

JOHNSON COUNTY COMMISSIONERS COURT

Filed For Record 8:49



NOV 25 2014

RICK BAILEY
Commissioner Pct. #1

Becky Williams
County Clerk, Johnson County Texas

ROGER HARMON
County Judge

JERRY D. STRINGER
Commissioner Pct. #3

KENNY HOWELL
Commissioner Pct. #2

BY clw DEPUTY

Alison Hitchcock
Assistant to Commissioner's Court

DON BEESON
Commissioner Pct. #4

COPY NOT COMPARED TO ORIGINAL

THE STATE OF TEXAS

§
§
§

ORDER #2014-48

COUNTY OF JOHNSON

TAX ABATEMENT JAMES HARDIE BUILDING PRODUCTS, INC.

BE IT REMEMBERED, at a regular meeting of the Commissioners Court of Johnson County, held on the 24th day of November, 2014, on motion made by Commissioner Rick Bailey, and seconded by Commissioner Kenny Howell, the following Order was adopted:

WHEREAS, the City of Cleburne has designated a parcel of property located within the City's jurisdiction as Reinvestment Zone 2014-02 pursuant to V.T.C.A., Tax Code, Chapter 312; and

WHEREAS, James Hardie Building Products, Inc. (hereinafter referred to as HARDIE) will be purchasing the property located within said Reinvestment Zone; and

WHEREAS, Johnson County is authorized pursuant to Section 312.402 of V.T.C.A., Tax Code to enter into a Tax Abatement Agreement with TPCI; and

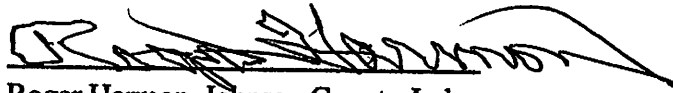
WHEREAS, HARDIE is proposing to expand its current facilities at a capitol cost of \$43,000,000; and

WHEREAS, the Johnson County Commissioners Court has adopted a policy that establishes the criteria that the County will use to evaluate tax abatement requests; and

WHEREAS, the criteria for the Tax Abatement Agreement between Johnson County and HARDIE will provide for an Abatement of sixty percent of the increased value over a seven year period;


NOW THEREFORE BE IT ORDERED, ADJUDGED AND DECREED, that the Commissioners Court hereby and herewith authorizes the County Judge to execute an abatement agreement between Johnson County and HARDIE consistent with both the aforesaid terms as to amount of improvements and the level and term of the abatement and the guidelines and criteria previously adopted by the Commissioners' Court.

DONE IN OPEN COURT THIS 24th DAY OF NOVEMBER, 2014.

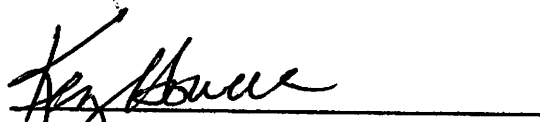


Roger Harmon, Johnson County Judge

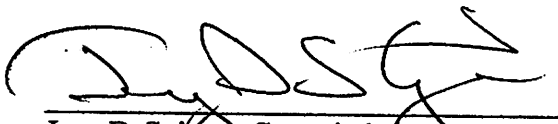
Voted: yes, ___ no, ___ abstained




Rick Bailey, Commissioner Pct #1
Voted: yes, ___ no, ___ abstained



Kenny Howell, Commissioner Pct #2
Voted: yes, ___ no, ___ abstained

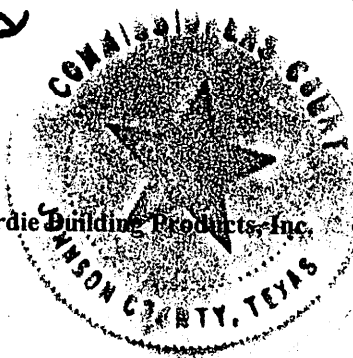


Jerry D. Stringer, Commissioner Pct #3
Voted: ___ yes, ___ no, ___ abstained



Don Beeson, Commissioner Pct #4
Voted: yes, ___ no, ___ abstained

Attest: Becky Williams
County Clerk



TAX ABATEMENT AGREEMENT

STATE OF TEXAS §
 §
COUNTY OF JOHNSON §

WHEREAS, the City of Cleburne, Texas (the "City") adopted Ordinance No. OR05-2014-36 designating Texas Reinvestment Zone No. 2014-02 , City of Cleburne (referred to herein as the "Zone") under the provisions Title 3, Subtitle B, of Chapter 312 of V.T.C.A., Tax Code; and

