woodville, Texas, the following members of the Court  
present, to wit:

JACQUES L. BLANCHETTE	COUNTY JUDGE, Presiding
MARTIN NASH	COMMISSIONER, PCT. #1
RUSTY HUGHES	COMMISSIONER, PCT. #2
MIKE MARSHALL	COMMISSIONER, PCT. #3
JACK WALSTON	COMMISSIONER, PCT. #4
DONECE GREGORY	COUNTY CLERK, EX OFFICIO

The following were absent: none thereby constituting a quorum. In addition to the  
above were:

JOE R. SMITH	CRIMINAL DIST. ATTORNEY
AUDREY PELLY	COURT COORDINATOR
SANDRA WRIGHT	HOSPITAL ADMINISTRATOR

**Judge Blanchette** motioned to adopt the amended Tyler County **Tax Abatement Guidelines**. **Commissioner Walston** seconded the motion. All voted yes and none no. SEE ATTACHED

**Judge Blanchette** motioned to designate a **reinvestment zone, also known as a Tax Increment Finance zone** and establish the boundaries thereof. The motion was seconded by **Commissioner Hughes**. Commissioner Nash requested the court look into expanding designated location to make it more advantageous to use as an economic development area and to look for other zones in the county to use as same. All voted yes and none no. SEE ATTACHED

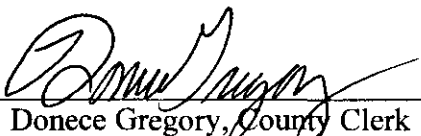
A motion was made by **Judge Blanchette** to appoint Audrey Pelly to the **FHAST Form Work Group** as specified by Analysis of Impediments to Fair Housing, Appendix A081911. The motion was seconded by **Commissioner Walston**. All voted yes and none no.

A motion was made by Commissioner Nash to adjourn the meeting. Commissioner Hughes seconded the motion. All voted yes and none no.

THERE BEING NO FURTHER BUSINESS, THE MEETING ADJOURNED: 9:08am

I, Donece Gregory, County Clerk and ex officio member of the Tyler County Commissioners Court, do hereby certify to the fact that the above is a true and correct record of the Tyler County Commissioners Court session held on August 29, 2011.

Witness my hand and seal of office on this the 12<sup>th</sup> day of September, 2011.

Attest:   
Donece Gregory, County Clerk  
Tyler County, Texas



# TAX ABATEMENT GUIDELINES

*County of Tyler*

TEXAS

## **OBJECTIVE:**

The objective of this tax abatement program is to create new jobs, new capital investment and a broadened tax base for our community by:

1. Providing an incentive for already established businesses to expand and/or modernize; and
2. Providing an incentive to attract businesses that might not locate in our community otherwise.

## **CANDIDATE QUALIFICATIONS:**

1. Produces products/services primarily for markets *outside* our community; and
2. Compliments existing businesses and/or increases the diversity of our community's economy; and
3. Does not endanger existing businesses via direct competition; and
4. Creates new jobs and capital investment.

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## SECTION I

### TAX ABATEMENT GUIDELINES DEFINITIONS

- a) **Abatement:** the full or partial exemption from ad valorem taxes of certain real property in a reinvestment zone designated for economic development purposes in accordance with Chapter 312 of the Texas Property Tax Code.
- b) **Agreement:** a contractual agreement between a property owner and/or lessee and Tyler County for the purposes of tax abatement.
- c) **Base Year Value:** the assessed value of eligible property January 1 preceding the execution of the agreement made after January 1 but before the execution of the agreement.
- d) **Economic Life:** the number of years a property improvement is expected to be in service in a facility.
- e) **Deferred Maintenance:** improvements necessary for continued operations which do not improve productivity or alter the process technology.
- f) **Expansion:** the addition of buildings, structures, fixed machinery or equipment for the purposes of increasing production capacity.
- g) **Facility:** property improvements completed or in the process of construction which together comprise an integral whole.
- h) **Manufacturing Facility:** buildings and structures, including fixed machinery and equipment, the primary purpose of which will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.
- i) **Modernization:** the replacement and upgrading of existing facilities which increases the production input or output, updates the technology or substantially lowers the unit cost of the operation. Modernization may result from the construction, alteration, or installation of buildings, structures, fixed machinery or equipment. It *shall not* be for the purpose of reconditioning, refurbishing or repairing.
- j) **New Facility:** means a property previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.
- k) **Other Basic Industry:** buildings and structures including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services which primarily serve a market outside the Tyler County area and result in the creation of new permanent jobs and brings new wealth.
- l) **Distribution Center Facility:** buildings and structures, including fixed machinery and equipment, used or to be used, primarily to receive, store, service, and distribute goods or materials.
- m) **Entertainment Facility:** buildings and structures, including fixed machinery and equipment used, or to be used, to provide entertainment through the admission of the general public.
- n) **Service Facility:** buildings and structures, including fixed machinery and equipment, used or to be used to service goods.
- o) **Research Facility:** building and structures, including fixed machinery and equipment, used or to be used primarily for research or experimentation to improve or develop and production processes thereto.
- p) **Total Facility:** all buildings and structures, including fixed machinery and equipment at the site(s) where the "abatement facility" is located.

## SECTION II

### ABATEMENT TO PROMOTE ECONOMIC DEVELOPMENT

- a) **Authorized Facility:** a facility may be eligible for abatement under this section if it is a manufacturing facility, production facility, research facility, distribution center, service facility, entertainment facility or other basic industry.
- b) **Creation of New Value:** abatement may only be granted for the additional value of eligible property improvements made subsequent to and listed in an abatement agreement between Tyler County and the property owner and/or lessee, subject to such limitations as Tyler County may require.
- c) **New and Existing Facilities:** abatement may be granted for new facilities and improvements to existing facilities for purposes of modernization or expansion.
- d) **Eligible Property:** abatement may be extended to the value of buildings, structures, fixed machinery and equipment, site improvements plus that office space and related fixed improvements necessary to the operation and administration of the facility.
- e) **Ineligible Property:** the following types of property shall be fully taxable and ineligible for abatement – land, inventories, supplies, tools, furnishings, and other forms of movable personal property, vehicle, vessels, aircraft, housing, hotel accommodations, deferred maintenance investments, other as identified by Texas Property Tax Code.
- f) **Leased Facility:** If a leased facility is granted abatement, the agreement shall be executed with lessor and the lessee.
- g) **Value and Term of Abatement:** Abatement shall be granted effective with the January 1 valuation date *immediately following* the date of execution of the abatement agreement. The length of an abatement agreement contract will be for a period not to exceed fifteen (15) years, inclusive of construction period. The construction period abatement will not exceed five (5) years, determined according to complexity and capital improvement. Abatement duration will not exceed one-half (1/2) of the project's useful life. The **maximum amount of abatement** may be determined as follows:

% of Abatement	Period
100 %	Construction Period – not to exceed 5 years
100 %	Tax Year 1
90 %	Tax Year 2
80 %	Tax Year 3
70 %	Tax Year 4
60 %	Tax Year 5
50 %	Tax Year 6
40 %	Tax Year 7
30 %	Tax Year 8
20 %	Tax Year 9
10 %	Tax Year 10

If a modernization project includes facility replacement, the abated value shall be the value of the new unit less the value of the old unit(s).

- h) **Local Employment Requirement:** a property owner asking for tax abatement under this policy shall agree, if available, to hire 25% of construction employees and 25% of permanent employees from Tyler County.

- i) **Economic Qualifications:** in order to be eligible to receive tax abatement, the planned improvement
  - 1. Must not be expected to solely or primarily have the effect of transferring employment from one part of Tyler County to another; and
  - 2. Must be necessary because capacity cannot be provided efficiently utilizing existing improved property when reasonable allowance is made for necessary improvements; and
  - 3. Must create a net increase of permanent jobs at the total facility of the applicant; and
  - 4. The property owner seeking tax abatement shall insure that its construction contractor and the operating manager of the facility granted tax abatement shall pay all affected employees a fair and equitable wage during the construction period of the abated project. In addition, the construction contractor and the operating manager of the facility agree to utilized area contractors and work force to the maximum extent feasible.
- j) **Taxability:** from the execution of the abatement to the end of the agreement period, taxes **shall** be payable as follows:
  - 1. The value of ineligible property as provided in Section II (e) shall be fully taxable; and
  - 2. The base year value of existing eligible property as determined each year shall be fully taxable; and
  - 3. The additional value of new eligible property shall be taxable in the manner described in Section II (g) or Section III (a) (b).

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### SECTION III

#### ABATEMENT TO FINANCE INFRASTRUCTURE

- a) **Authorized Use:** In addition to abatements granted under Section II, an entity may grant tax abatement on additional value of property improvements to encourage agreements to finance construction of necessary infrastructure for the economic development of an area including, but not limited to, school facilities, streets, thoroughfares and utilities.
- b) **Value and Term of Abatement:** The amount and length of abatement contracts under this section shall be determined by the entity considering the value of the infrastructure to be constructed and effect on additional development potential.
- c) **Prior to entering into a tax abatement agreement,** every taxing entity affected by the county, school district and city having taxing jurisdiction over the proposed tax abatement shall be provided a draft of the proposed abatement contract created in accordance with these guidelines and compliance with Chapter 312 of the Texas Property Tax Code for consideration and input.
- d) **In order to enter into a tax agreement,** the entity must find that the terms of the proposed agreement meet these guidelines and criteria and that:
  1. There will be no substantial adverse effect on the provision of the entity's service or tax base; and
  2. The planned use of the property will not constitute a hazard to public safety, health, or morals; and
  3. The tax abatement will not adversely affect the competitive position of existing companies in Tyler County; and
  4. Where the applicant for abatement lies within extraterritorial jurisdiction (ETJ) of a city within the county, the applicant will be encouraged to seek information of the reinvestment zone through the city.

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**SECTION IV  
APPLICATION**

- a) Any present or potential owner of taxable property in Tyler County may request abatement by filing a written request with the entity.
- b) The application shall consist of a general description of the new improvements to be undertaken; a descriptive list of the improvements for which an abatement is requested; a list of the kind, number and location of all proposed improvements of the property; a map and property description; a time schedule for undertaking and completing the proposed improvements of the property; the number of permanent jobs to be created. In the case of modernization, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The application form may require such financial and other information as Tyler County deems appropriate for reevaluating the financial capacity and other factors of the applicant.
- c) After receipt of an application for tax abatement, Tyler County, through its designated officer or employee, shall prepare a feasibility study setting out the impact of the proposed tax abatement. The feasibility study shall include, but not be limited to, an estimate of the economic effect of the abatement of taxes and the benefit to the eligible jurisdiction and the property to be included in the zone.

**SECTION V  
AGREEMENT CONTRACT**

The Agreement Contract shall be formally approved by the Commissioners Court in a regularly posted meeting and execute the agreement with the owner of the facility and/or lessee as required which shall include:

1. Estimated value to be abated and the base year value; and
2. Percent of value to be abated each year as provided in Section II(g) and Section III (a)(b); and
3. The commencement date and termination of abatement; and
4. The proposed use of the facility, nature of construction, time schedule, map property description and improvement list as provided in Application, Section III(b); and
5. Contractual obligations in the event of default, violation of terms and/or conditions, delinquent taxes, recapture, administration and assignments as provided in Section II (a)(f)(g) and Sections V, VI, VII or other provisions that may be required for uniformity of state law and Section III (a)(b); and
6. Amount of investment and number of permanent jobs created.

Such agreement shall be executed within a reasonable time after applicant has forwarded all necessary information and documentation to Tyler County.

**SECTION VI**  
**RECAPTURE**

- a) In the event that the facility is completed and begins producing product or service, but subsequently discontinues producing product or service for any reason excepting fire, explosion or other casualty or accident or natural disaster for a period of twelve (12) consecutive months during the abatement period, then the agreement shall terminate and so shall the abatement of the taxes for the calendar year during which the facility no longer produces. The taxes otherwise abated for the calendar year shall be paid to Tyler County within sixty (60) days from the date of termination.
- b) In the event that the legally determined fair market value of the real property on January 1 of any tax year is less than the legally determined base year value of the real property, then the abatement of fair market value of the projects for such tax year shall be reduced during such tax year for each dollar that the fair market value of the real property is less than the base value; provided however, that in no event shall the offset exceed the fair market value of the real property that would otherwise be abated. The assessed value of the real property shall be that value assigned by the Tyler County Appraisal District. Furthermore, if Tyler County loses tax revenue in any tax year during the term of the contract as a result of lowered assessed property valuation in Tyler County as determined by the Tyler County Appraisal District, the amount of tax dollars abated will be reduced during such tax year for each dollar of lost tax revenue, provided, however, that in no event shall the reduction exceed the amount of taxes that would otherwise be abated.
- c) Should Tyler County determine that the company or individual is in default according to the terms and conditions of its agreement, Tyler County shall notify the company or individual in writing at the address stated in the agreement, and if such is not cured within sixty (60) days from the date of such notice ("Cure Period"), then the agreement may be terminated.
- d) In the event that the company or individual allows its ad valorem taxes owed to Tyler County to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest or violates any of the terms and conditions of the abatement agreement and fails to cure during the Cure Period;
  - 1. Reasonable attorney's fees and expenses of a party incurred in successfully prosecuting or defending a suit under Agreement against the other party will be recoverable by the successful party in such action.
  - 2. All obligations under Agreement are performable in Tyler County Texas and it is agreed and understood by and between the parties hereto that venue for any action based, in whole or in part, directly or indirectly, upon any of the terms of Agreement shall lie exclusively in the courts of Tyler County, Texas.
  - 3. Agreement shall be governed by and construed under the laws of the State of Texas.



**SECTION VII**  
**ANNUAL ASSESSMENT**

1. The Chief Appraiser of Tyler County Appraisal District shall annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year the company or individual receiving abatement shall furnish the assessor with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser shall notify Tyler County of the amount of the assessment; and
2. The agreement shall stipulate that a designated representative of Tyler County will have access to the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and the conditions of the agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the company or individual and in accordance with its safety standards; and
3. Upon completion of construction, Tyler County shall annually evaluate each facility receiving abatement to ensure compliance with the agreement.

**SECTION VIII**  
**ASSIGNMENT**

Tax abatement agreements may be assigned to a new owner or lessee of the facility with the written consent of Tyler County, which consent shall not be unreasonably withheld. 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 the agreement. Any assignment of tax abatement shall be to an entity that contemplates the same improvements or repairs to the property, except to the extent such improvements or repairs have been completed. No assignment shall be approved if the assignor or the assignee is indebted to Tyler County for ad valorem taxes or other obligations.

**SECTION IX**  
**DURATION OF POLICY**

These guidelines and criteria are effective upon the date of their adoption and will remain in force and may be modified or eliminated by action of the Commissioners Court of Tyler County. These guidelines shall be modified by action of the Commissioners Court of Tyler County as necessary to insure compliance with the Texas Property Tax Code.

SECTION X


TAX ABATEMENT GUIDELINES

*County of Tyler*

TEXAS

PASSED BY A MAJORITY VOTE THE COMMISSIONERS COURT  
of Tyler County, Texas this the 29<sup>th</sup> of August, 2011.

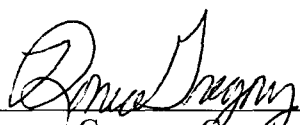
  
Martin Nash, Commissioner Pct. 1

  
Rusty Hughes, Commissioner Pct. 2

  
Mike Marshall, Commissioner Pct. 3

  
Jack Walston, Commissioner Pct. 4

  
Jacques L. Blanchette, County Judge

Attested by:   
Donece Gregory, County Clerk

**Audrey**

---

**From:** Katy Sellers [katy.sellers@tdhca.state.tx.us]  
**Sent:** Monday, August 22, 2011 5:14 PM  
**To:** Katy Sellers  
**Cc:** Suzi Sparks  
**Subject:** FFAST work sessions  
**Attachments:** Appendix A - FFAST guide 081911.docx; AI FFAST Form final 072211.doc

Reminder - please RSVP if you plan to attend one of the upcoming FFAST work sessions. Bring with you a copy of the FFAST form and guide (attached). Also bring paper or computers to take notes as needed. Please note we did update the guide to clarify that elected official designees for FFAST workgroups should be on staff. Please let us know if you have questions. Thanks to those who have already signed up to attend.

Thanks - Katy

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**From:** Katy Sellers  
**Sent:** Monday, August 08, 2011 11:11 AM  
**To:** 'katy.sellers@tdhca.state.tx.us'  
**Subject:** FFAST work sessions

Dear CDBG Disaster Recovery participant,

As mentioned in previous correspondence, the Land Office Disaster Recovery program will host FFAST form work sessions the last week of August (details below). Please bring all relevant data to the work sessions. We highly encourage all FFAST workgroup members to participate. This is an opportunity to receive technical assistance on the completion of your community's FFAST form.

As part of the process for Round 2.2 of the CDBG Disaster Recovery program, all applicants will need to complete a FFAST form to submit with their application. The FFAST form is also required from each council of government (COG) for inclusion in the methods of distribution. The FFAST form and guide are located online here:  
<http://www.tdhca.state.tx.us/cdbg/ike-and-dolly/ai-agenda.htm>

To RSVP, please email [ssparks@hntb.com](mailto:ssparks@hntb.com) or call toll-free 866-206-1084.

