

**ECONOMIC DEVELOPMENT AGREEMENT BETWEEN BRAZOS COUNTY
AND LUBRIZOL SPECIALTY PRODUCTS, INC., A DELAWARE
CORPORATION**

RECITALS

This Economic Development Grant Agreement (this "Agreement") is entered into by and between BRAZOS COUNTY, a political subdivision of the State of Texas (hereinafter referred to as "COUNTY"), and LUBRIZOL SPECIALTY PRODUCTS, INC., a Delaware corporation (hereinafter referred to as "LUBRIZOL").

WHEREAS, COUNTY is authorized and empowered under Texas Local Government Code Chapter 381 and other applicable Texas laws pertaining to economic development to make grants of public money to promote state and local economic development and to stimulate business and commercial activity in Brazos County; and,

WHEREAS, COUNTY actively seeks economic development in Brazos County through participation in and establishment of an economic development program; and,

WHEREAS, LUBRIZOL owns approximately 7.083 acres of land, as defined in Article I, located in Brazos County and desires to expand its Business (as defined below) thereon; and,

WHEREAS, LUBRIZOL is a specialty chemical company currently operating a facility in Brazos County and is the recipient of a previous economic incentive; and,

WHEREAS, LUBRIZOL informed the COUNTY that the receipt of the financial and incentives from the COUNTY as set forth in this Agreement will induce LUBRIZOL to invest at least Twenty Five Million Dollars (\$25,000,000) in Land, Tangible Personal Property, and Improvements in Brazos County, and to employ at least twenty-four (24) new Full Time Employees with a combined annual Gross Payroll of at least One Million Five Hundred Thousand Dollars (\$1,500,000) and annual Wages, excluding bonuses and employee benefit costs, of at least One Million One Hundred Fifty Thousand Dollars (\$1,150,000); and,

WHEREAS, by expanding the Business in Brazos County, LUBRIZOL will create new jobs, generate sales tax revenues, and add value to the Brazos County tax role; and,

WHEREAS, the BRAZOS COUNTY COMMISSIONERS COURT finds that no member of the COURT has any LUBRIZOL ownership, leasehold, or other interest in the Premises for which incentives are granted in this Agreement; and,

WHEREAS, the COUNTY has determined that providing economic development incentives to LUBRIZOL in the form of a Chapter 381 grants to construct the

Improvements in Brazos County will promote local economic development and stimulate business and commercial activity within Brazos County; and,

WHEREAS, to ensure that the benefits the COUNTY provides under this Agreement are utilized in a manner consistent with Texas Local Government Code, Chapter 381, and the Tax Code, Chapter 312, and other laws, LUBRIZOL agrees to comply with the conditions relating to development of the Land, as set forth herein; and,

WHEREAS, both Parties desire to enter into this Agreement to further clarify and define their roles relating to the economic development grants described in this Agreement.

NOW, THEREFORE, for and in consideration of the premises and mutual covenants and promises hereinafter set forth, COUNTY and LUBRIZOL (each a "Party," collectively, the "Parties") represent and agree as follows:

Article I Definitions

Wherever used in this Agreement, the following terms shall have the meanings ascribed to them:

"Affiliate" means any person or entity which directly or indirectly controls, is controlled by or is under common control with LUBRIZOL, during the term of such control. A person or entity will be deemed to be "controlled" by any other person or entity if such other person or entity (a) possesses, directly or indirectly, power to direct or cause the direction of the management of such person or entity whether by contract or otherwise, (b) has direct or indirect ownership of at least fifty percent (50%) of the voting power of all outstanding shares entitled to vote at a general election of directors of the person or entity or (c) has direct or indirect ownership of at least fifty percent (50%) of the equity interests in the entity.

"Base Year Taxable Value" shall mean the Taxable Value for the Land for January 1, 2016, which is Two Hundred Thirty One Thousand Three Hundred Eighty and no/1.00 Dollars (\$231,380).