WHEREAS, the City has entered into an agreement ("Agreement") with James Hardie Building Products Inc.(all hereinafter referred to collectively as HARDIE), as owner of the leasehold interest and/or the owner of the taxable real property for the abatement of ad valorem taxes pursuant to Section 312.204 of V.T.C.A., Tax Code and Ordinance No. OR09-2014-83 (the "Ordinance") of the City; and

WHEREAS, Johnson County, herein after referred to as the County, has determined that the proposed improvements, as described in this Agreement, are to be constructed by HARDIE, meet the requirements for eligibility for tax abatement under V.T.C.A. Tax Code and the "Ordinance"; and

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

WHEREAS, the County has determined that the Improvements are practical and are of benefit to the area within the Zone and to the County; and

WHEREAS, Commissioners Court of Johnson County, Texas (the "Commissioners Court") finds that the terms of this Agreement meet the applicable requirements of the Guidelines and Criteria for the Johnson County Tax Abatement Policy Statement, adopted by the Commissioners Court; and

WHEREAS, this Agreement shall become effective upon the approval by Johnson County and the execution of said agreement by both the County and HARDIE;

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

Section 1. The real property, improvements thereto, and related items of tangible personal property, which are described in Section 2 hereof, shall be those constructed on the property constituting the Zone as described by the following legal description; That tract or parcel of land located at 820 Sparks Dr, Cleburne, Texas, and more particularly described on Exhibit "A" that are attached hereto and incorporated by reference herein for all purposes.

Section 2. HARDIE is proposing to expand its current facility with a total capital investment of \$43,000,000 in new capital investment.

Section 3. For purposes of this Agreement:

- (a) the "Abatement Property" means the Premises, the Improvements and the related items of tangible personal property described in Sections 1 and 2 hereof,
- (b) the "Effective Date of Abatement" means January 1, 2016; and
- (c) the "Abatement Period" means that period commencing on the first day of the Effective Date of Abatement and ending seven (7) years thereafter.

Section 4. Subject to the terms and conditions of this Agreement, and subject to the rights of holders of any outstanding bonds of the County, sixty percent (60%) of the appraised value for property tax purposes of the Abated Property (to the extent the appraised value of the Abated Property for each year exceeds its value as of January 1, 2014) shall be abated and exempted from taxation for a period of seven (7) years beginning with the first day of the Effective Date of Abatement. As a result, said abatement shall result in a reduction by sixty percent (60%) of the taxes that would otherwise be assessed upon that portion of the appraised value of the Abated Property that for each year of abatement exceeds its value as of January 1, 2014. It is the intent of the parties that the abatement granted hereby shall extend for a period of seven (7) years beginning with the first day of the Effective Date of Abatement, and shall apply only to all Improvements and items of tangible personal property constructed or placed on the Premises that resulted from this expansion. To the extent necessary, it is the intent of the parties that this Agreement shall not be amended to include such additional improvements and items of tangible personal property. A separate tax abatement agreement shall be entered into with respect to any additional property. It is also agreed that if the appraised value of the improvements should fall below \$35,000,000.00 the percent abated will be reduced per the table in the Guidelines and Criteria For Johnson County Tax Abatement Policy.

Section 5. It is agreed that employees of the County shall have access to the premises for inspection to ensure that the Improvements are made according to the conditions of

this Agreement and that the Improvements are of substantially the same character as described in Section 2 hereof (subject to the right of HARDIE, to revise the plans and specifications for the Improvements prior to and during construction). All inspections will be made only after giving HARDIE, at least twenty-four (24) hours advance notice and will be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the project. All inspections will be made with one or more representatives of HARDIE, and in accordance with HARDIE's safety standards.

HARDIE, shall indemnify, hold harmless and defend the County, its members, agents, officials, employees, from and against any and all obligations, claims, suits, damages, and liability, or alleged liability, including, but not limited to liability without fault and liability by virtue of the obligations of HARDIE, pursuant to this Agreement or the acts or omissions of HARDIE, its agents, contractors, employees, licensees, or invitees, on or with respect to the Premises, Improvements and/or equipment, including costs of suit, attorney fees and other related costs and expenses of whatever kind or character arising directly or indirectly from any cause whatsoever in connection with or incidental to this Agreement or such acts or omissions, provided, however, that HARDIE, shall not be required to indemnify and hold harmless any indemnified party for any such injury or harm caused by the gross negligence or willful misconduct of any indemnified party. The indemnity set forth herein shall specifically include, without limitation all actions, damages, claims and liabilities for personal injury, death or property damage occurring on, or arising out of or resulting from the use of premises, improvements and/or equipment by HARDIE, its sub_lessee or representative, agents, contractors, employees, licensees or invitees.