**LOCATIONS (all meetings are scheduled from 8:30am – 1:30pm)**

**Friday, August 26 – Austin**  
UT Thompson Center  
2405 Robert Dedman Drive, Austin, TX 78705  
Rm. 3.102

**Monday, August 29 – Weslaco**  
Rio Grande Livestock & Event Center  
1000 N. Texas, Mercedes, TX

**Tuesday, August 30 - Houston**  
Houston Hobby Airport Marriott  
9100 Gulf Freeway

# TAX ABATEMENT GUIDELINES

## *County of Tyler*

TEXAS

### **OBJECTIVE:**

The objective of this tax abatement program is to create new jobs, new capital investment and a broadened tax base for our community by:

1. Providing an incentive for already established businesses to expand and/or modernize; and
2. Providing an incentive to attract businesses that might not locate in our community otherwise.

### **CANDIDATE QUALIFICATIONS:**

1. Produces products/services primarily for markets *outside* our community; and
2. Compliments existing businesses and/or increases the diversity of our community's economy; and
3. Does not endanger existing businesses via direct competition; and
4. Creates new jobs and capital investment.

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### **SECTION I**

## TAX ABATEMENT GUIDELINES DEFINITIONS

- a) **Abatement:** means the full or partial exemption from ad valorem taxes of certain real and personal property in a reinvestment or enterprise zone designated by Tyler County for economic development purposes.
- b) **Agreement:** a contractual agreement between a property owner and/or lessee and Tyler County for the purposes of tax abatement.
- c) **Base Year Value:** the assessed value of eligible property January 1 preceding the execution of the agreement made after January 1 but before the execution of the agreement.
- d) **Deferred Maintenance:** improvements necessary for continued operations which do not improve productivity or alter the process technology.
- e) **Distribution Center Facility:** buildings and structures, including fixed machinery and equipment, used or to be used, primarily to receive, store, service, and distribute goods or materials.
- f) **Economic Life:** the number of years a property improvement is expected to be in service in a facility.
- g) **Entertainment Facility:** buildings and structures, including fixed machinery and equipment used, or to be used, to provide entertainment through the admission of the general public.
- h) **Expansion:** the addition of buildings, structures, fixed machinery or equipment for the purposes of increasing production capacity.
- i) **Facility:** property improvements completed or in the process of construction which together comprise an integral whole.
- j) **Manufacturing Facility:** buildings and structures, including machinery and equipment, the primary purpose of which will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.
- k) **Modernization:** the replacement and upgrading of existing facilities which increases the production input or output, updates the technology or substantially lowers the unit cost of the operation. Modernization may result from the construction, alteration, or installation of buildings, structures, fixed machinery or equipment. It *shall not* be for the purpose of reconditioning, refurbishing or repairing.
- l) **New Facility:** means a property previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.
- m) **Other Basic Industry:** buildings and structures including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services which primarily serve a market outside the Tyler County area and result in the creation of new permanent jobs and brings new wealth.
- n) **Personal Property:** means personal property, as designated by the Tyler County Appraisal District, which includes but is not limited to any tangible thing (including gasses, steams, and other non-solid state things) that can be removed from real property without destroying or changing such real property.
- o) **Productive Life:** means the number of years a property improvement is expected to be in service in a facility.
- p) **Real Property:** means real property improvements, as designated by the Tyler County Appraisal District, which includes but is not limited to any buildings, buildings built on skids, portable buildings, parking areas, and fences attached to land.
- q) **Research Facility:** building and structures, including fixed machinery and equipment, used or to be used primarily for research or experimentation to improve or develop and production processes thereto.
- r) **Service Facility:** buildings and structures, including fixed machinery and equipment, used or to be used to service goods.
- s) **Total Facility:** all buildings and structures, including fixed machinery and equipment at the site(s) where the "abatement facility" is located.

## SECTION II

### ABATEMENT TO PROMOTE ECONOMIC DEVELOPMENT

- a) **Authorized Facility:** a facility may be eligible for abatement under this section if it is a manufacturing facility, production facility, research facility, distribution center, service facility, entertainment facility or other basic industry.
- b) **Creation of New Value:** abatement may only be granted for the additional value of eligible property improvements made subsequent to and listed in an abatement agreement between Tyler County and the property owner and/or lessee, subject to such limitations as Tyler County may require.
- c) **New and Existing Facilities:** abatement may be granted for new facilities and improvements to existing facilities for purposes of modernization or expansion.
- d) **Eligible Property:** property eligible for abatement of all or a portion of such property's value includes improvements and increased value on real property after the execution of the tax abatement agreement, and tangible personal property located on the real property after the execution of the tax abatement agreement.
- e) **Ineligible Property:** Any property for which abatement is prohibited by state law or pursuant to these guidelines or the tax abatement agreement.
- f) **Leased Facility:** If a leased facility is granted abatement, the agreement shall be executed with lessor and the lessee.
- g) **Value and Term of Abatement:** Value and Term of Abatement. Abatement shall be granted effective with the January 1 valuation date immediately following the date of execution of the Agreement. The value of new eligible properties shall be abated according to the approved Agreement between applicant and the governing body. The governing body, in its sole discretion, shall determine the amount of any abatement. The term of any abatement may not exceed ten (10) years. The abatement may be extended through an initial agreement and a subsequent agreement as may be required to comply with state law regarding the term of the reinvestment zone. If a modernization project includes facility replacement, the abated value shall be the value of the new unit less the value of the old unit(s).
- h) **Construction in Progress.** If a qualifying facility has not been placed in service as of January 1 following execution of the abatement Agreement, the tax payer may apply for a one year extension of the term of abatement, to be granted or denied in accordance with the Agreement. Said extension must be applied for prior to the end of the calendar year in which the abatement Agreement is executed.
- ① i) **Local Employment Requirement:** a property owner asking for tax abatement under this policy shall agree, if available, to hire 25% of construction employees and 25% of permanent employees from Tyler County.
- j) **Economic Qualifications:** in order to be eligible to receive tax abatement, the planned improvement
  1. Must not be expected to solely or primarily have the effect of transferring employment from one part of Tyler County to another; and
  2. Must be necessary because capacity cannot be provided efficiently utilizing existing improved property when reasonable allowance is made for necessary improvements; and
  3. Must create a net increase of permanent jobs at the total facility of the applicant; and
  4. The property owner seeking tax abatement shall insure that its construction contractor and the operating manager of the facility granted tax abatement shall pay all affected employees a fair and equitable wage during the construction period of the abated project. In addition, the construction contractor and the operating manager of the facility agree to utilized area contractors and work force to the maximum extent feasible.

5. Must be expected to have an increased appraised ad valorem tax value of at least \$500,000 for existing qualifying facilities or \$1,000,000 for new qualifying facilities based upon the Tyler County Appraisal District's assessment of the eligible property.
6. Must have no serious adverse effect on jurisdictions.
7. Must have a significantly positive result from the economic impact analysis performed as part of the application process (*i.e.*, the local economic benefit must significantly exceed the amount of anticipated tax revenues foregone by the Agreement).

k) **Taxability:** from the execution of the abatement to the end of the agreement period, taxes **shall** be payable as follows:

1. The base year value of existing eligible property as determined each year shall be fully taxable;
2. The value of ineligible property shall be fully taxable; and
3. The additional value of new eligible property shall be taxable in the manner described in Section II (g) or Section III (a) (b).

l) **Denial of Abatement.** No Abatement Agreement shall be authorized if it is determined that:

1. There would be substantial adverse affect on the tax base or costs associated with the providing of government services.
2. The applicant has insufficient financial capacity, which reasonably could be expected to jeopardize the success of the undertaking.
3. The planned or potential use of the property would constitute a hazard to public safety, health or morals.
4. The area considered for abatement lies within the taxing jurisdiction of an incorporated city or town, unless the city or town has already granted abatement to the concerned entity and ninety (90) days have not passed since the granting of such abatement.
5. Granting abatement might lead to the violation of other codes or laws.
6. For any other reason deemed appropriate by Commissioners' Court.

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### SECTION III ABATEMENT TO FINANCE INFRASTRUCTURE

- a) **Authorized Use:** In addition to abatements granted under Section II, an entity may grant tax abatement on additional value of property improvements to encourage agreements to finance construction of necessary infrastructure for the economic development of an area including, but not limited to, school facilities, streets, thoroughfares and utilities.
- b) **Value and Term of Abatement:** The amount and length of abatement contracts under this section shall be determined by the entity considering the value of the infrastructure to be constructed and effect on additional development potential.
- c) **Prior to entering into a tax abatement agreement,** every taxing entity affected by the county, school district and city having taxing jurisdiction over the proposed tax abatement shall be provided a draft of the proposed abatement contract created in accordance with these guidelines and compliance with Chapter 312 of the Texas Property Tax Code for consideration and input.
- d) **In order to enter into a tax agreement,** the entity must find that the terms of the proposed agreement meet these guidelines and criteria and that:
  - 1. There will be no substantial adverse effect on the provision of the entity's service or tax base;
  - 2. The planned use of the property will not constitute a hazard to public safety, health, or morals;
  - 3. The tax abatement will not adversely affect the competitive position of existing companies in Tyler County; and
  - 4. Where the applicant for abatement lies within extraterritorial jurisdiction (ETJ) of a city within the county, the applicant will be encouraged to seek information of the reinvestment zone through the city.

TYLER COUNTY  
EXTRATERRITORIAL JURISDICTION

**SECTION IV  
APPLICATION**

- a) Any present or potential owner of taxable property in Tyler County may request abatement by filing a written request with the entity.



- b) The application shall consist of a general description of the new improvements to be undertaken; a descriptive list of the improvements for which an abatement is requested; a list of the kind, number and location of all proposed improvements of the property; a map and property description; a time schedule for undertaking and completing the proposed improvements of the property; the number of permanent jobs to be created. In the case of modernization, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The application form may require such financial and other information as Tyler County deems appropriate for reevaluating the financial capacity and other factors of the applicant.
- c) After receipt of an application for tax abatement, Tyler County, through its designated officer or employee, shall prepare a feasibility study setting out the impact of the proposed tax abatement. The feasibility study shall include, but not be limited to, an estimate of the economic effect of the abatement of taxes and the benefit to the eligible jurisdiction and the property to be included in the zone.
- d) Upon receipt of a completed application and prior to acting on the application, the County Judge shall (1) notify in writing the presiding officer of the legislative body of each taxing unit in which the property to be subject to the Agreement is located not later than the seventh day before the public hearing and (2) publish in a newspaper of general circulation within such taxing jurisdiction not later than the seventh day before the public hearing. Before acting upon the application, Tyler County shall through public hearing afford the applicant and the designated representative of any affected jurisdiction, and any other interested person, opportunity to show cause why the abatement should or should not be granted. Notice of the public hearing shall be clearly identified on Commissioners' Court agenda to be posted at least seven (7) days prior to the hearing.
- e) Tyler County, not more than 60 days after receipt of the application, shall by order either approve or disapprove the application for tax abatement at a regularly scheduled meeting by a majority vote. The county judge shall notify the applicant of approval or disapproval. If disapproved, a Commissioner may request a second review, in which case a new application and hearing shall be required.
- f) Tyler County shall not establish a reinvestment zone for the purpose of abatement if it finds that the request for the abatement was filed after the commencement of construction, alteration, or installation of improvements related to a proposed modernization, expansion, or construction of new facility.
- g) Confidentiality Required. Information that is provided to the County in connection with an application or request for Tax Abatement and that describes the specific processes or business activities to be conducted or the equipment or other property to be located on the property for which Tax Abatement is sought is confidential and not subject to public disclosure until the Tax Abatement Agreement is executed. That information in the custody of a taxing unit after the Agreement is executed is Public Record, and not confidential.

## **SECTION V**

### **AGREEMENT CONTRACT**

- a) Notice to Jurisdictions. Not later than the seventh day before the date on which Tyler County enters into the Abatement Agreement, the County shall deliver to the presiding officer of the governing body of each other taxing unit in which the property is located a written notice that the County intends to enter into the Agreement, along with a copy of the proposed agreement.
- b) After approval, Tyler County shall formally pass an order and execute an Agreement with the

owner of the facility and lessee as required which shall include:

1. Estimated value to be abated and the base year value;
  2. Percent of value to be abated each year as provided in Section II ;
  3. The commencement date and the termination date of abatement;
  4. The proposed use of the facility; nature of construction, time schedule, map, property description and improvements list as provided in the abatement application.
  5. Provision for access to and authorization for inspection of the property by Tyler County to ensure that the improvements or repairs are made according to the specifications and conditions of the Agreement.
  6. Limitations on the uses of the property, consistent with the general purpose of encouraging development or redevelopment of the zone during the abatement period.
  7. Contractual obligations in the event of default, violations of terms or conditions, delinquent taxes, recapture, administration and assignment as provided herein and other provisions that may be required for uniformity or by State law and;
  8. Size of investment and average number of jobs involved for the period of Abatement.
- c) Such agreement shall be executed within sixty (60) days after the later of the date applicant has forwarded all necessary information and documentation to Tyler County or the date of the approval of the application.

## **SECTION VI**

### **RECAPTURE**

- a) In the event that the company or individual (1) allows its ad valorem taxes owed the County to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest; or (2) violates any of the terms and conditions of the abatement agreement; and fails to cure during the cure period, the agreement then may be terminated and all taxes previously abated by virtue of the Agreement will be recaptured and paid within thirty (30) days of the termination.
- b) Should the County determine that the company or individual is in default according to the terms and conditions of its agreement, the County shall notify the company or individual of such default in writing at the address stated in the agreement; and if such is not cured within sixty (60) days from the date of such notice ("Cure Period"), then the Agreement may be terminated. Alternatively, County may, as a penalty for default or non-compliance with the provisions of the Agreement, reduce the term of the abatement period and/or the annual percentage abatements available thereunder.
- c) Payment in Lieu of Taxes: If, during the period of this abatement, any Federal or State law provides and additional tax exemption for the property that is already the subject of this agreement, Applicant agrees to decline that tax exemption during the period of this abatement. If Applicant is unable to decline that tax exemption, Applicant agrees to pay the taxes, or payment in lieu of taxes, on the reduction of property tax revenue to the County that is the result of said exemption. Any payment in lieu of taxes shall be due on or before November 15 of the year in which payment is due.
- d) Notwithstanding Section VI, the County is entitled to draft an agreement with the applicant that will reflect the parties' mutual definition of a breach that results in a default, and a recapture amount proportional to the breach.

## **SECTION VII**

### **ANNUAL ASSESSMENT**

1. The Chief Appraiser of Tyler County Appraisal District shall annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year the company or individual receiving abatement shall furnish the assessor with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser shall notify Tyler County of the amount of the assessment;

2. The agreement shall stipulate that a designated representative of Tyler County will have access to the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and the conditions of the agreement are being met. All inspections will be made only after the giving of reasonable notice and will be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the company or individual and in accordance with its safety standards;
3. Upon completion of construction, Tyler County shall annually evaluate each facility receiving abatement to ensure compliance with the agreement.

## **SECTION VIII**

### **ASSIGNMENT**

Tax abatement agreements may be assigned to a new owner or lessee of the facility with the written consent of Tyler County, which consent shall not be unreasonably withheld. 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 the agreement. Any assignment of tax abatement shall be to an entity that contemplates the same improvements or repairs to the property, except to the extent such improvements or repairs have been completed. No assignment shall be approved if the assignor or the assignee is indebted to Tyler County for ad valorem taxes or other obligations.

## **SECTION IX**

### **DURATION OF POLICY**

These guidelines and criteria are effective upon the date of their adoption and will remain in force for two (2) years, but may be modified or eliminated by action of the Commissioners Court of Tyler County. These guidelines shall be modified by action of the Commissioners Court of Tyler County as necessary to insure compliance with the Texas Property Tax Code.

## **SECTION X**

# **TAX ABATEMENT GUIDELINES**

*County of Tyler*

**TEXAS**

**PASSED BY A MAJORITY VOTE THE COMMISSIONERS COURT  
of Tyler County, Texas this the 29<sup>th</sup> of August, 2011.**

\_\_\_\_\_  
Martin Nash, Commissioner Pct. 1

\_\_\_\_\_  
Rusty Hughes, Commissioner Pct. 2

\_\_\_\_\_  
Mike Marshall, Commissioner Pct. 3

\_\_\_\_\_  
Jack Walston, Commissioner Pct. 4

\_\_\_\_\_  
Jacques L. Blanchette, County Judge

Attested by: \_\_\_\_\_  
Donece Gregory, County Clerk



# Order

BY THE

## Commissioners Court of Tyler County

MARTIN NASH  
Commissioner, Pct. 1

RUSTY HUGHES  
Commissioner, Pct. 2

JACQUES L. BLANCHETTE  
County Judge

MIKE MARSHALL  
Commissioner, Pct. 3

JACK WALSTON  
Commissioner, Pct. 4

STATE OF TEXAS           §  
  §  
COUNTY OF TYLER       §

### ORDER

#### **ORDER OF THE COMMISSIONERS COURT OF TYLER COUNTY DESIGNATING REINVESTMENT ZONE (ALSO KNOWN AS TAX INCREMENT FINANCE "TIF" ZONE); ESTABLISHING THE BOUNDARIES THEREOF; AND MAKING NECESSARY FINDINGS AS REQUIRED BY LAW**

**WHEREAS**, the Commissioners Court of Tyler County, Texas ("Court") desires to promote the development or redevelopment of a certain contiguous geographic area within its jurisdiction by the creation a reinvestment zone for tax abatement as authorized by Sections 312.401 et.seq., Property Tax Code, and other applicable law (the "Act"); and

**WHEREAS**, a hearing on the designation of the reinvestment zone was set for August 29, 2011, such date being at least seven (7) days after the date of publication of the notice of such public hearing; and

**WHEREAS**, the Court held such public hearing after publishing notice of such public hearing; and

**WHEREAS**, at such hearing, all interested persons where provided an opportunity to speak and present evidence for or against the designation of the zone:

#### **NOW, THEREFORE, BE IT ORDERED:**

Section 1: THAT there is hereby established a reinvestment zone in the jurisdiction of Tyler County, and the boundaries of said zone shall be as set out in Exhibit "A" attached hereto and made a part hereof for all parties.