"Business" shall mean Lubrizol's business of operating a manufacturing, storage, packaging, laboratory and office facility from the Improvements on the Land for the purposes of producing specialty chemicals, together with all related activities involving the Improvements and the Land.

"Chapter 381 Payment(s)" or "Cash Incentives" shall mean that amount paid as a grant under Texas Local Government Code, Chapter 381 by the COUNTY to LUBRIZOL in an amount equal to 100 percent of Maintenance and Operations Rate portion of the Real Property Taxes collected and attributable to the incremental Taxable Value of the Land, Improvements and Tangible Personal Property over the Base Year Taxable Value in the calendar year immediately preceding the year in which a Chapter 381 Payment is requested at the agreed percentage.

“Completion of Construction” shall mean: (i) substantial completion of the Improvements; and (ii) a final certificate of occupancy has been issued for the Improvements.

“Effective Date” shall mean the date upon which this Agreement is fully executed by the Parties.

“First Year of Cash Incentive(s)” shall mean the year 2018.

“Force Majeure” shall mean any contingency or cause beyond the reasonable control of a Party including, without limitation, acts of God or public enemy, war, riot, civil commotion, insurrection, adverse weather, government or de facto governmental action (unless foreseeably caused by acts or omissions of such Party), fires, explosions or floods, strikes, slowdowns or work stoppages.

“Full Time Employee” or “FTE” shall mean any person who is an employee of LUBRIZOL or an Affiliate (excluding temporary or seasonal employees) and who has an officially scheduled work week of thirty-five (35) hours or more and who according to LUBRIZOL or Affiliate company policy is entitled to full benefits as a full time employee.

“Payroll” shall mean the sum of the Wages and bonuses paid by Lubrizol for the Full Time Employees, and employee benefit costs incurred by Lubrizol for the Full Time Employees as reported quarterly to the Texas Workforce Commission.

“Improvements” shall mean a building or buildings and all related facilities containing a minimum of sixty thousand square feet (60,000 sq. ft.) of manufacturing, storage, packaging, laboratory and office space for the operation of Lubrizol’s Business on the Land, including all sidewalks, parking lots, outdoor lighting, landscaping and other improvements to serve the building(s) and facilities, but excluding the Land and Tangible Personal Property, constructed in substantial conformity with the specifications shown in Exhibit A, which are attached hereto and made a part hereof.

“Land” means the land consisting of 7.083 acres, located in Bryan Industrial Park and more particularly described in Exhibit “A”, excluding any Improvements and Tangible Personal Property located on such Land.

“LUBRIZOL” shall mean LUBRIZOL SPECIALTY PRODUCTS, INC., a DELAWARE CORPORATION.

“Premises” shall mean collectively, the Land and Improvements following construction thereof, but excluding the Tangible Personal Property.

“Tangible Personal Property” shall mean tangible business personal property, equipment and fixtures, excluding inventory and supplies, owned or leased by LUBRIZOL

or an Affiliate thereof that is added to or used in connection with the Improvements subsequent to the execution of this Agreement and located within Brazos County.

“Taxable Value” means the appraised value as certified by the Brazos Central Appraisal District as of January 1st of a given year.

“Wages” means the remuneration for personal services LUBRIZOL pays to Permanent Employees that is included as the total gross wages in the “Reimbursing Employer's Quarterly Report” (or similar report) required to be filed with the Texas Workforce Commission (or successor agency) for purposes of administering the Texas Unemployment Compensation act (Tex. Labor Code, Chapter 201 et seq.).

Article II General Provisions

2.1 All of the above statements are hereby found to be true and are hereby approved and copied into the body of this Agreement as if copied in their entirety.

2.2 LUBRIZOL owns the Land, which is located within the city limits of the City of Bryan, Texas and within Brazos County, Texas. LUBRIZOL intends to construct or cause to be constructed and to operate the Improvements on the Land.