Section 6.

- (a) During the Abatement Period, the County may declare a default hereunder by HARDIE, only if HARDIE, fails to commence construction of the Improvements within two (2) years from the date this Agreement is executed, fails to construct the Improvements, or refuses or neglects to comply with any of the terms of this Agreement, or if any representation made by HARDIE, in this Agreement is false or misleading in any material respect, or if HARDIE, 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.
- (b) Should the County determine HARDIE, to be in default of this agreement, the County shall notify HARDIE, in writing prior to the end of the abatement period, and if such default is not cured within one hundred twenty (120) days from the date of such notice (the "Cure Period"), then the Agreement may be terminated; provided, however, that in the case of a default that, for causes beyond HARDIE's reasonable control, cannot with due diligence be cured within such one hundred twenty day period, the "Cure Period" shall be

deemed extended if HARDIE, (i) shall immediately, upon the receipt of such notice, advise the County of HARDIE's intention to institute all steps necessary to cure such default, and (ii) shall institute and thereafter prosecute to completion with reasonable dispatch all steps necessary to cure same.

- (c) Except as provided in Subsection (d) below, if HARDIE, violates any of the terms and conditions of this Agreement and fails to cure during the Cure Period, this Agreement may then be terminated and all taxes previously abated by virtue of this Agreement will be recaptured and paid within one hundred twenty (120) days of the termination.
- (d) During the period of time when HARDIE, is constructing, renovating, repairing, or installing the improvements and/or equipment on the premises, and at all times thereafter, during the term of this Agreement, HARDIE, shall keep the improvements and equipment insured against all loss or damage by fire or any other casualty. HARDIE, shall furnish the County with all Certificates of Insurance that are required by this Agreement within thirty (30) days after the initiation of construction, repairs, or installation, and within thirty (30) days succeeding the renewal of each policy required herein.

In the event, improvements and/or equipment are damaged by fire or any other casualty, should HARDIE, decide not to repair, remodel, renovate or reinstall; or fails to begin repair, remodeling, renovation or reinstallation on the damaged Improvements and/or equipment within six (6) months of the fire and/or other casualty, then the abatement shall terminate and all taxes previously abated by virtue of this Agreement will be recaptured and paid within one hundred twenty (120) days of the termination.

Section 7. For purposes of this Agreement, the value of the Premises, the Improvements and all items of tangible personal property situated on the Premises shall be the same as the value of such property as determined annually by the Chief Appraiser of the Johnson County Appraisal District, subject to the appeal procedures set forth in the Texas Property Tax Code (V.T.C.A. Tax Code). Any reduction in the number of new employees hired and retained by HARDIE, during any tax year subject to this Agreement shall reduce the amount of abated tax per the table on page three (3) of the tax abatement policy for Johnson County.

Prior to October 1st of each year that this Agreement is in effect, HARDIE, shall certify to the County that HARDIE, is in compliance with each applicable term of this Agreement. This annual certification shall include a rendition of the property value.

HARDIE, is solely responsible for meeting any and all additional requirements for the completion of this Agreement. These additional requirements include the application for the Abatement which will need to be filed with the Central Appraisal District of Johnson County, Texas.

Section 8.

If the County terminates this Agreement upon an event of default as defined in Section 6 hereof, it shall provide HARDIE, written notice of such termination. If HARDIE, believes that such termination was improper, HARDIE, may file suit in Johnson County District Courts appealing such termination within one hundred twenty (120) days after receipt from the County of written notice of the termination. If an appeal suit is filed, HARDIE, shall remit to the County, within one hundred twenty (120) days after receipt of the notice of termination, any additional and/or recaptured taxes as may be payable pursuant to Section 6 of this Agreement during the pendency of the litigation pursuant to the payment provisions of section 42.08, V.T.C.A. Tax Code. If the final determination of the appeal increases HARDIE, tax liability above the amount of tax paid, HARDIE, shall remit the additional tax to the County pursuant to section 42.42, V.T.C.A. Tax Code and this agreement. If the final determination of the appeal decreases HARDIE's tax liability, the County shall refund to HARDIE, the difference between the amount of tax paid and the amount of tax for which HARDIE, is liable pursuant to section 42.43, V.T.C.A. Tax Code, and this agreement.

Section 9.