Section 2: WITH reference to such zone, the Court finds as follows:

- 1) THAT a public hearing on the adoption of the reinvestment zone has been properly called, held and conducted, and that notices of such hearing were published according to law;
- 2) THAT the designation of the property described in Exhibit "A" as a reinvestment 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 within the zone and will contribute to the economic development of the County; and
- 3) THAT the reinvestment zone meets the criteria for the creation of a reinvestment zone as set forth in the Act.

Section 3: THAT the zone shall take effect upon adoption hereof and expire five (5) years from the date hereof. The designation of the zone may be renewed for another five (5) year period.

Section 4: THAT if any section, subsection, sentence, clause or phrase of the Order, or the application of same to a particular set of persons or circumstances, shall for any reason be held to be invalid, such invalidity shall not affect the remaining portions of the Order, and to such end the various portions and provisions of this Order are declared to be severable.

**PASSED BY THE COMMISSIONERS COURT of Tyler County, Texas the 29<sup>th</sup> of August, 2011.**

\_\_\_\_\_  
Martin Nash

\_\_\_\_\_  
Rusty Hughes

\_\_\_\_\_  
Mike Marshall

\_\_\_\_\_  
Jack Walston

\_\_\_\_\_  
Jacques L. Blanchette

Attested by:   
\_\_\_\_\_  
Donée Gregory, County Clerk

MILLER G

MARYALICE

TUBB INVESTMENTS  
R022652 TUBB OPEN FIED

CULLEN

70.95

WYDER PATRICE  
R021893  
1806  
874  
1166

GOLD

TRISTRIM HOLDING  
R04293

36.07

ILCHRIST MARION S  
R056227

576

596

10.55

MITCHELL  
R02247

ANTHONY C

CO

89

ER DOLORES  
22588

POOLE KENNETH R  
R022461

384

H JERRY A &  
R022277

694

422

42

58316

JAMES JR

AMPSON D  
R022613

159

007

BELL ALAN W  
R022564

618

769

371

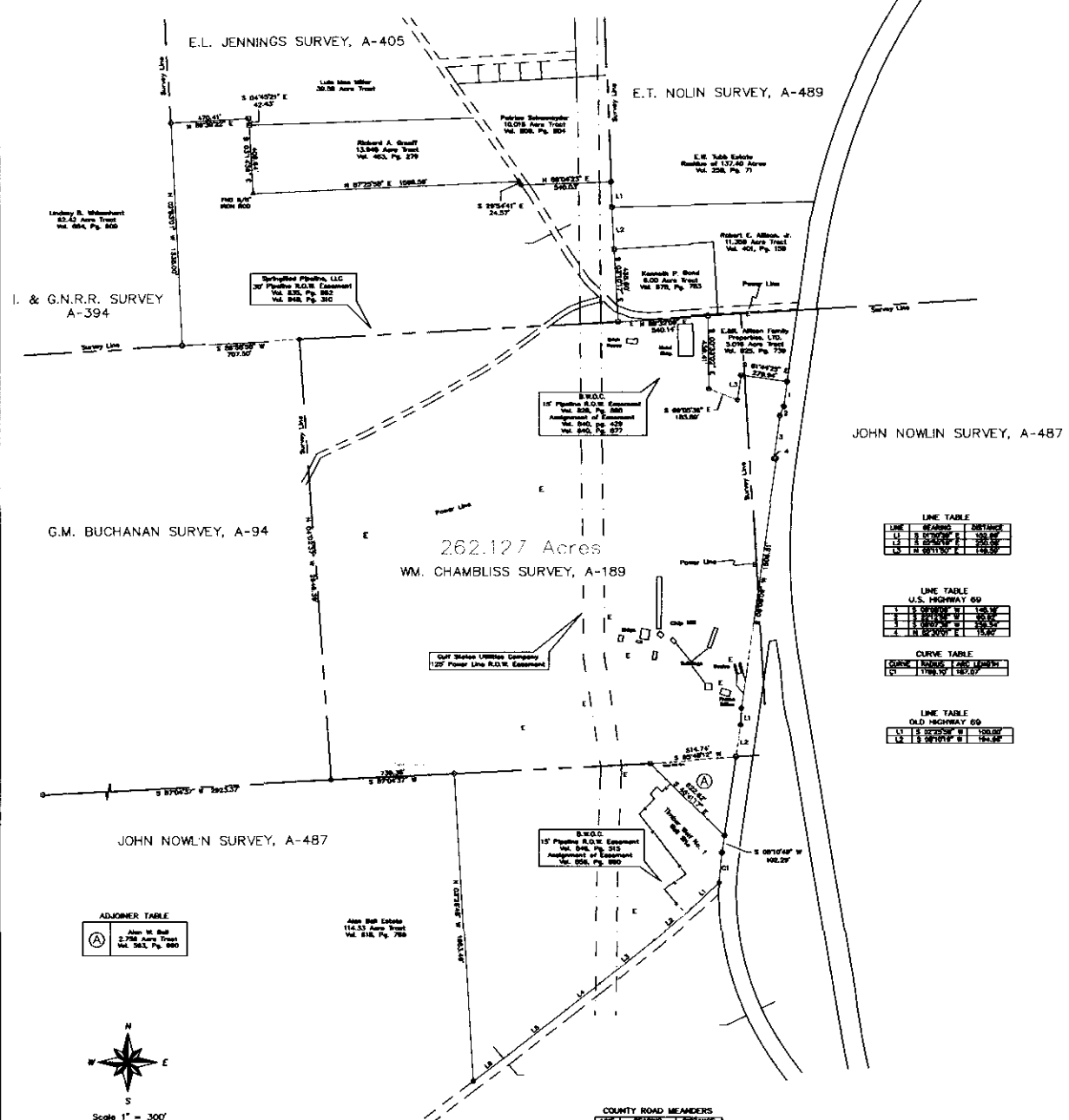
BELL ALAN W  
R021911

618

769

32

AREA SURVEYING & MAPPING  
418 N. PINE  
WOODVILLE, TEXAS 75079  
(409) 283-8197 OFFICE



262.127 Acres  
W.M. CHAMBLISS SURVEY, A-189

LINE TABLE

LINE	BEARING	DISTANCE
L1	S 04°02'00" E	300.00'
L2	S 89°57'00" E	300.00'
L3	N 01°00'00" W	150.00'

LINE TABLE  
U.S. HIGHWAY 69

LINE	BEARING	DISTANCE
L1	S 89°57'00" E	300.00'
L2	S 04°02'00" E	300.00'
L3	N 01°00'00" W	150.00'

CURVE TABLE

CURVE	TOSS	CHORD	ARC LENGTH
C1	178.50'	182.50'	182.50'

LINE TABLE  
OLD HIGHWAY 69

LINE	BEARING	DISTANCE
L1	S 89°57'00" E	300.00'
L2	S 04°02'00" E	300.00'

ADJOINER TABLE

ADJOINER	BEARING	DISTANCE
A	S 89°57'00" E	300.00'



- ~ LEGEND ~
- ⊕ = Found Concrete Monument
  - ⊙ = Found 1/2" Iron Pin
  - ⊠ = Found 5/8" Iron Nail
  - ⊡ = Found 1/2" Iron Bolt
  - ⊙ = Found 1/2" Iron Pipe
  - ⊙ = Found Concrete R.O.W. Marker
  - ⊙ = Found 1/2" Iron Pipe
  - ⊙ = Found Pine Nail Stake

COUNTY ROAD MEMBERS

LINE	BEARING	DISTANCE
L1	S 89°57'00" E	300.00'
L2	S 04°02'00" E	300.00'
L3	N 01°00'00" W	150.00'
L4	S 89°57'00" E	300.00'
L5	S 04°02'00" E	300.00'
L6	N 01°00'00" W	150.00'

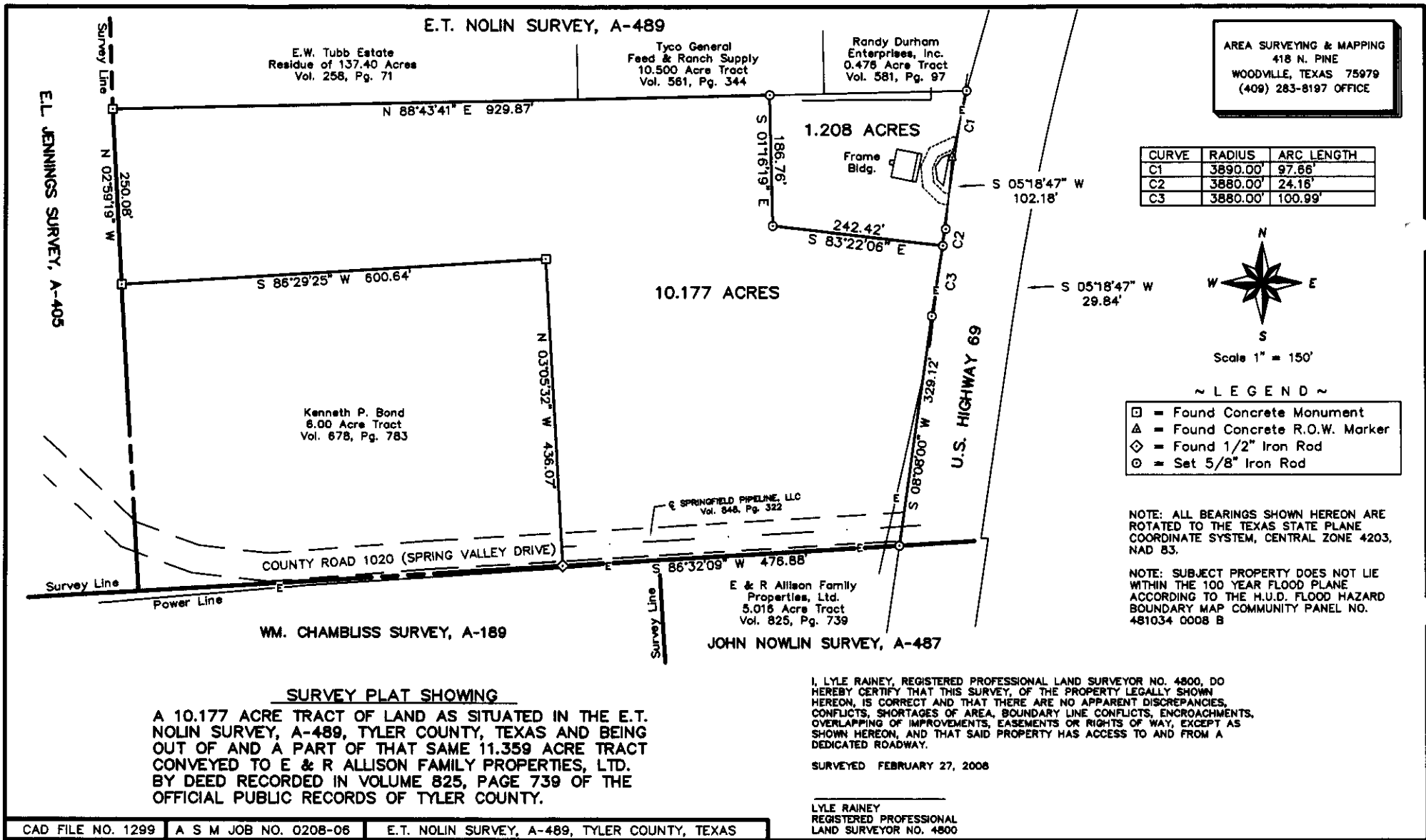
NOTE: ALL BEARINGS SHOWN HEREON ARE BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE 4203, NAD 83.

NOTE: SUBJECT PROPERTY DOES NOT LIE WITHIN THE 100 YEAR FLOOD PLANE ACCORDING TO THE H.U.D. FLOOD HAZARD BOUNDARY MAP COMMUNITY PANEL NO. 481034 0008 B

L. LILE BARRY, REGISTERED PROFESSIONAL LAND SURVEYOR NO. 4880, DO HEREBY CERTIFY THAT THIS SURVEY OF THE PROPERTY LEGALLY SHOWN HEREON IS CORRECT AND THAT THERE ARE NO UNDISCOVERED ENCUMBRANCES, COVENANTS, SHORTAGES OF AREA, BOUNDARY LINE CONFLICTS, ENCUMBRANCES, OR CLAIMS OF INTERESTS, EVIDENCES OR RIGHTS OF ANY KIND, EXCEPT AS SHOWN HEREON, AND THAT SAID PROPERTY HAS ACCESS TO AND FROM A DEDICATED ROADWAY.

SURVEYED MARCH 21, 2007

L. LILE BARRY  
REGISTERED PROFESSIONAL  
LAND SURVEYOR NO. 4880



**E.T. NOLIN SURVEY, A-489**

E.W. Tubb Estate  
Residue of 137.40 Acres  
Vol. 258, Pg. 71

Tyco General  
Feed & Ranch Supply  
10.500 Acre Tract  
Vol. 581, Pg. 344

Randy Durham  
Enterprises, Inc.  
0.478 Acre Tract  
Vol. 581, Pg. 97

**AREA SURVEYING & MAPPING**  
418 N. PINE  
WOODVILLE, TEXAS 75979  
(409) 283-8197 OFFICE

CURVE	RADIUS	ARC LENGTH
C1	3890.00'	97.66'
C2	3880.00'	24.18'
C3	3880.00'	100.99'



- ~ L E G E N D ~**
- = Found Concrete Monument
  - △ = Found Concrete R.O.W. Marker
  - ◇ = Found 1/2" Iron Rod
  - = Set 5/8" Iron Rod

NOTE: ALL BEARINGS SHOWN HEREON ARE ROTATED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE 4203, NAD 83.

NOTE: SUBJECT PROPERTY DOES NOT LIE WITHIN THE 100 YEAR FLOOD PLANE ACCORDING TO THE H.U.D. FLOOD HAZARD BOUNDARY MAP COMMUNITY PANEL NO. 481034 0008 B

**SURVEY PLAT SHOWING**  
A 10.177 ACRE TRACT OF LAND AS SITUATED IN THE E.T. NOLIN SURVEY, A-489, TYLER COUNTY, TEXAS AND BEING OUT OF AND A PART OF THAT SAME 11.359 ACRE TRACT CONVEYED TO E & R ALLISON FAMILY PROPERTIES, LTD. BY DEED RECORDED IN VOLUME 825, PAGE 739 OF THE OFFICIAL PUBLIC RECORDS OF TYLER COUNTY.

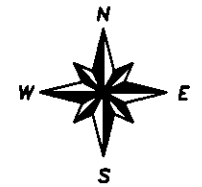
I, LYLE RAINEY, REGISTERED PROFESSIONAL LAND SURVEYOR NO. 4800, DO HEREBY CERTIFY THAT THIS SURVEY, OF THE PROPERTY LEGALLY SHOWN HEREON, IS CORRECT AND THAT THERE ARE NO APPARENT DISCREPANCIES, CONFLICTS, SHORTAGES OF AREA, BOUNDARY LINE CONFLICTS, ENCROACHMENTS, OVERLAPPING OF IMPROVEMENTS, EASEMENTS OR RIGHTS OF WAY, EXCEPT AS SHOWN HEREON, AND THAT SAID PROPERTY HAS ACCESS TO AND FROM A DEDICATED ROADWAY.  
SURVEYED FEBRUARY 27, 2008