2.3 LUBRIZOL shall, before August 25th of each calendar year that this Agreement is in effect, certify in writing to the COUNTY that it is in compliance with each applicable term of the Agreement.

2.4 The Land and the Improvements constructed thereon shall be used in a manner that is consistent with the general purposes of encouraging development or redevelopment within Brazos County.

Article III Cash Incentives Authorized

3.1 Subject to the terms and conditions of this Agreement, and provided that the combined Taxable Value for the Land, Improvements, and Tangible Personal Property exceeds the Base Year Taxable Value by (a) at least Twenty Five Million Dollars (\$25,000,000) as of January 1st of 2018, and (b) at least Twenty Million Dollars (\$20,000,000) above Base Year Taxable Value thereafter for the term of this Agreement COUNTY hereby grants an annual Cash Incentive equal to the following amounts in the years set forth below:

<u>Year</u>	<u>Chapter 381 Payment / Cash Incentive</u>
Year 1 (2018)	(100%)

Year 2 (2019)	(70%)
Year 3 (2020)	(60%)
Year 4 (2021)	(50%)
Year 5 (2022)	(40%)
Year 6 (2023)	(30%)
Year 7 (2024)	(20%)
Year 8 (2025)	(10%)

The Brazos Central Appraisal District shall determine the value of all real and personal property during the term of this Agreement.

3.2 OMITTED

3.3 County will remit the first Chapter 381 Payment to Developer no later than sixty (60) days after receipt by the County Auditor of a proper Payment Request from the Developer in accordance with the terms of this Agreement. Beginning with the First Year of Cash Incentives, Developer may only submit a Payment Request during the period commencing July 1 and ending on December 31 of any given year. The failure by Developer to timely submit to the County Auditor a Payment Request will result in the forfeiture of the Chapter 381 Payment attributable to that tax year.

3.4 During the period of the Cash Incentives herein authorized, LUBRIZOL shall be subject to all taxation, including but not limited to, sales tax and ad valorem taxation; provided, this Agreement does not prohibit LUBRIZOL from claiming any exemptions from tax provided by applicable law.

3.5 LUBRIZOL agrees to continuously own the Premises for a period of at least seven (7) years beginning with the year 2018; provided, (i) LUBRIZOL without COUNTY consent may engage in a sale-leaseback or similar transfer of LUBRIZOL ownership of the Premises as long as LUBRIZOL continues to occupy and operate the Premises, (ii) LUBRIZOL without COUNTY consent may transfer LUBRIZOL ownership of the Premises to an Affiliate; and (iii) LUBRIZOL may transfer LUBRIZOL ownership of the Premises to a person that COUNTY approves as an assignee of this Agreement.

3.6 The term of this Agreement shall begin on the Effective Date and shall continue until December 31st of 2025.

**Article IV
Improvements**

4.1 LUBRIZOL owns the Land and intends to construct or cause to be constructed thereon the Improvements, and locate Tangible Personal Property thereon.

4.2 Completion of Construction is a condition precedent to the receipt of LUBRIZOL's Cash Incentive pursuant to this Agreement. The Parties acknowledge that Completion of Construction shall occur by December 31, 2017. All construction of the Improvements will be in accordance with all applicable state and local laws, codes, and regulations (or valid waiver thereof).

4.3 Construction plans for the Improvements constructed on the Land will be filed with the City of Bryan, which shall be deemed to be incorporated by reference herein and made a part hereof for all purposes.

4.4 LUBRIZOL agrees to maintain the Improvements during the term of this Agreement in accordance with all applicable state and local laws, codes, and regulations.

4.5 COUNTY, its agents and employees shall have the right of access to the Premises during construction to inspect the Improvements at reasonable times and with reasonable notice to LUBRIZOL, and in accordance with visitor access and security policies of LUBRIZOL, in order to insure that the construction of the Improvements are in accordance with this Agreement and all applicable state and local laws and regulations (or valid waiver thereof).