Any notice required to be given under the provisions of this Agreement shall be in writing and shall be duly served when it shall have been deposited, enclosed in a wrapper with the proper postage prepaid thereon, and duly registered or certified, return receipt requested, in a United States Post Office, addressed to the County or HARDIE, at the following addresses. If mailed, any notice or communication shall be deemed to be received three days after the date of deposit in the United States Mail. Unless otherwise provided in this Agreement, all notices shall be delivered to the following addresses:

To HARDIE:

James Hardie Building Products, Inc
26300 La Alameda Ste 400
Mission Viejo, CA, 92691-8372

and

James Hardie Building Products Inc.
Attention: Legal Department
231 S. LaSalle Street Suite 2000
Chicago, IL 60604

To the County:

Johnson County Courthouse
2 Main Street
Cleburne, Texas 76031
Attention: Roger Harmon
County Judge

Any party may designate a different address by giving the other parties ten days' written notice.

Section 10. All provisions of this Agreement shall be executed in compliance with the Order of the Commissioners Court. A copy of the Order is attached hereto as Attachment I and incorporated herein by reference for all purposes.

Section 11. HARDIE, warrants to the best of its knowledge that the Premises do not include any property that is owned by a member of the Commissioners' Court or any board, commission or other governmental body approving, or having responsibility for the approval of this Agreement.

Section 12. If any provision of this Agreement or the application thereof to any person or circumstances shall be invalid or unenforceable to any extent, and such invalidity or unenforceability does not destroy the basis of the bargain between the parties, then the remainder of this Agreement and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

Section 13. The terms and conditions of this Agreement are binding upon the successors and assigns of all parties hereto.

Section 14. This Agreement was authorized by the Order adopted by the Commissioners Court of Johnson County, Texas, at a meeting open to the public, and that public notice of the time, place and purpose of said meeting was given, all as required by Texas Open Meetings Act, V.T.C.A., government code, Chapter 551, and such Order authorizes the County Judge to execute this Agreement on behalf of the County. This Agreement shall constitute a valid and binding agreement between the County and HARDIE, upon (i) execution by the County and HARDIE. This Agreement shall constitute a covenant running with the land and shall be recorded upon execution in the Real Property Records of Johnson County, Texas. This agreement is performable in Johnson County, Texas, and venue over any action to enforce any of the provisions hereof shall lie exclusively in Johnson County, Texas. The laws of the State of Texas shall apply in all respects to interpretation of this Agreement.

Section 15. This Agreement has been executed by the parties in multiple originals, each having full force and effect.

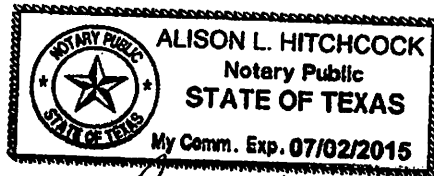
EXECUTED THE 24th DAY OF November, 2014.

JOHNSON COUNTY, TEXAS

By: *Roger Harmon*
Roger Harmon
County Judge

This instrument was acknowledged before me on the 24th day of November, 2014, by Roger Harmon as County Judge.

Alison L. Hitchcock
Notary Public Signature
My commission expires: 7/2/15



James Rem
James Hardie Building Products, Inc
26300 La Alameda Ste 400
Mission Viejo, CA, 92691-8372

By: *Quincey Ross*
Title: *PLANT MANAGER*

State of
County of

This instrument was acknowledged before me on the 24th day of November, 2014, by Quincey Ross as Plant manager of James Hardie Building Products Inc..

Alison L. Hitchcock
Notary Public Signature
My commission expires: 7/2/15

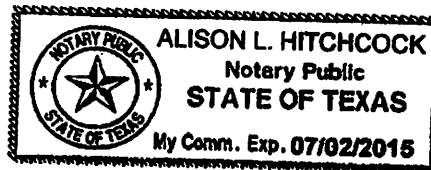


EXHIBIT "A"

Description of Premises

Property located at 820 Sparks Drive. Cleburne, Texas with the following legal description - Being 99.41 acres out of Lot 1R1, Block 2, Section Three, Cleburne Industrial Park, an Addition to the City of Cleburne, Johnson County, Texas as recorded in the deed recorded in Volume 1937, Page 841 and the plat recorded in Volume 8, Page 218 of the Public Records on file in Johnson, County, Texas.

Description of THE New Improvements

Company plans to add \$11,955,000 in building expansion and other real property improvements, approximately \$6,000,000 for an Auto Clave Blow-down Steam Capture System and \$25,310,267 for furniture, fixtures and equipment for a new production line in the existing manufacturing facility located at 820 Sparks Drive in Cleburne, Texas 76033.

Begin date - April 1, 2014

Estimated completion - December 31, 2015