LYLE RAINEY  
REGISTERED PROFESSIONAL  
LAND SURVEYOR NO. 4800



E.T. NOLIN SURVEY, A-489

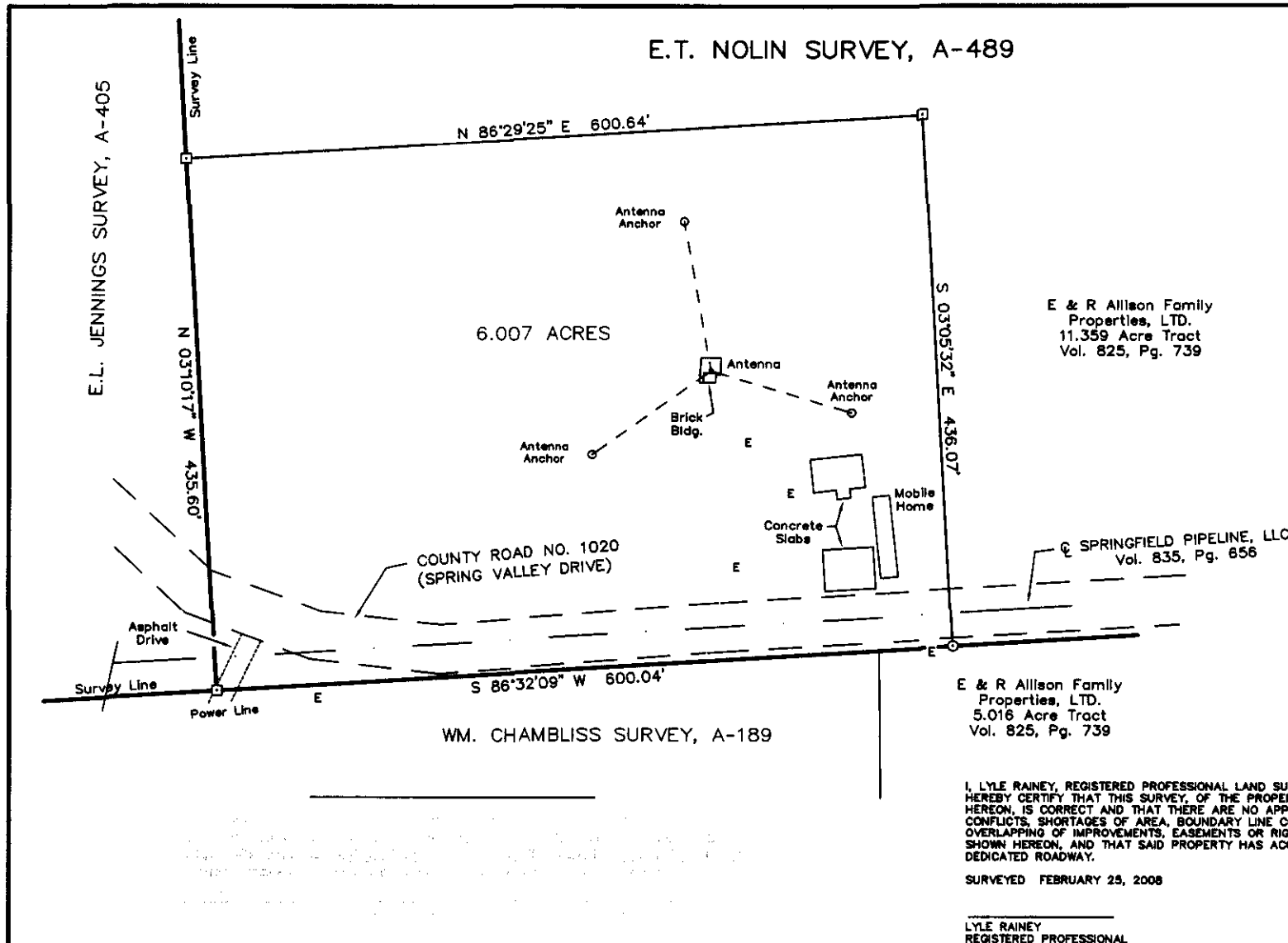
AREA SURVEYING & MAPPING  
418 N. PINE  
WOODVILLE, TEXAS 75979  
(409) 283-8197 OFFICE



Scale 1" = 100'

~ LEGEND ~

- = Found Concrete Monument
- △ = Found P.K. Nail in Asphalt
- = Found 1/2" Iron Rod



E & R Allison Family  
Properties, LTD.  
11.359 Acre Tract  
Vol. 825, Pg. 739

E & R Allison Family  
Properties, LTD.  
5.016 Acre Tract  
Vol. 825, Pg. 739

SPRINGFIELD PIPELINE, LLC  
Vol. 835, Pg. 856

NOTE: ALL BEARINGS SHOWN HEREON ARE ROTATED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE 4203, NAD 83.

NOTE: SUBJECT PROPERTY DOES NOT LIE WITHIN THE 100 YEAR FLOOD PLANE ACCORDING TO THE H.U.D. FLOOD HAZARD BOUNDARY MAP COMMUNITY PANEL NO. 481034 0008 B

I, LYLE RAINEY, REGISTERED PROFESSIONAL LAND SURVEYOR NO. 4800, DO HEREBY CERTIFY THAT THIS SURVEY, OF THE PROPERTY LEGALLY SHOWN HEREON, IS CORRECT AND THAT THERE ARE NO APPARENT DISCREPANCIES, CONFLICTS, SHORTAGES OF AREA, BOUNDARY LINE CONFLICTS, ENCROACHMENTS, OVERLAPPING OF IMPROVEMENTS, EASEMENTS OR RIGHTS OF WAY, EXCEPT AS SHOWN HEREON, AND THAT SAID PROPERTY HAS ACCESS TO AND FROM A DEDICATED ROADWAY.

SURVEYED FEBRUARY 25, 2008

LYLE RAINEY  
REGISTERED PROFESSIONAL  
LAND SURVEYOR NO. 4800

07-3075

VOL 878 PAGE 601

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

GENERAL WARRANTY DEED

R020096

THE STATE OF TEXAS           §  
  §     KNOW ALL MEN BY THESE PRESENTS:  
COUNTY OF TYLER               §

THAT GRIFFIN CHIPPING, INC., a Texas corporation with an office in Tyler County, Texas, and FAITH FOREST PARTNERS, L.P., a Texas limited partnership also with an office in Tyler County, Texas (hereinafter simply referred to as the "Grantors"), for and in consideration of the sum of TEN AND NO/100 (\$10.00) DOLLARS and other good and valuable consideration paid by the Grantee herein named, the receipt and sufficiency of which are hereby acknowledged, has GRANTED, SOLD, and CONVEYED, and by these presents does GRANT, SELL, and CONVEY unto NORTH AMERICAN PROCUREMENT COMPANY (herein simply referred to as the "Grantee"), a Texas corporation whose mailing address is P. O. Box 2279, Woodville, Texas 75979, all of the following described real property situated in Tyler County, Texas, to-wit:

BEING all that certain 262.127 acre tract or parcel of land situated in the Wm. Chambliss Survey, Abstract No. 189, the E. L. Jennings Survey, Abstract No. 405 and the John Nowlin Survey, Abstract No. 487, all in Tyler County, Texas, which said tract or parcel of land is more particularly described on the Exhibit "A" attached hereto, incorporated herein by reference and made a part hereof for all purposes the same as if

GF#07-3264

copied herein verbatim (sometimes herein referred to as the "Property").

SAVE AND EXCEPT, from the land hereinabove described, and there is reserved unto the Grantors, their successors and assigns, all of the oil, gas and other such liquid or gaseous hydrocarbons in, on, under or that may be produced from the Property.

This conveyance is made and accepted subject to:

(1) Any portion of the Property which lies within the right of way of County Road 1040 (old Highway 69), County Road 1050, County Road 1030, and County Road 1020 (Spring Valley Drive) as reflected on plat dated March 21, 2007, prepared by Area Surveying & Mapping, Lyle Rainey, R.P.L.S. No. 4800;

(2) Affidavits to the Public signed by Lester Lowery regarding surface application "on-site wastewater treatment system" dated August 28, 1992, recorded in Volume 532, Page 188, et seq., Official Public Records of Tyler County, Texas and dated September 29, 1992, recorded in Volume 533, Page 513, et seq., Official Public Records of Tyler County, Texas;

(3) Easement granted by instrument dated June 5, 1930, executed by W. C. Hughes, et ux, to Gulf States Utilities Company, recorded in Volume 64, Page 505, et seq., of the Deed Records of Tyler County, Texas;

(4) Easement granted by instrument dated December 1, 1950, executed by Mrs. Ida Parker Hughes, et al, to Gulf States Utilities Company, recorded in Volume 129, Page 151, et seq., of the Deed Records of Tyler County, Texas;

(5) Easement granted by instrument dated September 20, 1960, executed by Mrs. W. C. Hughes to Gulf States Utilities Company and Southwestern Bell

Telephone Company, recorded in Volume 183, Page 613, et seq., of the Deed Records of Tyler County, Texas;

(6) Easement granted by instrument dated July 21, 1961, executed by Mrs. W. C. Hughes to Gulf States Utilities Company and Southwestern Bell Telephone Company, recorded in Volume 196, Page 67, et seq., of the Deed Records of Tyler County, Texas;

(7) Easement granted by instrument dated September 1, 1971, executed by Mrs. Ida P. Hughes, et al, to Seneca Water Supply Corporation, recorded in Volume 291, Page 328, et seq., of the Deed Records of Tyler County, Texas;

(8) Deed dated November 16, 1932, executed by W. C. Hughes to State of Texas, State Highway Department for the sale of gravel, recorded in Volume 72, Page 322, et seq., Deed Records of Tyler County, Texas;

(9) Easement granted by instrument dated March 18, 1939, executed by W. C. Hughes to Gulf State Utilities Company, recorded in Volume 88, Page 473, et seq., of the Deed Records of Tyler County, Texas;

(10) Easement granted by instrument dated June 15, 1938, executed by W. C. Hughes, et ux, to J. C. Clemmons, recorded in Volume 87, Page 295, et seq., of the Deed Records of Tyler County, Texas;

(11) Right of Way Deed granted by instrument dated April 22, 1932, executed by W. C. Hughes, et ux, to the State of Texas, State Highway Commission recorded in Volume 69, Page 373, et seq., of the Deed Records of Tyler County, Texas;

(12) Easement granted by instrument dated September 14, 1960, executed by Roy Fry to Gulf States Utilities Company, recorded in Volume 183, Page 615, et seq., of the Deed Records of Tyler County, Texas;

(13) Easement granted by instrument dated April 20, 1970, executed by Stephens Lumber Company to Seneca Water Supply Corporation, recorded in Volume 291, Page 486, et seq., of the Deed Records of Tyler County, Texas;

(14) Easement granted by instrument dated November 21, 1972, executed by E & L Lumber Company, Inc. to Gulf States Utilities Company, recorded in Volume 306, Page 669, et seq., of the Deed Records of Tyler County, Texas;

(15) Easement granted by instrument dated February 23, 1981, executed by E & L Lumber Company, Inc. to Gulf States Utilities Company, recorded in Volume 402, Page 322, et seq., of the Deed Records of Tyler County, Texas;

(16) Easement granted by instrument dated November 21, 1989, executed by E & L Lumber Company, Inc. to Gulf States Utilities Company, recorded in Volume 487, Page 558, et seq., of the Deed Records of Tyler County, Texas;

(17) Easement granted by instrument dated September 12, 1985, executed by E & L Lumber Company, Inc. to Gulf States Utilities Company, recorded in Volume 448, Page 261, et seq., of the Deed Records of Tyler County, Texas;

(18) Easement granted by instrument dated June 14, 1988, executed by E & L Lumber Company, Inc. to Gulf States Utilities Company, recorded in Volume 473, Page 380, et seq., of the Deed Records of Tyler County, Texas;

(19) Release of Liabilities dated July 23, 1985, executed by E & L Lumber Company, Inc. to Gulf States Utilities Company, as same pertains to Easement recorded in Volume 183, Page 615, et seq., Deed Records, of Tyler County, Texas, and said Release of Liabilities being recorded in Volume 447, Page 657, et seq., Deed Records of Tyler County, Texas;

(20) Right of Way granted by instrument dated April 18, 1970, executed by Fannie T. Kline to Seneca Water Supply Corporation, recorded in Volume 291, Page 491, et seq., of the Deed Records of Tyler County, Texas;

(21) Easement granted by instrument dated October 12, 1992, executed by E & L Lumber Company, Inc. to Gulf States Utilities Company, recorded in Volume 536, Page 178, et seq., of the Official Public Records of Tyler County, Texas;

(22) Easement granted by instrument dated November 31, 1995, executed by E & L Chipping Company, Inc. to Gulf States Utilities Company, recorded in Volume 600, Page 21, et seq., of the Official Public Records of Tyler County, Texas;

(23) Easement granted by instrument dated November 10, 1969, executed by H. H. Hays, et ux, Pauline Hays, to Seneca Water Supply Corporation, recorded in Volume 291, Page 488, et seq., of the Deed Records of Tyler County, Texas;

(24) Easement granted by instrument dated December 1, 1977, executed by Jim Collins, et ux, Madeline McCulley Collins, to Southwestern Bell Telephone Company, recorded in Volume 368, Page 760, et seq., of the Deed Records of Tyler County, Texas;

(25) Easement granted by instrument dated September 6, 1938, executed by E. W. Phillips, et ux, Altie Phillips, to Gulf States Utilities Company, recorded in Volume 88, Page 478, et seq., of the Deed Records of Tyler County, Texas;

(26) Easement granted by instrument dated August 30, 1971, executed by E. L. Boykin, Co Administrator, to Seneca Water Supply Corporation, recorded in Volume 291, Page 358, et seq., of the Deed Records of Tyler County, Texas;

(27) Easement granted by instrument dated November 16, 1950, executed by C. E. Roberson, et ux, to Gulf States Utilities Company, recorded in Volume 128, Page 254, et seq., of the Deed Records of Tyler County, Texas;

(28) Easement granted by instrument dated August 20, 1971, executed by E. L. Boykin to Seneca Water Supply Corporation, recorded in Volume 291, Page 360, et seq., of the Deed Records of Tyler County, Texas;

(29) Right of Way Deed granted by instrument dated June 11, 1932, executed by E. W. Tubb, et ux, Tussie Tubb, to the State Highway Commission, recorded in Volume 69, Page 165, et seq., of the Deed Records of Tyler County, Texas;

(30) Easement granted by instrument dated December 18, 1969, executed by C. W. Lawson, et ux, Mary Lawson, to Seneca Water Supply Corporation, recorded in Volume 292, Page 3, et seq., of the Deed Records of Tyler County, Texas;

(31) Easement granted by instrument dated August 1, 1971, executed by J. W. Fain, et ux, to Seneca Water Supply Corporation, recorded in Volume 291, Page 350, et seq., of the Deed Records of Tyler County, Texas;

(32) Easement granted by instrument dated February 22, 1972, executed by C. R. Birdwell to Seneca Water Supply Corporation, recorded in Volume 293, Page 224, et seq., of the Deed Records of Tyler County, Texas;

(33) Subject to the Power Lines and Electric Easements reflected on the plat dated March 21, 2007, prepared by Area Surveying & Mapping, Lyle Rainey, R.P.L.S. No. 4800;

(34) Reservation of all mineral and/or royalty interest, the bonuses, rentals and all other rights incidental thereto, in a Deed dated January 2, 1925, from C. R. Robinson and wife, Austa Robinson, to C. F. Miller and wife, Lena Miller, and recorded in Volume 53, Page 46, et seq., Deed Records, Tyler County, Texas;

(35) Terms, conditions and stipulations contained in Mineral Lease dated August 5, 2005, between Griffin Chipping, Inc. and B.W.O.C. Inc., and recorded in Volume 831, Page 739, et seq., Official Public Records, Tyler County, Texas;

(36) Pipeline Right of Way and Easement shown in instrument dated December 1, 2005, executed by Griffin

Chipping Company to B.W.O.C. Inc., recorded in Volume 826, Page 585, et seq., Official Public Records, Tyler County, Texas, and as reflected on plat dated March 21, 2007, prepared by Area Surveying & Mapping, Lyle Rainey, R.P.L.S. No. 4800;

(37) Right of Way shown in instrument dated March 2, 2006, executed by Griffin Chipping, Inc. to Springfield Pipeline, LLC, recorded in Volume 835, Page 662, et seq., Official Public Records, Tyler County, Texas, and as reflected on plat dated March 21, 2007, prepared by Area Surveying & Mapping, Lyle Rainey, R.P.L.S. No. 4800;

(38) Assignment of Easements and Right of Ways as shown in instrument dated February 1, 2006, executed by B.W.O.C. Inc. to OGS Pipeline LLC, recorded in Volume 840, Page 429, et seq., Official Public Records, Tyler County, Texas, and as reflected on plat dated March 21, 2007, prepared by Area Surveying & Mapping, Lyle Rainey, R.P.L.S. No. 4800;

(39) Subject to Assignment of Easements and Right of Ways as shown in instrument dated May 9, 2006, executed by OGS Pipeline LLC to Eagle Rock Operating, L.P., recorded in Volume 840, Page 877, et seq., Official Public Records, Tyler County, Texas, and as reflected on plat dated March 21, 2007, prepared by Area Surveying & Mapping, Lyle Rainey, R.P.L.S. No. 4800;

(40) Pipeline Right of Way and Easement shown in instrument dated June 8, 2006, executed by Griffin Chipping, Inc. to B.W.O.C. Inc., recorded in Volume 846, Page 515, et seq., Official Public Records, Tyler County, Texas, and as reflected on plat dated March 21, 2007, prepared by Area Surveying & Mapping, Lyle Rainey, R.P.L.S. No. 4800;

(41) Right of Way Agreement dated March 2, 2006, executed by Griffin Chipping, Inc. to Springfield Pipeline, LLC, recorded in Volume 848, Page 310, et seq., Official Public Records, Tyler County, Texas, and as reflected on plat dated March 21, 2007, prepared by Area Surveying & Mapping, Lyle Rainey, R.P.L.S. No. 4800;



(42) Assignment of Easements, Rights of Way and Pipeline, dated June 12, 2006, executed by B.W.O.C. Inc. to Eagle Rock Energy, recorded in Volume 856, Page 660, et seq., Official Public Records, Tyler County, Texas, and as reflected on plat dated March 21, 2007, prepared by Area Surveying & Mapping, Lyle Rainey, R.P.L.S. No. 4800; and

(43) Designation Unit - Timberwolf "A" 2H dated July 10, 2006, executed by and between B.W.O.C. Inc. and Newfield Exploration Company to Griffin Chipping, Inc., et al, recorded in Volume 848, Page 947, et seq., Official Public Records, Tyler County, Texas, and as reflected on plat dated March 21, 2007, prepared by Area Surveying & Mapping, Lyle Rainey, R.P.L.S. No. 4800.

TO HAVE AND TO HOLD the above described premises, together with all and singular the appurtenances thereto in anywise belonging, unto the said Grantee, its successors and assigns forever; and Grantors do hereby bind themselves, their successors and assigns, to WARRANT AND FOREVER DEFEND all and singular the said premises unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

[ SIGNATURE PAGES TO FOLLOW ]

EXECUTED this 20 day of April, 2007.