**Article V
Employment and Job Creation**

LUBRIZOL agrees that on or before December 31, 2017, and each year thereafter for the term of this Agreement, LUBRIZOL will employ no less than a total of 24 FTE's with a combined annual Wages of at least One Million One Hundred Fifty Thousand Dollars. On or before, August 25, 2018, and August 25th of each year thereafter, LUBRIZOL shall deliver to COUNTY documentation, including, but not limited to, Texas Workforce Commission quarterly reports, demonstrating that LUBRIZOL met the employment and Wage targets for the preceding year.

**Article VI
Default**

6.1 If LUBRIZOL defaults in any term or condition of this Agreement, then COUNTY shall not be obligated to approve disbursement of the Cash Incentives for that year in which the default occurred.

6.2 COUNTY shall give to LUBRIZOL notice of any default. To the extent a default may be cured, LUBRIZOL shall have the right, but not the obligation, to cure the default within thirty (30) days of receiving written notice from COUNTY. If the default cannot reasonably be cured within a thirty (30) day period, and LUBRIZOL has diligently pursued such remedies as shall be reasonably necessary to cure such default, then COUNTY shall extend for a reasonable additional length of time the period in which the default must be cured. If LUBRIZOL fails to cure the default within the time provided as specified above or, as such time period may be extended, then COUNTY at its sole option shall have the right to terminate this Agreement with respect to LUBRIZOL, by written notice to LUBRIZOL.

6.3 In the event a Party defaults, then the other Party shall have available to it all remedies at law and equity.

Article VII
Miscellaneous

7.1 Notice. Any notice required or permitted to be delivered hereunder shall be deemed received three (3) days thereafter sent by United States Mail, postage prepaid, certified mail, return receipt requested, addressed to the Party at the address set forth below or on the day actually received as sent by courier or otherwise hand delivered:

If intended for COUNTY, to:

Attn: Budget Officer
Brazos County
200 S. Texas Avenue
Bryan, Texas, Texas 77803

If intended for LUBRIZOL, to:

Lubrizol Specialty Products, Inc.
Attn: Gabriela Ring
Director-Manufacturing Operations
1331 Independence Avenue
Bryan, Texas 77803
Telephone: 979-361-2151
Facsimile: 979-361-2132
E mail: gabriela.ring@lubrizol.com

With a copy to:

The Lubrizol Corporation
Attn: Ginny Schmitz, Manager Transactional Taxes
29400 Lakeland, Boulevard
Wickliffe, Ohio 44092
Telephone: 440-347-5958
Facsimile: 440-347-6587
Email: ginny.schmitz@lubrizol.com

7.2 Severability. In the event any section, subsection, paragraph, sentence, phrase or word herein is held invalid, illegal or unconstitutional, the balance of this Agreement shall stand, shall be enforceable and shall be read as if the Parties intended at all times to delete said invalid section, subsection, paragraph, sentence, phrase or word.

7.3 Governing Law. This Agreement shall be governed by the laws of the State of Texas without regard to any conflict of law rules. Exclusive venue for any action under this Agreement shall be the state District Court of Brazos County, Texas. The Parties agree to submit to the personal and subject matter jurisdiction of said Court.

7.4 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument.

7.5 Entire Agreement. This Agreement embodies the complete agreement of the Parties hereto, superseding all oral or written previous and contemporary agreements between the Parties and relating to the matters in this Agreement, and except as otherwise provided herein cannot be modified without written agreement of the Parties to be attached to and made a part of this Agreement.

7.6 Recitals. The determinations recited and declared in the preambles to this Agreement are hereby incorporated herein as part of this Agreement.

7.7 Exhibits. All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

7.8 Assignment. This Agreement shall be binding on and inure to the benefit of the Parties to it and their respective heirs, executors, administrators, legal representatives, successors, and permitted assigns. This Agreement may not be assigned by LUBRIZOL without the prior written consent of COUNTY which consent shall not be unreasonably withheld, conditioned or delayed.