GRIFFIN CHIPPING, INC.,  
a Texas corporation

By: Billy J. Griffin  
Name: Billy J. Griffin  
Title: PRESIDENT

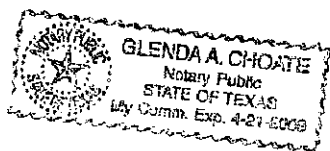
THE STATE OF TEXAS §

COUNTY OF TYLER §

This instrument was acknowledged before me on the 20 day of April, 2007 by Billy J. Griffin the PRESIDENT of GRIFFIN CHIPPING, INC., a Texas corporation, on behalf of said corporation.

Choate

Notary Public - State of Texas  
Printed Name: \_\_\_\_\_  
Commission Expires: \_\_\_\_\_



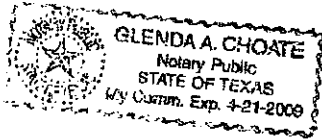
EXECUTED this 20 day of April, 2007.

FAITH FOREST PARTNERS, L.P., a Texas limited partnership

By: Billy J. Griffin  
Name: BILLY J. GRIFFIN  
Title: PRESIDENT

THE STATE OF TEXAS §  
COUNTY OF TYLER §

This instrument was acknowledged before me on the 20 day of April, 2007 by Billy J. Griffin, the PRESIDENT of FAITH FOREST PARTNERS, L.P., a Texas limited partnership, on behalf of said limited partnership.



Glenda  
Notary Public - State of Texas  
Printed Name: \_\_\_\_\_  
Commission Expires: \_\_\_\_\_

**EXHIBIT "A"**

AREA SURVEYING & MAPPING  
418 N. PINE  
WOODVILLE, TEXAS 75979  
(409) 243-8197

## FIELDNOTE DESCRIPTION

FIELDNOTES TO A 262.127 ACRE TRACT OF LAND AS SITUATED IN THE WM. CHAMBLISS SURVEY, A-189, THE E.L. JENNINGS SURVEY, A-405, AND THE JOHN NOWLIN SURVEY, A-487, TYLER COUNTY, TEXAS AND BEING OUT OF THE GRIFFIN CHIPPING, INC. TRACTS, BEING ALL OF THAT SAME CALLED 110 ACRE TRACT, MORE OR LESS, DESIGNATED AS "TRACT NO. 1", THE RESIDUE OF THAT SAME CALLED 5 ACRES, MORE OR LESS, DESIGNATED AS "TRACT NO. 2", ALL OF THAT SAME CALLED 50 ACRES, MORE OR LESS, DESIGNATED AS "TRACT NO. 3", THE RESIDUE OF THAT SAME CALLED 12.75 ACRE TRACT DESIGNATED AS "TRACT NO. 4", THE RESIDUE OF THAT CALLED 25.50 ACRES, MORE OR LESS, DESIGNATED AS "TRACT NO. 5", ALL OF THAT CALLED 1.56 ACRE TRACT AND THE RESIDUE OF A 0.54 ACRE TRACT, DESIGNATED AS "TRACT NO. 6", ALL OF A CALLED 0.959 ACRE TRACT, DESIGNATED AS "TRACT NO. 7", THE RESIDUE OF A CALLED 49.52 ACRE TRACT, DESIGNATED AS "TRACT NO. 8", THE RESIDUE OF A CALLED 10 ACRES, MORE OR LESS, DESIGNATED AS "TRACT NO. 9", ALL OF THAT SAME CALLED 0.943 ACRE TRACT, DESIGNATED AS "TRACT NO. 10", ALL OF THAT SAME 0.119 ACRE TRACT, DESIGNATED AS "TRACT NO. 11", ALL OF THAT SAME 2.21 ACRE TRACT, DESIGNATED AS "TRACT NO. 12", AND ALL OF SAME CALLED 1.00 ACRE TRACT, DESIGNATED AS "TRACT NO. 13", AND ALL OF THAT SAME CALLED 5.914 ACRE TRACT, DESIGNATED AS "TRACT NO. 14", AS DESCRIBED IN A DEED OF TRUST RECORDED IN VOLUME 724, PAGE 433 OF THE OFFICIAL PUBLIC RECORDS OF TYLER COUNTY. SAID 262.127 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A 1/2" IRON ROD SET FOR THE SOUTHWEST CORNER OF THE GRIFFIN CHIPPING, INC. 110 ACRES AND OF SAID WM. CHAMBLISS SURVEY AND A SOUTHWEST CORNER OF THIS TRACT, SAME BEING THE SOUTHEAST CORNER OF THE G.M. BUCHANAN SURVEY, A-94, LOCATED ON THE NORTH LINE OF SAID JOHN NOWLIN SURVEY AND THE NORTH LINE OF THE ALAN BELL ESTATE 114.33 ACRE TRACT RECORDED IN VOLUME 618, PAGE 769 OF SAID OFFICIAL PUBLIC RECORDS;

THENCE N 04°02'37"W 2645.39 FT., WITH THE WEST LINE OF THE CHAMBLISS SURVEY, TO A 1/2" IRON ROD SET FOR THE NORTHWEST CORNER OF SAME AND THE NORTHWEST CORNER OF THE GRIFFIN CHIPPING 110 ACRES, SAME BEING THE NORTHEAST CORNER OF SAID BUCHANAN SURVEY LOCATED ON THE SOUTH LINE OF THE GRIFFIN CHIPPING 50 ACRE TRACT AND THE SOUTH LINE OF SAID E.L. JENNINGS SURVEY;

THENCE S 86°55'58"W 707.50 FT., WITH THE NORTH LINE OF THE BUCHANAN SURVEY AND THE SOUTH LINE OF SAID E.L. JENNINGS SURVEY, TO A 1/2" IRON ROD FOUND FOR THE SOUTHWEST CORNER OF SAME AND THE MOST WESTERLY SOUTHWEST CORNER OF THIS TRACT AND MOST WESTERLY SOUTHWEST CORNER OF THIS TRACT, SAME BEING THE MOST EASTERLY SOUTHEAST CORNER OF THE I. & G.N.R.R. SURVEY, A-394, AND THE SOUTHEAST CORNER OF THE LINDSEY B. WISENHANT 62.42 ACRE TRACT RECORDED IN VOLUME 664, PAGE 909 OF THE OFFICIAL PUBLIC RECORDS;

THENCE N 02°53'01"W 1335.00 FT., WITH THE UPPER EAST LINE OF THE I. & G.N.R.R. SURVEY AND THE WEST LINE OF THE E.L. JENNINGS SURVEY, TO A 1/2" IRON ROD FOUND FOR THE NORTHWEST CORNER OF THE GRIFFIN CHIPPING 5.914 ACRE TRACT AND OF THIS TRACT, SAME BEING THE SOUTHWEST CORNER OF THE LULA MAE MILLER 39.59 ACRE TRACT;

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262.127 ACRES

THENCE N 86°39'22"E 470.41 FT., WITH THE NORTH LINE OF THE GRIFFIN CHIPPING 5.914 ACRE TRACT, TO A CONCRETE MONUMENT FOUND FOR THE NORTHEAST CORNER OF SAME AND AN INTERIOR ANGLE CORNER OF SAID MILLER 39.59 ACRE TRACT;

THENCE S 04°45'21"E 42.43 FT., WITH THE EAST LINE OF THE GRIFFIN CHIPPING 5.914 ACRE TRACT, TO A CONCRETE MONUMENT FOUND FOR THE MOST SOUTHERLY SOUTHWEST CORNER OF THE MILLER TRACT AND THE NORTHWEST CORNER OF THE RICHARD A. GREAFF 13.949 ACRE TRACT RECORDED IN VOLUME 463, PAGE 279 OF SAID OFFICIAL PUBLIC RECORDS;

THENCE S 03°14'36"E 409.64 FT., CONTINUING WITH THE EAST LINE OF THE GRIFFIN CHIPPING 5.914 ACRE TRACT, TO A 5/8" IRON ROD FOUND FOR AN INTERIOR ANGLE CORNER OF SAME AND THE SOUTHWEST CORNER OF SAID GREAFF TRACT;

THENCE N 87°25'58"E 1596.56 FT., WITH THE SOUTH LINE OF THE GREAFF 13.949 ACRE TRACT, TO A 5/8" IRON ROD FOUND FOR THE SOUTHEAST CORNER OF SAME AND THE EASTERLY NORTHEAST CORNER OF THE 5.914 ACRE TRACT AND AN EXTERIOR ANGLE CORNER OF THIS TRACT LOCATED ON THE WEST RIGHT OF WAY OF COUNTY ROAD NO. 1020, KNOWN AS SPRING VALLEY DRIVE;

THENCE S 29°54'41"E 24.57 FT., WITH THE WEST RIGHT OF WAY OF SAID COUNTY ROAD, TO A 1/2" IRON ROD SET FOR THE SOUTHEAST CORNER OF THE 5.914 ACRES LOCATED AT THE INTERSECTION OF THE COUNTY ROAD RIGHT OF WAY WITH THE NORTH LINE OF THE GRIFFIN CHIPPING 50 ACRE TRACT;

THENCE N 88°04'23"E, WITH THE NORTH LINE OF THE 50 ACRES TRACT, AT 23.90 FT. PASS THE CENTER OF SAID COUNTY ROAD, IN ALL A TOTAL DISTANCE OF 540.03 FT. TO A 1/2" IRON ROD FOUND FOR THE NORTHEAST CORNER OF SAME AND A NORTHEAST CORNER OF THIS TRACT, SAME BEING THE SOUTHEAST CORNER OF THE PATRICE SCHEENAUER 10.016 ACRE TRACT LOCATED ON THE EAST LINE OF SAID E.L. JENNINGS SURVEY AND THE WEST LINE OF THE E.T. NOLIN SURVEY, A-489, AND THE WEST LINE OF THE E.W. TOBB ESTATE TRACT, BEING THE RESIDUE OF A 137.40 ACRE TRACT DESCRIBED IN VOLUME 258, PAGE 71 OF THE DEED RECORDS OF TYLER COUNTY;

THENCE S 01°50'39"E 152.99 FT., WITH THE COMMON LINE BETWEEN THE JENNINGS SURVEY AND THE NOLIN SURVEY AND THE EAST LINE OF THE GRIFFIN CHIPPING 50 ACRE TRACT, TO A CONCRETE MONUMENT FOUND FOR THE SOUTHWEST CORNER OF THE TOBB TRACT, SAME BEING THE NORTHWEST CORNER OF THE ROBERT E. ALLISON, JR. 11.359 ACRE TRACT RECORDED IN VOLUME 401, PAGE 159 OF SAID COUNTY DEED RECORDS;

THENCE S 02°59'19"E 250.08 FT., CONTINUING WITH SAID SURVEY LINE AND THE EAST LINE OF THE GRIFFIN 50 ACRE TRACT, TO A CONCRETE MONUMENT FOUND FOR THE MOST WESTERLY SOUTHWEST CORNER OF SAID ALLISON 11.359 ACRE TRACT, SAME BEING THE NORTHWEST CORNER OF THE KENNETH F. BOND 6.00 ACRE TRACT DESCRIBED IN VOLUME 678, PAGE 783 OF SAID OFFICIAL PUBLIC RECORDS;

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262.127 ACRES

THENCE S 03°10'17"E, CONTINUING WITH SAID SURVEY LINE AND THE EAST LINE OF THE 50 ACRE TRACT, AT 358.70 FT. AGAIN PASS THE CENTER OF SAID COUNTY ROAD NO. 1020 IN ALL A TOTAL DISTANCE OF 435.60 FT. TO A CONCRETE MONUMENT FOUND FOR THE SOUTHEAST CORNER OF SAME AND THE SOUTHEAST CORNER OF SAID JENNINGS SURVEY, SAME BEING THE SOUTHWEST CORNER OF SAID E.T. NOLIN SURVEY LOCATED ON THE NORTH LINE OF SAID WM. CHAMBLISS SURVEY;

THENCE N 86°32'09"E 540.14 FT., WITH THE SOUTH LINE OF SAID NOLIN SURVEY AND THE NORTH LINE OF THE WM. CHAMBLISS SURVEY, TO A 1/2" IRON PIPE FOUND ON THE SOUTH RIGHT OF WAY OF COUNTY ROAD NO. 1020 FOR THE NORTHEAST CORNER OF THE GRIFFIN CHIPPING 2.21 ACRE TRACT, SAME BEING THE NORTHWEST CORNER OF THE E. & R. ALLISON FAMILY PROPERTIES, LTD. 5.016 ACRE TRACT AS DESCRIBED IN VOLUME 825, PAGE 739 OF SAID OFFICIAL PUBLIC RECORDS;

THENCE S 00°33'02"E 439.41 FT., WITH THE EAST LINE OF THE GRIFFIN CHIPPING 2.21 ACRE TRACT, TO A 1/2" IRON ROD SET FOR THE SOUTHEAST CORNER OF SAME AND AN INTERIOR ANGLE CORNER OF THIS TRACT, SAME BEING THE SOUTHWEST CORNER OF THE ALLISON 5.016 ACRE TRACT LOCATED ON THE NORTH LINE OF THE GRIFFIN CHIPPING 25.50 ACRE TRACT;

THENCE S 69°05'36"E 183.89 FT., WITH THE NORTH LINE OF SAID 25.50 ACRES AND THE WESTERLY SOUTH LINE OF THE ALLISON 5.016 ACRE TRACT, TO A 1/2" IRON ROD SET FOR THE MOST SOUTHERLY SOUTHEAST CORNER OF SAME AND THE SOUTHWEST CORNER OF THE GRIFFIN CHIPPING 1.00 ACRE TRACT;

THENCE N 08°11'50"E 149.59 FT., WITH THE WEST LINE OF THE GRIFFIN 1.00 ACRE TRACT, TO A 1/2" IRON ROD FOUND FOR THE NORTHWEST CORNER OF SAME AND AN INTERIOR ANGLE CORNER OF SAID ALLISON TRACT;

THENCE S 81°44'25"E 279.94 FT., WITH THE NORTH LINE OF SAID GRIFFIN CHIPPING 1.00 ACRE TRACT, TO A 1/2" IRON ROD FOUND FOR THE NORTHEAST CORNER OF SAME AND THE MOST EASTERLY NORTHEAST CORNER OF THIS TRACT, SAME BEING THE MOST EASTERLY SOUTHEAST CORNER OF THE ALLISON 5.016 ACRE TRACT LOCATED ON THE WEST RIGHT OF WAY OF U.S. HIGHWAY 69;

THENCE ALONG AND WITH THE WEST RIGHT OF WAY OF U.S. HIGHWAY 69 AS FOLLOWS:

- 1) S 08°08'09"W 148.18 FT. TO A R.O.W. MARKER FOUND FOR CORNER;
- 2) S 22°12'56"W 60.92 FT. TO A R.O.W. MARKER FOUND FOR CORNER;
- 3) S 08°07'36"W 259.54 FT. TO A R.O.W. MARKER FOUND FOR CORNER;
- 4) N 82°30'01"E 15.60 FT. TO A 1/2" IRON ROD SET FOR CORNER;
- 5) S 08°08'09"W 1506.51 FT., TO A 1/2" IRON ROD SET FOR AN ANGLE CORNER ON THE WEST RIGHT OF WAY OF OLD HIGHWAY 69;

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262.127 ACRES

THENCE ALONG AND WITH THE WEST RIGHT OF WAY OF OLD HIGHWAY 69 AS FOLLOWS:

- 1) S 02°25'58"W 100.00 FT. TO A 1/2" IRON ROD SET FOR CORNER;
- 2) S 08°10'19"W 194.96 FT. TO A 1/2" IRON ROD AT THE INTERSECTION OF THE WEST RIGHT OF WAY OF SAID HIGHWAY WITH THE SOUTH LINE OF THE WM. CHAMBLISS SURVEY AND THE NORTH LINE OF THE JOHN NOWLIN SURVEY FOR THE NORTHEAST CORNER OF THE ALAN W. BELL 2.756 ACRE TRACT AS DESCRIBED IN VOLUME 593, PAGE 960 OF SAID OFFICIAL PUBLIC RECORDS;

THENCE S 85°48'12"W 514.74 FT., WITH THE COMMON LINE BETWEEN THE CHAMBLISS SURVEY AND SAID NOWLIN SURVEY AND THE NORTH LINE OF THE BELL 2.756 ACRE TRACT, TO A CONCRETE MONUMENT FOUND FOR THE NORTHWEST CORNER OF SAME AND AN INTERIOR ANGLE CORNER OF THIS TRACT;

THENCE S 45°41'17"E 622.62 FT., WITH THE SOUTHWEST LINE OF THE BELL 2.756 ACRE TRACT, TO A 1/2" IRON ROD FOUND FOR THE SOUTHEAST CORNER OF SAME LOCATED ON THE WEST RIGHT OF WAY OF SAID OLD HIGHWAY 69;

THENCE S 08°10'49"W 102.29 FT., WITH THE WEST RIGHT OF OLD HIGHWAY 69, TO A CONCRETE R.O.W. MARKER FOUND FOR CORNER AT THE BEGINNING OF A CURVE TO THE LEFT IN SAME;

THENCE SOUTHWESTERLY 187.07 FT. ALONG THE ARC OF THE CURVE IN SAID RIGHT OF WAY, HAVING A CENTRAL ANGLE OF 06°03'31", A RADIUS OF 1769.10 FT. AND A CHORD BEARING S 05°07'26"W 186.98 FT. TO A 1/2" IRON ROD SET FOR THE SOUTHEAST CORNER OF THE GRIFFIN CHIPPING 49.52 ACRES AND OF THIS TRACT LOCATED AT THE INTERSECTION OF THE WEST RIGHT OF WAY OF OLD HIGHWAY 69 WITH THE NORTH RIGHT OF WAY OF COUNTY ROAD NO. 1050;

THENCE ALONG AND WITH THE MEANDERS OF THE NORTH RIGHT OF WAY OF COUNTY ROAD NO. 1050 AS FOLLOWS:

- 1) S 47°24'08"W 229.27 FT. TO A POINT FOR CORNER;
- 2) S 50°25'30"W 291.56 FT. TO A POINT FOR CORNER;
- 3) S 51°22'02"W 415.72 FT. TO A POINT FOR CORNER;
- 4) S 51°35'40"W 258.87 FT. TO A POINT FOR CORNER;
- 5) S 51°32'14"W 439.00 FT. TO A POINT FOR CORNER;
- 6) S 52°38'50"W 267.65 FT. TO A 1/2" IRON ROD SET FOR THE SOUTHWEST CORNER OF THE GRIFFIN CHIPPING 49.52 ACRES AND THE MOST SOUTHERLY SOUTHWEST CORNER OF THIS TRACT, SAME BEING THE SOUTHEAST CORNER OF THE PREVIOUSLY MENTIONED ALAN BELL ESTATE 114.33 ACRE TRACT;



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262.127 ACRES

THENCE N 03°28'48"W 1863.49 FT., WITH THE EAST LINE OF THE BELL 114.33 ACRES AND THE WEST LINE OF THE GRIFFIN CHIPPING 49.52 ACRE TRACT, TO A PINE KNOT STAKE FOUND FOR THE NORTHWEST CORNER OF SAME AND THE NORTHEAST CORNER OF SAID BELL TRACT LOCATED ON THE NORTH LINE OF SAID JOHN NOWLIN SURVEY AND THE SOUTH LINE OF SAID WM CHAMBLISS SURVEY AND THE SOUTH LINE OF THE GRIFFIN CHIPPING 110 ACRE TRACT;

THENCE S 87°04'37"W 739.36 FT., WITH THE COMMON LINE BETWEEN SAID SURVEYS AND THE SOUTH LINE OF THE GRIFFIN CHIPPING 110 ACRE TRACT, TO THE PLACE OF BEGINNING AND CONTAINING WITHIN THESE BOUNDS 262.127 ACRES OF LAND.

THE BEARINGS RECITED HEREIN ARE BASED AND/OR ROTATED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE 4203, NAD 83.

SURVEYED MARCH 21, 2007

I, LYLE RAINEY, REGISTERED PROFESSIONAL LAND SURVEYOR NO. 4800, DO HEREBY CERTIFY THAT THE FIELDNOTE DESCRIPTION OF THE ABOVE DESCRIBED TRACT WAS PREPARED FROM AN ACTUAL AND ACCURATE ON THE GROUND SURVEY AND THAT SAME IS TRUE AND CORRECT.

*Lyle Rainey*  
LYLE RAINEY  
REGISTERED PROFESSIONAL  
LAND SURVEYOR NO. 4800



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THE STATE OF TEXAS  
COUNTY OF TYLER

I hereby certify that the foregoing instrument with its certificate of authentication was filed for record in my office on the 20 day of April 2007 at 4:00 o'clock P. M. and was this day duly recorded at 9:00 A.M., in Vol. 878 Pages 601 et seq. OFFICIAL PUBLIC RECORDS of said County.

Witness my hand and official seal at the office in Woodville this 23 day of April 2007.

*Donna J. ...* Clerk  
County Court, Tyler County, Texas

By *John Jordan* Deputy



② 109  
07-3075 M

General Warranty Deed

Griffin Chipping, Inc., a Texas Corporation  
and Faith Forest Partners, L.P., a Texas  
Limited Partnership

To

North American Procurement Company, a  
Texas Corporation

Return to:

North American Procurement Company  
P.O. Box 2279  
Woodville, Texas 75979

Tyler County Title  
07-3264 - GC

4:10 PM  
76-39

NOT RECORDED



the exceptions and reservations hereinafter provided, GRANTED, SOLD and CONVEYED, and by these presents does, subject to the exceptions and reservations hereinafter provided, GRANT, SELL and CONVEY unto GOLDEN PINE, INC., a Texas corporation also with an office in Tyler County, Texas (herein simply referred to as the "Grantee"), all of the following described real property situated in Tyler County, Texas (the "Property"), to-wit:

BEING all that certain 10.177 acre tract of land, more or less, situated in the E. T. Nolin Survey, Abstract No. 489 in Tyler County, Texas, which said tract of land is more particularly described on the Exhibit "A" attached hereto, incorporated herein by reference and made a part hereof for all purposes the same as if copied herein verbatim.

This conveyance is made and accepted subject to (i) any and all visible and apparent easements over and across the Property, whether or not of record in Tyler County, Texas, (ii) any and all restrictions, conditions, covenants, easements, and mineral/royalty reservations or mineral/royalty interest conveyances, if any, relating to the Property, to the extent that they are still in force and effect, as shown of record in the Official Public Records of Tyler County, Texas, (iii) any and all discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments or protrusions, or any overlapping of improvements, any portion of the subject Property lying within the boundary of any road or roadway, (iv) any and all additional ad valorem taxes imposed after the date of

execution of this Assumption General Warranty Deed as a result of any change in use of any part or portion of the Property, the intent of the parties being that all such additional ad valorem taxes shall be the responsibility of, and borne completely by, the Grantee, its successors and assigns and (v) the above referenced lien for the benefit of Citizens State Bank.

GRANTEE ACKNOWLEDGES AND AGREES THAT GRANTEE IS EXPERIENCED IN THE OWNERSHIP AND OPERATION OF PROPERTIES SIMILAR TO THE PROPERTY AND THAT GRANTEE HAS INSPECTED THE PROPERTY TO ITS SATISFACTION AND IS QUALIFIED TO MAKE SUCH INSPECTION. GRANTEE ACKNOWLEDGES THAT IT IS FULLY RELYING ON GRANTEE'S (OR GRANTEE'S REPRESENTATIVE'S) INSPECTION OF THE PROPERTY AND NOT UPON ANY STATEMENTS (ORAL OR WRITTEN) WHICH MAY HAVE BEEN MADE OR MAY BE MADE (OR PURPORTEDLY MADE) BY GRANTOR OR ANY OF ITS REPRESENTATIVES. GRANTEE ACKNOWLEDGES THAT GRANTEE HAD (OR GRANTEE'S REPRESENTATIVES HAVE) THOROUGHLY INSPECTED AND EXAMINED THE PROPERTY TO THE EXTENT DEEMED NECESSARY BY GRANTEE IN ORDER TO ENABLE GRANTEE TO EVALUATE THE CONDITION OF THE PROPERTY AND ALL OTHER ASPECTS OF THE PROPERTY (INCLUDING, BUT NOT LIMITED TO, THE ENVIRONMENTAL CONDITION OF THE PROPERTY), AND GRANTEE ACKNOWLEDGES THAT GRANTEE IS RELYING SOLELY UPON ITS OWN (OR ITS REPRESENTATIVE'S) INSPECTION, EXAMINATION AND EVALUATION OF THE PROPERTY. AS A MATERIAL PART OF THE CONSIDERATION FOR THIS CONVEYANCE, GRANTEE HEREBY ACCEPTS THE

PROPERTY IN ITS "AS IS" - "WHERE IS" CONDITION AND WITH ALL FAULTS, IF ANY, AND WITHOUT REPRESENTATIONS AND WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, EXCEPT ONLY THE TITLE WARRANTIES EXPRESSLY SET FORTH IN THIS DEED. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, IN CONNECTION WITH THE SALE OF THE PROPERTY TO GRANTEE, GRANTOR AND GRANTOR'S OFFICERS, MEMBERS, AGENTS, DIRECTORS, EMPLOYEES, PARTNERS, ATTORNEYS, CONTRACTORS AND AFFILIATES ("GRANTOR'S RELATED PARTIES") HAVE MADE NO, AND SPECIFICALLY DISCLAIM, AND GRANTEE ACCEPTS THAT GRANTOR AND GRANTOR'S RELATED PARTIES HAVE DISCLAIMED, ANY AND ALL REPRESENTATIONS, GUARANTEES OR WARRANTIES, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW (EXCEPT AS TO TITLE AS HEREINABOVE PROVIDED), OF OR RELATING TO THE PROPERTY, INCLUDING WITHOUT LIMITATION, OR RELATING TO (A) THE USE, INCOME POTENTIAL, EXPENSES, OPERATION, CHARACTERISTICS OR CONDITION OF THE PROPERTY OR ANY PORTION THEREOF, INCLUDING WITHOUT LIMITATION, WARRANTIES OF SUITABILITY, HABITABILITY, MERCHANTABILITY, TENANTABILITY, DESIGN OR FITNESS FOR ANY SPECIFIC OR A PARTICULAR PURPOSE, OR GOOD AND WORKMANLIKE CONSTRUCTION, (B) THE NATURE, MANNER, CONSTRUCTION, CONDITION, STATE OF REPAIR OR LACK OF REPAIR OF ANY TIMBER OR IMPROVEMENTS LOCATED ON THE PROPERTY, ON THE SURFACE OR SUBSURFACE THEREOF, WHETHER OR NOT OBVIOUS, VISIBLE OR APPARENT, (C) THE NATURE OR QUALITY OF CONSTRUCTION, STRUCTURAL DESIGN OR ENGINEERING OF THE

PROPERTY, (D) THE ENVIRONMENTAL CONDITION OF THE PROPERTY AND THE PRESENCE OR ABSENCE OF OR CONTAMINATION BY HAZARDOUS MATERIALS, OR THE COMPLIANCE OF THE PROPERTY WITH REGULATIONS OR LAWS PERTAINING TO HEALTH OR THE ENVIRONMENT, AND (E) THE SOIL CONDITIONS, DRAINAGE, FLOODING CHARACTERISTICS, UTILITIES OR OTHER CONDITIONS EXISTING WITH RESPECT TO THE PROPERTY. THE GRANTEE HEREBY EXPRESSLY ASSUMES ALL RISKS, LIABILITIES, CLAIMS, DAMAGES, AND COSTS (AND AGREES THAT GRANTOR SHALL NOT BE LIABLE FOR ANY SPECIAL, DIRECT, INDIRECT, CONSEQUENTIAL, OR OTHER DAMAGES) ON AND AFTER THE DATE OF THIS DEED RESULTING OR ARISING FROM OR RELATED TO THE OWNERSHIP, USE, CONDITIONS, LOCATIONS, MAINTENANCE, REPAIR OR OPERATION OF THE PROPERTY. GRANTEE ACKNOWLEDGES THAT ANY CONDITION OF THE PROPERTY WHICH GRANTEE DISCOVERS OR DESIRES TO CORRECT OR IMPROVE PRIOR TO OR AFTER THE DATE HEREOF SHALL BE AT GRANTEE'S SOLE EXPENSE. GRANTEE EXPRESSLY WAIVES (TO THE EXTENT ALLOWED BY APPLICABLE LAW) ANY CLAIMS UNDER FEDERAL LAW, STATE OR OTHER LAW THAT GRANTEE MIGHT OTHERWISE HAVE AGAINST GRANTOR RELATING TO THE USE, CHARACTERISTICS OR CONDITION OF THE PROPERTY.

TO HAVE AND TO HOLD the above described Property, together with all and singular the appurtenances thereto in anywise belonging, unto the said Grantee, its successors and assigns forever; and Grantor does hereby bind itself, its successors and assigns, subject to the exceptions and

reservations hereinabove provided, to WARRANT AND FOREVER DEFEND all and singular the said Property unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

The 2009 ad valorem taxes on the Property have not been prorated by and between the parties. Rather, by acceptance of this Assumption General Warranty Deed, Grantee agrees to pay the 2009 ad valorem taxes on the Property, Grantee assumes responsibility for paying the 2009 ad valorem taxes on the Property and Grantee further agrees to indemnify and hold harmless Grantor from and against any and all liability or responsibility arising out of, or having to do with, the payment of the 2009 ad valorem taxes on the Property.

[SIGNATURE PAGES ATTACHED]



EXECUTED this 25 day of March, 2009.

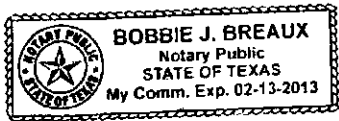
Grantees Address:  
P.O. Box 2279  
Woodville, Texas  
75979

NORTH AMERICAN PROCUREMENT COMPANY, a  
Texas corporation

By: *[Signature]*  
Lonnie Grissom, Jr.,  
Its President

THE STATE OF TEXAS       §  
COUNTY OF TYLER         §

This instrument was acknowledged before me on the  
25<sup>th</sup> day of March, 2009 by Lonnie Grissom, Jr., the President  
of North American Procurement Company, a Texas corporation, on  
behalf of said corporation.



*Bobbie J. Breaux*  
Notary Public, State of Texas  
Printed Name: Bobbie J. Breaux  
Commission Expires: 2-13-2013

TERMS AND CONDITIONS accepted this 25 day of March, 2009.

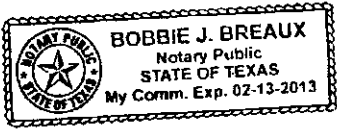
Grantees Address:  
P.O. Box 2279  
Woodville, Texas  
75979

GOLDEN PINE, INC., a Texas corporation

By: [Signature]  
Lonnie Grissom, Jr.,  
Its President

THE STATE OF TEXAS §  
COUNTY OF TYLER §

This instrument was acknowledged before me on the 25<sup>th</sup> day of March, 2009 by Lonnie Grissom, Jr., the President of Golden Pine, Inc., a Texas corporation, on behalf of said corporation.



Bobbie J. Breaux  
Notary Public, State of Texas  
Printed Name: Bobbie J. Breaux  
Commission Expires: 2-13-2013

FILED FOR RECORD  
AT 9:15 O'CLOCK A M  
ON THE 1 DAY OF May  
A.D. 2009  
Vol. 956 Page 683  
In the OP Records

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.



STATE OF TEXAS } OFFICIAL PUBLIC RECORD  
COUNTY OF TYLER }

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 Volume and Page of the named RECORDS of Tyler County, Texas, as stamped hereon by me.

**Donece Gregory**  
COUNTY CLERK, TYLER COUNTY, TEXAS

BY [Signature]  
DEPUTY

[Signature]  
COUNTY CLERK  
TYLER COUNTY, TEXAS

AREA SURVEYING & MAPPING  
418 N. PINE  
WOODVILLE, TEXAS 75979  
(409) 283-8197

FIELDNOTE DESCRIPTION

FIELDNOTES TO A 10.177 ACRE TRACT OF LAND AS SITUATED IN THE E.T. NOLIN SURVEY, A-489, TYLER COUNTY, TEXAS AND BEING OUT OF AND A PART OF THAT SAME CALLED 11.359 ACRE TRACT, DESIGNATED AS "TRACT 1", AS CONVEYED TO E & R ALLISON FAMILY PROPERTIES, LTD. BY DEED RECORDED IN VOLUME 825, PAGE 739 OF THE OFFICIAL PUBLIC RECORDS OF TYLER COUNTY. SAID 10.177 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A CONCRETE MONUMENT FOUND ON THE EAST LINE OF THE E.L. JENNINGS SURVEY, A-405, AND THE WEST LINE OF SAID E.T. NOLIN SURVEY, A-489, FOR THE NORTHWEST CORNER OF THE ALLISON 11.359 ACRES AND OF THIS TRACT, SAME BEING THE SOUTHWEST CORNER OF THE E.W. TUBB ESTATE TRACT, BEING THE RESIDUE OF A CALLED 137.40 ACRE TRACT RECORDED IN VOLUME 258, PAGE 71 OF THE DEED RECORDS OF TYLER COUNTY;

THENCE N 88°43'41"E, WITH THE NORTH LINE OF THE ALLISON 11.359 ACRE TRACT, AT 658.27 FT. PASS THE SOUTHEAST CORNER OF THE TUBB ESTATE TRACT AND THE SOUTHWEST CORNER OF THE TYCO GENERAL FEED AND RANCH SUPPLY 10.500 ACRE TRACT RECORDED IN VOLUME 561, PAGE 344 OF SAID OFFICIAL RECORDS, IN ALL A TOTAL DISTANCE OF 929.87 FT. TO A 5/8" IRON ROD SET FOR THE MOST NORTHERLY NORTHEAST CORNER OF THIS TRACT;

THENCE S 01°16'19"E 186.76 FT. TO A 5/8" IRON ROD SET FOR AN INTERIOR ANGLE CORNER OF THIS TRACT;

THENCE S 83°22'06"E 242.42 FT. TO A 5/8" IRON ROD SET FOR THE MOST NORTHERLY NORTHEAST CORNER OF THIS TRACT LOCATED ON THE WEST RIGHT OF WAY OF U.S. HIGHWAY 69;

THENCE SOUTHWESTERLY 100.99 FT. ALONG THE ARC OF THE CURVE IN THE HIGHWAY RIGHT OF WAY, HAVING A CENTRAL ANGLE OF 01°29'29", A RADIUS OF 3880.00 FT. AND A CHORD BEARING S 09°04'36"W 100.98 FT. TO A 5/8" IRON ROD SET FOR CORNER AT THE END OF SAID CURVE;