7.9 Right of Offset. COUNTY may at its option, offset any amounts due and payable under this Agreement against any debt (including taxes) lawfully due to COUNTY from LUBRIZOL, regardless of whether the amount due arises pursuant to the terms of this Agreement or otherwise and regardless of whether or not the debt due COUNTY has been reduced to judgment by a court; provided, however (i) COUNTY shall provide LUBRIZOL notice within thirty (30) days of determining that any debt is believed lawfully due to COUNTY from LUBRIZOL; (ii) LUBRIZOL shall have an opportunity to resolve or pay such debt to COUNTY within thirty (30) days after receipt of notice before any offset to amounts payable under this Agreement may occur; and (iii) LUBRIZOL retains all rights to timely and properly contest whether or in what amount any debt is owed to COUNTY, and COUNTY may not offset any asserted amount of debt owed by LUBRIZOL against amounts due and owing under this Agreement during any period during which LUBRIZOL is timely and properly contesting whether such amount of debt is due and owing.

7.10 Amendment. No amendment to this Agreement shall be effective and binding unless and until it is reduced to writing and signed by duly authorized representatives of COUNTY and LUBRIZOL.

7.11 Place of Performance. Performance and all matters related thereto shall be in Brazos County, Texas, United States of America.

7.12 Authority to Contract. Each Party has the full power and authority to enter into and perform this Agreement, and the person signing this Agreement on behalf of each Party has been properly authorized and empowered to enter into this Agreement. The

persons executing this Agreement hereby represent that they have authorization to sign on behalf of their respective corporations.

7.13 No Debt. Under no circumstances shall the obligations of COUNTY hereunder be deemed to create any debt within the meaning of any constitutional or statutory provision; provided; however, COUNTY agrees during the term of this Agreement to make a good faith effort to appropriate funds each year to pay amounts under this Agreement for the then ensuing fiscal year.

7.14 Waiver. Failure of any Party, at any time, to enforce a provision of this Agreement, shall in no way constitute a waiver of that provision, nor in any way affect the validity of this Agreement, any part hereof, or the right of the Party thereafter to enforce each and every provision hereof. No term of this Agreement shall be deemed waived or breach excused unless the waiver shall be in writing and signed by the Party claimed to have waived. Furthermore, any consent to or waiver of a breach will not constitute consent to or waiver of or excuse of any other different or subsequent breach.

7.15 Employment of Undocumented Workers. During the term of this Agreement, LUBRIZOL agrees not to knowingly employ any undocumented workers and, if convicted of a violation under 8 U.S.C. Section 1324a (f), LUBRIZOL shall repay to COUNTY all Cash Incentives received under this Agreement as of the date of such violation within 120 days after the date LUBRIZOL is notified by COUNTY of such violation, plus interest at the rate of 5% simple interest from the date of LUBRIZOL's receipt of the Cash Incentives until repaid.

7.16 Construction. The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Contract or any amendments or exhibits hereto.

[SIGNATURES TO FOLLOW ON THE NEXT PAGE]

BRAZOS COUNTY, TEXAS

BY: _____
Duane Peters, County Judge

Date: _____

ATTEST:

County Clerk
Date: _____

BY: *Jeffrey A Vavruska*
Jeffrey Vavruska, Chief Tax Officer

Date: 6/22/2016

THE STATE OF Ohio §
 §
COUNTY OF Lake §

ACKNOWLEDGMENT

Before me, the undersigned authority, on this day personally appeared Jeffrey Vavruska, Chief Tax Officer of LUBRIZOL SPECIALTY PRODUCTS, INC., a DELAWARE CORPORATION, and known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office on this the 22nd of JUNE, 2016.

Mark C. Silbiger

Notary Public in and for the State of Ohio

MARK C. SILBIGER, Notary Public
In and for the State of Ohio
My Commission Has No Expiration Date

EXHIBIT A
IMPROVEMENTS

EXHIBIT B
THE LAND