THENCE S 08°08'00"W, CONTINUING WITH THE WEST RIGHT OF WAY OF U.S. HIGHWAY 69, AT 254.12 FT. PASS A 5/8" IRON ROD SET FOR REFERENCE CORNER ON THE NORTH SIDE OF COUNTY ROAD NO. 1020 AND AT 301.88 FT. PASS THE CENTER OF SAID COUNTY ROAD, IN ALL A TOTAL DISTANCE OF 329.12 FT. TO A POINT ON THE NORTH LINE OF THE JOHN NOWLIN SURVEY, A-487, AND THE SOUTH LINE OF SAID E.T. NOLIN SURVEY FOR THE SOUTHEAST CORNER OF THE ALLISON 11.359 ACRES AND OF THIS TRACT AND THE NORTHEAST CORNER OF THE E & R ALLISON FAMILY PROPERTIES, LTD. 5.016 ACRE TRACT ALSO DESCRIBED IN VOLUME 825, PAGE 739 OF SAID OFFICIAL PUBLIC RECORDS;

THENCE S 86°32'09"W, WITH THE COMMON SOUTH LINE OF THE ALLISON 11.359 ACRES AND SAID E.T. NOLIN SURVEY, AT APPROXIMATELY 340.00 FT. PASS THE NORTHWEST CORNER OF THE JOHN NOWLIN SURVEY AND THE NORTHEAST CORNER OF THE WM. CHAMBLISS SURVEY, A-189, IN ALL A TOTAL DISTANCE OF 476.88 FT. TO A 1/2" IRON ROD FOUND FOR THE MOST SOUTHERLY SOUTHWEST CORNER OF THE ALLISON 11.359 ACRES AND OF THIS TRACT, SAME BEING THE SOUTHEAST CORNER OF A 6.00 ACRE TRACT CONVEYED TO KENNETH P. BOND BY DEED RECORDED IN VOLUME 678, PAGE 783 OF SAID OFFICIAL PUBLIC RECORDS;

PAGE 2  
10.177 ACRES

THENCE N 03°05'32"W, WITH THE LOWER WEST LINE OF THE ALLISON 11.359 ACRE TRACT, AT 26.65 FT. AGAIN PASS THE CENTER OF SAID COUNTY ROAD NO. 1020 AND AT 60.00 FT. PASS A 5/8" IRON ROD SET FOR REFERENCE CORNER, IN ALL A TOTAL DISTANCE OF 436.07 FT. TO A CONCRETE MONUMENT FOUND FOR AN INTERIOR ANGLE CORNER OF SAME AND OF THIS TRACT AND THE NORTHEAST CORNER OF THE BOND 6.00 ACRE TRACT;

THENCE S 86°29'25"W 600.64 FT., WITH THE WESTERLY SOUTH LINE OF THE ALLISON 11.359 ACRE TRACT, TO A CONCRETE MONUMENT FOUND FOR THE MOST WESTERLY SOUTHWEST CORNER OF SAME AND OF THIS TRACT AND THE NORTHWEST CORNER OF THE BOND 6.00 ACRE TRACT LOCATED ON THE WEST LINE OF THE E.T. NOLIN SURVEY AND THE EAST LINE OF THE PREVIOUSLY MENTIONED E.L. JENNINGS SURVEY;

THENCE N 02°59'19"W 250.08 FT., WITH THE COMMON LINE BETWEEN SAID SURVEYS AND THE UPPER WEST LINE OF THE ALLISON 11.359 ACRE TRACT, TO THE PLACE OF BEGINNING AND CONTAINING WITHIN THESE BOUNDS 10.177 OF ACRES OF LAND.

THE BEARINGS RECITED HEREIN ARE ROTATED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE 4203, NORTH AMERICAN DATUM, 1983.

SURVEYED FEBRUARY 27, 2008

I, LYLE RAINEY, REGISTERED PROFESSIONAL LAND SURVEYOR NO. 4800, DO HEREBY CERTIFY THAT THE FIELDNOTE DESCRIPTION OF THE ABOVE DESCRIBED TRACT WAS PREPARED FROM AN ACTUAL AND ACCURATE ON THE GROUND SURVEY AND THAT SAME IS TRUE AND CORRECT.

---

LYLE RAINEY  
REGISTERED PROFESSIONAL  
LAND SURVEYOR NO. 4800

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

R022677

ASSUMPTION GENERAL WARRANTY DEED

THE STATE OF TEXAS   §  
                              §                 KNOW ALL MEN BY THESE PRESENTS:  
COUNTY OF TYLER     §

          THAT NORTH AMERICAN PROCUREMENT COMPANY, a Texas corporation with an office in Tyler County, Texas (hereinafter simply referred to as the "Grantor"), for and in consideration of the sum of TEN AND NO/100 (\$10.00) DOLLARS and other good and valuable consideration, including Grantee's assumption and agreement to pay, discharge, and indemnify and hold Grantor harmless from the unpaid principal balance, interest and other sums owing and to be owed on that one certain Promissory Note dated March 7, 2008, executed by North American Procurement Company, payable to the order of Citizens State Bank, in the original principal sum of TWENTY-NINE THOUSAND TWO HUNDRED FIFTY AND NO/100 (\$29,250.00) DOLLARS, secured by the Vendor's Lien retained in a Warranty Deed with Vendor's Lien from Kenneth P. Bond to the Grantor which is of record in Volume 914, Page 813, et seq., of the Official Public Records of Tyler County, Texas and further secured by a Deed of Trust for the benefit of Citizens State Bank which is of record in Volume 914, Page 816, et seq., of the Official Public Records of Tyler County, Texas,

-1-

Texas, the obligations of which are assumed by Grantee's acceptance of this conveyance, to the undersigned paid by the Grantee herein named, the receipt and sufficiency of which are hereby acknowledged, has, subject to the exceptions and reservations hereinafter provided, GRANTED, SOLD and CONVEYED, and by these presents does, subject to the exceptions and reservations hereinafter provided, GRANT, SELL and CONVEY unto GOLDEN PINE, INC., a Texas corporation also with an office in Tyler County, Texas (herein simply referred to as the "Grantee"), all of the following described real property situated in Tyler County, Texas (the "Property"), to-wit:

BEING all that certain 6.00 acre tract of land, more or less, situated in the E. T. Nolin Survey, Abstract No. 489 in Tyler County, Texas, which said tract of land is more particularly described on the Exhibit "A" attached hereto, incorporated herein by reference and made a part hereof for all purposes the same as if copied herein verbatim.

This conveyance is made and accepted subject to (i) any and all visible and apparent easements over and across the Property, whether or not of record in Tyler County, Texas, (ii) any and all restrictions, conditions, covenants, easements, and mineral/royalty reservations or mineral/royalty interest conveyances, if any, relating to the Property, to the extent that they are still in force and effect, as shown of record in the Official Public Records of Tyler County, Texas, (iii) any and all discrepancies, conflicts, or shortages in area or

boundary lines, or any encroachments or protrusions, or any overlapping of improvements, any portion of the subject Property lying within the boundary of any road or roadway, (iv) any and all additional ad valorem taxes imposed after the date of execution of this Assumption General Warranty Deed as a result of any change in use of any part or portion of the Property, the intent of the parties being that all such additional ad valorem taxes shall be the responsibility of, and borne completely by, the Grantee, its successors and assigns, and (v) the above referenced liens for the benefit of Citizens State Bank.

GRANTEE ACKNOWLEDGES AND AGREES THAT GRANTEE IS EXPERIENCED IN THE OWNERSHIP AND OPERATION OF PROPERTIES SIMILAR TO THE PROPERTY AND THAT GRANTEE HAS INSPECTED THE PROPERTY TO ITS SATISFACTION AND IS QUALIFIED TO MAKE SUCH INSPECTION. GRANTEE ACKNOWLEDGES THAT IT IS FULLY RELYING ON GRANTEE'S (OR GRANTEE'S REPRESENTATIVE'S) INSPECTION OF THE PROPERTY AND NOT UPON ANY STATEMENTS (ORAL OR WRITTEN) WHICH MAY HAVE BEEN MADE OR MAY BE MADE (OR PURPORTEDLY MADE) BY GRANTOR OR ANY OF ITS REPRESENTATIVES. GRANTEE ACKNOWLEDGES THAT GRANTEE HAD (OR GRANTEE'S REPRESENTATIVES HAVE) THOROUGHLY INSPECTED AND EXAMINED THE PROPERTY TO THE EXTENT DEEMED NECESSARY BY GRANTEE IN ORDER TO ENABLE GRANTEE TO EVALUATE THE CONDITION OF THE PROPERTY AND ALL OTHER ASPECTS OF THE PROPERTY (INCLUDING, BUT NOT LIMITED TO, THE ENVIRONMENTAL CONDITION OF THE PROPERTY),

AND GRANTEE ACKNOWLEDGES THAT GRANTEE IS RELYING SOLELY UPON ITS OWN (OR ITS REPRESENTATIVE'S) INSPECTION, EXAMINATION AND EVALUATION OF THE PROPERTY. AS A MATERIAL PART OF THE CONSIDERATION FOR THIS CONVEYANCE, GRANTEE HEREBY ACCEPTS THE PROPERTY IN ITS "AS IS" - "WHERE IS" CONDITION AND WITH ALL FAULTS, IF ANY, AND WITHOUT REPRESENTATIONS AND WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, EXCEPT ONLY THE TITLE WARRANTIES EXPRESSLY SET FORTH IN THIS DEED. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, IN CONNECTION WITH THE SALE OF THE PROPERTY TO GRANTEE, GRANTOR AND GRANTOR'S OFFICERS, MEMBERS, AGENTS, DIRECTORS, EMPLOYEES, PARTNERS, ATTORNEYS, CONTRACTORS AND AFFILIATES ("GRANTOR'S RELATED PARTIES") HAVE MADE NO, AND SPECIFICALLY DISCLAIM, AND GRANTEE ACCEPTS THAT GRANTOR AND GRANTOR'S RELATED PARTIES HAVE DISCLAIMED, ANY AND ALL REPRESENTATIONS, GUARANTEES OR WARRANTIES, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW (EXCEPT AS TO TITLE AS HEREINABOVE PROVIDED), OF OR RELATING TO THE PROPERTY, INCLUDING WITHOUT LIMITATION, OR RELATING TO (A) THE USE, INCOME POTENTIAL, EXPENSES, OPERATION, CHARACTERISTICS OR CONDITION OF THE PROPERTY OR ANY PORTION THEREOF, INCLUDING WITHOUT LIMITATION, WARRANTIES OF SUITABILITY, HABITABILITY, MERCHANTABILITY, TENANTABILITY, DESIGN OR FITNESS FOR ANY SPECIFIC OR A PARTICULAR PURPOSE, OR GOOD AND WORKMANLIKE CONSTRUCTION, (B) THE NATURE, MANNER, CONSTRUCTION, CONDITION,



STATE OF REPAIR OR LACK OF REPAIR OF ANY TIMBER OR IMPROVEMENTS LOCATED ON THE PROPERTY, ON THE SURFACE OR SUBSURFACE THEREOF, WHETHER OR NOT OBVIOUS, VISIBLE OR APPARENT, (C) THE NATURE OR QUALITY OF CONSTRUCTION, STRUCTURAL DESIGN OR ENGINEERING OF THE PROPERTY, (D) THE ENVIRONMENTAL CONDITION OF THE PROPERTY AND THE PRESENCE OR ABSENCE OF OR CONTAMINATION BY HAZARDOUS MATERIALS, OR THE COMPLIANCE OF THE PROPERTY WITH REGULATIONS OR LAWS PERTAINING TO HEALTH OR THE ENVIRONMENT, AND (E) THE SOIL CONDITIONS, DRAINAGE, FLOODING CHARACTERISTICS, UTILITIES OR OTHER CONDITIONS EXISTING WITH RESPECT TO THE PROPERTY. THE GRANTEE HEREBY EXPRESSLY ASSUMES ALL RISKS, LIABILITIES, CLAIMS, DAMAGES, AND COSTS (AND AGREES THAT GRANTOR SHALL NOT BE LIABLE FOR ANY SPECIAL, DIRECT, INDIRECT, CONSEQUENTIAL, OR OTHER DAMAGES) ON AND AFTER THE DATE OF THIS DEED RESULTING OR ARISING FROM OR RELATED TO THE OWNERSHIP, USE, CONDITIONS, LOCATIONS, MAINTENANCE, REPAIR OR OPERATION OF THE PROPERTY. GRANTEE ACKNOWLEDGES THAT ANY CONDITION OF THE PROPERTY WHICH GRANTEE DISCOVERS OR DESIRES TO CORRECT OR IMPROVE PRIOR TO OR AFTER THE DATE HEREOF SHALL BE AT GRANTEE'S SOLE EXPENSE. GRANTEE EXPRESSLY WAIVES (TO THE EXTENT ALLOWED BY APPLICABLE LAW) ANY CLAIMS UNDER FEDERAL LAW, STATE OR OTHER LAW THAT GRANTEE MIGHT OTHERWISE HAVE AGAINST GRANTOR RELATING TO THE USE, CHARACTERISTICS OR CONDITION OF THE PROPERTY.

TO HAVE AND TO HOLD the above described Property, together with all and singular the appurtenances thereto in anywise belonging, unto the said Grantee, its successors and assigns forever; and Grantor does hereby bind itself, its successors and assigns, subject to the exceptions and reservations hereinabove provided, to WARRANT AND FOREVER DEFEND all and singular the said Property unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

The 2009 ad valorem taxes on the Property have not been prorated by and between the parties. Rather, by acceptance of this Assumption General Warranty Deed, Grantee agrees to pay the 2009 ad valorem taxes on the Property, Grantee assumes responsibility for paying the 2009 ad valorem taxes on the Property and Grantee further agrees to indemnify and hold harmless Grantor from and against any and all liability or responsibility arising out of, or having to do with, the payment of the 2009 ad valorem taxes on the Property.

[SIGNATURE PAGES ATTACHED]

TERMS AND CONDITIONS accepted this 25 day of March, 2009.

Grantees Address:

GOLDEN PINE, INC., a Texas corporation

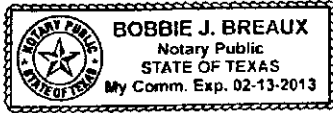
P.O. Box 2279  
Woodville, Texas  
75979

By: *Lonnie Grissom Jr.*  
Lonnie Grissom, Jr.,  
Its President

THE STATE OF TEXAS §

COUNTY OF TYLER §

25<sup>th</sup> This instrument was acknowledged before me on the day of March, 2009 by Lonnie Grissom, Jr., the President of Golden Pine, Inc., a Texas corporation, on behalf of said corporation.



*Bobbie J. Breaux*  
Notary Public, State of Texas  
Printed Name: Bobbie J. Breaux  
Commission Expires: 2-13-2013

EXECUTED this 25 day of March, 2009.

Grantees Address:

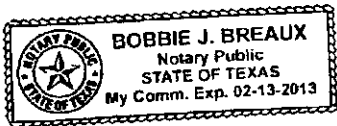
P.O. Box 2279  
Woodville, Texas  
75979

NORTH AMERICAN PROCUREMENT COMPANY, a  
Texas corporation

By: [Signature]  
Lonnie Grissom, Jr.,  
Its President

THE STATE OF TEXAS        §  
  
COUNTY OF TYLER         §

25<sup>th</sup> This instrument was acknowledged before me on the  
day of March, 2009 by Lonnie Grissom, Jr., the President  
of North American Procurement Company, a Texas corporation, on  
behalf of said corporation.



Bobbie J. Breaux  
Notary Public, State of Texas  
Printed Name: Bobbie J. Breaux  
Commission Expires: 2-13-2013

FILED FOR RECORD  
AT 9:15 O'CLOCK A M  
ON THE 1 DAY OF May  
A.D. 2009  
Vol. 956 Page 675  
In the OP Records

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE,  
RENTAL OR USE OF THE DESCRIBED REAL PROPERTY  
BECAUSE OF COLOR OR RACE IS INVALID AND UNENFOR-  
CIBLE UNDER FEDERAL LAW.



STATE OF TEXAS }  
COUNTY OF TYLER } OFFICIAL PUBLIC RECORD

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 Volume  
and Page of the named RECORDS of Tyler  
County, Texas, as stamped hereon by me.

**Donece Gregory**  
COUNTY CLERK, TYLER COUNTY, TEXAS  
BY [Signature]  
DEPUTY

[Signature]  
COUNTY CLERK  
TYLER COUNTY, TEXAS

09-2648 pd

R- Golden Pine, Inc  
PO Box 2279  
Woodville, TX  
75979

(09-2648 + 09-2649)

AREA SURVEYING & MAPPING  
418 N. PINE  
WOODVILLE, TEXAS 75979  
(409) 283-8197

FIELDNOTE DESCRIPTION

FIELDNOTES TO A 6.007 ACRE TRACT OF LAND AS SITUATED IN THE E.T. NOLIN SURVEY, A-489, TYLER COUNTY, TEXAS AND BEING A RESURVEY OF THAT SAME CALLED 6.00 ACRE TRACT AS CONVEYED TO KENNETH P. BOND BY DEED RECORDED IN VOLUME 678, PAGE 783 OF THE OFFICIAL PUBLIC RECORDS OF TYLER COUNTY. SAID 6.007 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A CONCRETE MONUMENT FOUND ON THE NORTH LINE OF THE WM. CHAMBLISS SURVEY, A-189, FOR THE SOUTHEAST CORNER OF THE E.L. JENNINGS SURVEY, A-405, AND THE COMMON SOUTHWEST CORNER OF SAID E.T. NOLIN SURVEY AND SAID BOND 6.00 ACRES AND OF THIS TRACT;

THENCE N 03°10'17"W, WITH THE COMMON LINE BETWEEN THE E.L. JENNINGS SURVEY AND THE NOLIN SURVEY AND THE WEST LINE OF THE BOND 6.00 ACRE TRACT, AT 76.90 FT. PASS THE CENTER OF COUNTY ROAD NO. 1020, IN ALL A TOTAL DISTANCE OF 435.60 FT. TO A CONCRETE MONUMENT FOUND FOR THE NORTHWEST CORNER OF SAME AND OF THIS TRACT AND THE WESTERLY SOUTHWEST CORNER OF THE E & R ALLISON FAMILY PROPERTIES, LTD. 11.359 ACRE TRACT AS DESCRIBED IN VOLUME 825, PAGE 739 OF THE OFFICIAL PUBLIC RECORDS;

THENCE N 86°29'25"E 600.64 FT., WITH THE NORTH LINE OF THE BOND 6.00 ACRE TRACT, TO A CONCRETE MONUMENT FOUND FOR THE NORTHEAST CORNER OF SAME AND OF THIS TRACT AN INTERIOR ANGLE CORNER OF SAID ALLISON 11.359 ACRE TRACT;

THENCE S 03°05'32"E 436.07 FT., WITH THE EAST LINE OF THE BOND 6.00 ACRE TRACT, TO A 1/2" IRON ROD FOUND ON THE SOUTH SIDE OF SAID COUNTY ROAD NO. 1020 FOR THE SOUTHEAST CORNER OF THE BOND 6.00 ACRES AND OF THIS TRACT, SAME BEING THE MOST SOUTHERLY SOUTHWEST CORNER OF THE ALLISON 11.359 ACRE TRACT LOCATED ON THE SOUTH LINE OF THE NOLIN SURVEY AND THE NORTH LINE OF THE PREVIOUSLY MENTIONED WM. CHAMBLISS SURVEY;

THENCE S 86°32'09"W 600.04 FT., WITH THE COMMON LINE BETWEEN THE CHAMBLISS SURVEY AND THE NOLIN SURVEY AND THE SOUTH LINE OF THE BOND 6.00 ACRE TRACT, TO THE PLACE OF BEGINNING AND CONTAINING WITHIN THESE BOUNDS 6.007 OF ACRES OF LAND.

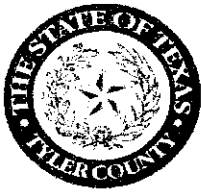
THE BEARINGS RECITED HEREIN ARE ROTATED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE 4203, NORTH AMERICAN DATUM, 1983.

SURVEYED FEBRUARY 25, 2008

I, LYLE RAINEY, REGISTERED PROFESSIONAL LAND SURVEYOR NO. 4800, DO HEREBY CERTIFY THAT THE FIELDNOTE DESCRIPTION OF THE ABOVE DESCRIBED TRACT WAS PREPARED FROM AN ACTUAL AND ACCURATE ON THE GROUND SURVEY AND THAT SAME IS TRUE AND CORRECT.

---

LYLE RAINEY  
REGISTERED PROFESSIONAL  
LAND SURVEYOR NO. 4800



# Commissioners Court of Tyler County

MARTIN NASH  
Commissioner, Pct. 1

RUSTY HUGHES  
Commissioner, Pct. 2

JACQUES L. BLANCHETTE  
County Judge

MIKE MARSHALL  
Commissioner, Pct. 3

JACK WALSTON  
Commissioner, Pct. 4

STATE OF TEXAS           §  
  §  
COUNTY OF TYLER       §

## TAX ABATEMENT CONTRACT

### BETWEEN THE COUNTY OF TYLER, TEXAS AND GERMAN PELLETS TEXAS, LLC

This Tax Abatement Contract (this "Contract") is an abatement contract executed by and between Tyler County ("County") and German Pellets Texas, LLC (the "Company"). Its terms and conditions are supported by good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.

#### INTRODUCTION

The Texas Property Redevelopment and Tax Abatement Act (Section 312.001 et seq. Texas Property Tax Code) provides that the governing body of a County has the power to create one or more reinvestment zones for abatement of real and personal property ad valorem taxes provided that certain conditions as detailed in the Code are met. The Code further provides that if a County creates a reinvestment zone as provided in the Code, that other specified governmental entities having taxing jurisdiction over real and personal property located within the zone may enter into a tax abatement contract with the owner(s) of such property.

The Company owns real property ("Real Property") located within the taxing jurisdiction of the Woodville Independent School District, within the taxing jurisdiction of Tyler County Hospital District and within the taxing jurisdiction of Tyler County, Texas.

Tyler County has heretofore designated, by Order of its Commissioners Court, the Real Property as a reinvestment zone (the "Zone") eligible for the abatement of ad valorem taxes on real and personal property (the "Taxes"). The Order creating the Zone is attached as Exhibit "A" and contains a description of the Real Property forming the Zone. By virtue of the County following the requirements of the law in creating the Zone, the County and the Company now exercise their rights to enter into this Contract, the terms and conditions of which are detailed below, and with the attached exhibits constitute the full complete agreement between Tyler County and the Company with respect to the Taxes which would otherwise be payable to Tyler County.

The term "Tax Year" as used herein means each calendar year during the term of this Contract.

TERMS AND CONDITIONS

- 1) The property to be subject to the Contract shall be (a) the Real Property and Improvements (the "Real Property"), which is more particularly described in Exhibit "B" attached hereto and made a part hereof and incorporated herein, and (b) all personal property and equipment located on the Real Property (the "Personal Property").
- 2) The Company shall diligently proceed to commence construction and equipping of a manufacturing facility (the "Project") on the Real Property. The Company shall complete the Project not later than January 1, 2014. A general description of the kind, number and location of all proposed improvements constituting the Project are attached hereto as Exhibit "C" and made a part hereof for all purposes. The total cost of constructing and equipping the Project is estimated to be not less \_\_\_\_\_ million and no/100 dollars (\$ \_\_\_\_\_) (the "Estimated Project Value").
- 3) The assessed value of eligible property January 1 preceding the execution of the agreement made after January 1 but before the execution of the agreement is \$ \_\_\_\_\_ (Base Year Value).
- 4) The Company agrees and covenants that it will diligently and faithfully, in a good and workmanlike manner, pursue the completion of the Project as a good and valuable consideration of this contract. The Company further covenants and agrees that all construction will be completed in accordance with all applicable laws, regulations, and ordinances. The Company shall thereafter, during the term of this Contract, continuously operate and maintain the Project as a manufacturing facility.
- 5) Company shall, in writing and until the expiration of this AGREEMENT, annually certify compliance with this AGREEMENT to the COUNTY.
- 6) Subject to the terms and conditions of this Contract, the Taxes which are generated by improvements and increased value on Real Property after the execution of the tax abatement agreement, and tangible personal property located on the real property after the execution of the tax abatement agreement are hereby abated. The tax abatement will proceed under the following schedule ("Abatement Schedule"):

<u>% Abatement</u>	<u>Term of Abatement</u>
100%	1 <sup>st</sup> year
90%	2 <sup>nd</sup> year
80%	3 <sup>rd</sup> year
70%	4 <sup>th</sup> year
60%	5 <sup>th</sup> year
50%	6 <sup>th</sup> year
40%	7 <sup>th</sup> year
30%	8 <sup>th</sup> year
20%	9 <sup>th</sup> year
10%	10 <sup>th</sup> year

This Contract shall be for a term of ten (10) years, commencing on the 1st day of January of the year following completion of the Project, or January 1, 2014, whichever occur first, unless sooner terminated in accordance with the provision herein; provided however, Taxes attributable to an increase in the fair market value of the Premises during the Project's construction or completion phase, to be no more than two (2) tax years ( i.e. 2012- 2013), shall be abated at the



rate of 100% in accordance with generally applicable local and state law. Taxes not attributed to the Project and those taxes derived from real and personal property outside of the Real Property are not abated. Such abatement will be restricted to include only new and distinct manufacturing facilities and equipment as described by Exhibit C.

- 7) Uses of the property upon which taxes are to be abated hereunder are to be limited, consistent with the general purpose of encouraging development or redevelopment of the reinvestment zone during the indicated period of abatement.
- 8) Construction must begin prior to the end of the Tax Year 2012 and be substantially completed prior to the end of the Tax Year 2013 ("Construction Period").
- 9) The Company covenants and agrees to act in good faith to attempt to hire a 25% of its permanent employees for the jobs to be created as a result of the Project from residents of Tyler County, Texas, if possible without creating financial hardship or sacrificing operational efficiency.
- 10) A breach of this Contract shall occur upon any of the following events: (a) construction of the Project is not completed substantially in accordance with the terms and conditions of the Contract; (b) the Company allows its Taxes owed to the County of Tyler to become delinquent, and the Company has failed to timely and properly follow the applicable legal procedures for protest and/or contest of any such Taxes; (c) the Company shall cease, during the term of this Contract, to continuously operate and maintain the Project as a manufacturing facility for a period of more than twelve (12) consecutive months; or (d) the Company shall fail to invest less than 70% of the Estimated Project Value by January 1, \_\_\_\_.[Need to confirm capital plans of Company]. In the event of any breach of this Contract, then the County shall give the Company written notice of such breach and require the Company to cure such breach within sixty (60) days. If such breach remains uncured at the end of such sixty (60) day period, then the County may by written notice to the Company terminate this Contract, and no future abatement of Taxes shall be granted to the Company. In the event the County exercises its right to terminate this Contract, and at the time of such termination, the Company has invested in the Project less than seventy percent (70%) of the Estimated Project Value set forth in Section 2 above, the County may by written notice to the Company, require the Company to repay a portion of the value of all tax abatements previously granted to the Project (the "Tax Benefit"). Such repayment shall be calculated by multiplying (i) the percentage by which the Company's investment has fallen short of the Estimated Project Value by (ii) the Tax Benefit previously received by the Company (the "Recapture Amount"). For example, if the Company has committed to invest \$10,000,000 in the County, and upon termination of this Contract by the County has only invested \$6,000,000, and assuming the total Tax Benefit to the Company in previous years is \$1,000,000, then the Recapture Amount would be equal to \$400,000 (40% shortfall in investment x \$1,000,000). In such event, the Recapture Amount will become a debt to the County and shall be due, owing and paid to the County within sixty (60) days of any such event. If during the term hereof, and after completion of the Project, the performance by the Company of any of its obligations of undertakings hereunder shall be interrupted or delayed by any occurrence and not occasioned by the conduct of the party hereto, whether such performance to be an act of God or the common enemy or the result of war, riot, civil commotion, fire, wind, flooding, or sovereign conduct, then the Company shall be excused from such performance for such period of time as its reasonably necessary after such occurrence to remedy the effects thereof, provided that the Company shall restore the Project and Premises within twelve (12) months of such event; otherwise, this Contract is subject to termination by the County effective the date of the event which caused the noncompliance.

- 11) The Company agrees that, upon notice to the Company, the County, its officers, agents and employees shall have reasonable right of access to the Premises to inspect the improvements in order to insure the Project is being constructed and completed according to specifications and conditions of this Contract. After completion of the Project, upon reasonable prior notice to the Company, the County shall have the continuing right to inspect the Premises during normal business hours to insure that Premises are thereafter maintained and operated in accordance with this Contract.
- 12) In the event the Company reduces its ad valorem taxes on personal property by participating in a foreign trade zone ("Special Treatment"), then the abatement agreed to in this Contract shall be reduced during such Tax Year for each dollar of tax reduction attributed to Special Treatment. It is the intent of this paragraph that all amounts otherwise due as taxes on property within the Premises shall be fully paid in accordance with its full market value under the provisions of the Texas Property Tax Code, as the same be amended, without Special Treatment.
- 13) It is understood and agreed between the parties that the Company, in performing its obligation hereunder, is acting independently, and the County assumes no responsibilities or liabilities in connection therewith to third parties. The Company further agrees to indemnify and hold harmless the County, its officers, agents, and employees, from any and all kinds of claims, losses, damages, injuries, suits, or judgments, or whatever kind of nature, including claims for contribution or indemnity and the reasonable and necessary costs, including attorney's fees, incurred in defense of any such claim, which any person, firm or corporation has or may have arising out of or resulting out of the Project described herein, absent gross negligence or willful misconduct on the part of the County.
- 14) All Notices required or contemplated by this Contract shall be addressed as follows:  
If to The Company:  
Legal Name  
Mailing address Line 1  
Mailing address Line 2  
ATTENTION: Primary Contact  
If to Tyler County, then to:  
Tyler County, Texas  
100 West Bluff, Room 102  
Woodville, Texas 75979  
ATTENTION: County Judge
- 15) Reasonable attorney's fees and expenses of a party incurred in successfully prosecuting or defending a suit under this Contract against the other party will be recoverable by the successful party in such action.
- 16) All obligations under this Contract are performable in Tyler County, Texas and it is agreed and understood by and between the parties hereto that venue for any action based, in whole or in part, directly or indirectly, upon any of the terms of this Contract shall lie exclusively in the courts of Tyler County, Texas.
- 17) This Contract shall be governed by and construed under the laws of the State of Texas.
- 18) This Contract supersedes any and all other agreements, either oral or in writing, if any, between the parties, and contains the entire agreement of the parties as to the subject matter hereof.

- 19) If any provision of this Contract is held in final judgment by a Court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force and effect without being impaired or invalidated in any way.
- 20) The waiver by one party of any breach or default of this Contract by the other party will not be deemed a waiver of any other provision of this Contract.
- 21) This Contract may be amended or modified only by a written instrument signed by both parties and dated subsequent to the effective date hereof.
- 22) The terms and conditions of this Contract are binding upon the successors and assigns of both parties hereof. The parties agree that the Company shall have the right to assign this Contract, and all rights, benefits, and obligations thereof, to any wholly owned subsidiary of German Pellets GmbH or of the Company, any affiliated corporation or any partner of the Company, without further consent or act of any party provided that the assignee is not indebted to Tyler County for ad valorem taxes or other obligations; and further provided that the Company shall only be released from its obligations hereunder provided 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 the Contract. The Company shall notify the County of any assignment under this Section 19 within 10 (ten) business days at the address provided in Section 11 of this Contract.
- 23) This Contract was authorized by the Tyler County Commissioners Court by a vote taken at its regularly scheduled Court Meeting on \_\_\_\_\_, whereupon it was determined that Jacques L. Blanchette, County Judge would sign on behalf of Tyler County.
- 24) The executing of this Contract is accomplished by \_\_\_\_\_, who is authorized to execute the Contract in his capacity as \_\_\_\_\_ of the Company.

WITNESS OUR HANDS this the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

TYLER COUNTY, TEXAS

By: \_\_\_\_\_  
 Jacques L. Blanchette  
 County Judge

ATTEST:

\_\_\_\_\_  
 Donece Gregory  
 County Clerk

GERMAN PELLETS TEXAS, LLC

<b>Input:</b>	
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Document 2 ID	interwovenSite://SGRDMS/SGR/9221258/4
Description	#9221258v4<SGR> - Contract by Comm Ct German Pellets
Rendering set	standard

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<u>Moved to</u>	
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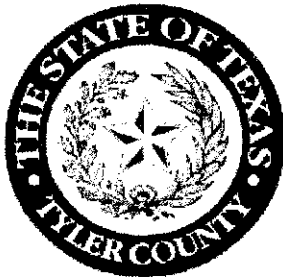
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By: \_\_\_\_\_

Name

Title

saved in word as: Contract by Comm Ct German Pellets



# TYLER COUNTY COMMISSIONERS COURT

County Courthouse, Room 102 / Woodville, Texas

Monday  
August 29, 2011  
9:00 AM

MARTIN NASH  
Commissioner, Pct. 1

RUSTY HUGHES  
Commissioner, Pct. 2

JACQUES L. BLANCHETTE  
County Judge

MIKE MARSHALL  
Commissioner, Pct. 3

JACK WALSTON  
Commissioner, Pct. 4

**NOTICE** Is hereby given that a *Special Meeting* of the Tyler County Commissioners Court will be held on the date stated above, at which time the following subjects will be discussed;

## Agenda

*All present + Joe, Andrew  
Sandra Wright  
Hosp/Adm*

*"the wisdom to know what's right and the courage to do it"*

- **CALL TO ORDER**
  - Establish quorum

### I. CONSIDER/APPROVE:

- J/W* A. **Amended** Tyler County Tax Abatement Guidelines – J. Blanchette *All yes*
  - J/H* B. **Order** designating reinvestment zone (also known as Tax Increment Finance "TIF" zone); establishing the boundaries thereof; and making necessary findings as required by law –  
*J. Blanchette Comm Nest want court to look at expanding the loc indvntn to use as an econ dev area & look for other zones in county* *All yes*
  - J/W* C. **Appointment** to FFAST Form Work Group of chief elected official (or designated staff) as specified by Analysis of Impediments to Fair Housing, Appendix A 081911 update – J. Blanchette  
*A to be officially recog as member of the work group*
- N/H* ➤ **ADJOURN** 9:08

I do hereby certify that the above Notice of Meeting of the Tyler County Commissioners Court is a true and correct copy of said Notice and that I posted a true and correct copy of said Notice at the Tyler County Courthouse in a place readily accessible to the general public at all times and that said Notice remained so posted continuously for at least 72 hours preceding the scheduled time of said meeting, as is required by Section 551.002 & 551.041.

Executed on Aug 25 2011 Time 8:35 AM

Donece Gregory, County Clerk/Ex Officio Member of Commissioners Court

By: Aleen Brown (Deputy)