

AN ORDINANCE **2016-11-10-0880**

AUTHORIZING THE CREATION AND DESIGNATION OF THE HALLIBURTON INDUSTRIAL DISTRICT; AUTHORIZING A SIXTEEN (16) YEAR INDUSTRIAL DISTRICT AGREEMENT WITH TEN (10) YEARS OF NON-ANNEXATION; APPROVING AN ASSOCIATED BASIC FIRE SERVICE AGREEMENT WITH HALLIBURTON ENERGY SERVICES INC.

* * * * *

WHEREAS, Texas Local Government Code §42.044 provides for a governing body of a municipality to designate any part of its extraterritorial jurisdiction as an industrial district and allows the governing body to treat the designated area in a manner considered by the governing body to be in the best interests of the municipality; and

WHEREAS, the statute also provides for the governing body to make written contracts with the owners of land in the industrial district to guarantee the continuation of the extraterritorial status of the district and its immunity from annexation by the municipality for a period not to exceed fifteen (15) years; and

WHEREAS, Halliburton Energy Services Inc. (“Halliburton”) is the fee-simple owner of a portion of real property which is located at 4526 S. Loop 1604, San Antonio, Texas 78112 (the “Property”), and is more particularly described in Exhibit A; and

WHEREAS, Halliburton is engaging in an economic development project consisting of the operation of an oil and gas refinery facility with the retention of at least 500 full-time jobs to be associated with the Property; and

WHEREAS, Halliburton has petitioned the City to designate the Property as an industrial district under Tx.Loc.Govt.Cde. §42.044 and has requested a ten (10) year non-annexation agreement; and

WHEREAS, the City Council finds that it is in the best interest of the municipality to designate the Property as an industrial district and to enter into a non-annexation agreement; and

WHEREAS, Halliburton has also requested to enter into a Basic Fire Protection Agreement with the City for the provision of fire service on the Property; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Council designates the Property located at 4526 S. Loop 1604, San Antonio, Texas 78112 (as further described in Exhibit A) as the Halliburton Industrial District in accordance with Texas Local Government Code §42.044.

RR
11/10/16
Item No. 4B

SECTION 2. The execution of an Industrial District Non-Annexation Agreement (Exhibit B) and Basic Fire Service Agreement (Exhibit C) (the "Agreements") between the City and Halliburton is hereby approved. The City Manager or her designee is authorized to execute the Agreements in accordance with this Ordinance. Copies of the Agreements in substantially final form are attached and made a part of this Ordinance.

SECTION 3. Funds generated by this Ordinance annually for a 10 year period for Basic Fire Services will be deposited into Fund 11001000, Internal Order 220000000011, and General Ledger 440414.

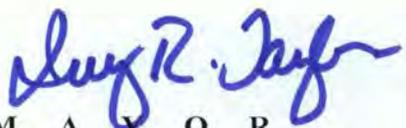
SECTION 4. Funds generated by this Ordinance annually for a 10 year period will be deposited into Fund 11001000, Internal Order 216000000000 and General Ledger 4909930.

SECTION 5. Funds generated by this Ordinance in the amount of \$2,000,000.00 will be deposited into Fund 29059000, Internal Order 216000000016 and General Ledger 4502280.

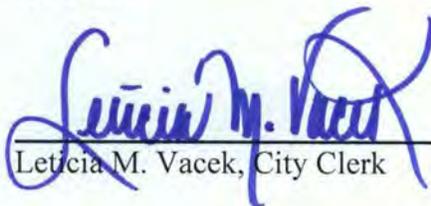
SECTION 6. The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director of Finance may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific SAP Fund Numbers, SAP Project Definitions, SAP WBS Elements, SAP Internal Orders, SAP Fund Centers, SAP Cost Centers, SAP Functional Areas, SAP Funds Reservation Document Numbers, and SAP GL Accounts as necessary to carry out the purpose of this Ordinance.

SECTION 7. This Ordinance shall be effective on and after the tenth (10th) day after passage hereof.

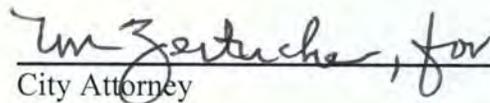
PASSED AND APPROVED this 10th day of November, 2016.


M A Y O R
Ivy R. Taylor

ATTEST:


Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:


Tom Zentgraf, for
City Attorney

Agenda Item:	4B (in consent vote: 4A, 4B, 4C, 4D, 4E, 4F, 4G)						
Date:	11/10/2016						
Time:	12:01:17 PM						
Vote Type:	Motion to Approve						
Description:	An Ordinance removing a tract of land located at 4526 S. Loop 1604 from the South San Antonio Area 4 Limited Purpose Annexation Area, designating the site as the Halliburton Industrial District, and approving a 10-year Development Agreement and a Basic Fire Services Agreement with Halliburton Energy Services, Inc. [Carlos Contreras, Assistant City Manager; Rene Dominguez, Director, Economic Development]						
Result:	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Ivy R. Taylor	Mayor		x				
Roberto C. Treviño	District 1		x				
Alan Warrick	District 2		x				x
Rebecca Viagran	District 3		x			x	
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5	x					
Ray Lopez	District 6		x				
Cris Medina	District 7		x				
Ron Nirenberg	District 8	x					
Joe Krier	District 9		x				
Michael Gallagher	District 10		x				

Exhibit A

FIELD NOTES

April 9, 2009

BEING 150.260 acres of land, more or less, being approximately 42.300 acres out of the Francisco Farias Survey No. 15, Abstract 2, County Block 4010; approximately 6.607 acres out of the Edward Froeboese Survey No. 34 ½, Abstract 1044, County Block 4135; and approximately 101.353 acres out of the Dolores Casanova Survey No. 34, Abstract 129, County Block 4136, Bexar County, Texas and being comprised of a tract of land described as 86.342 acres in Volume 11791, Page 676 of the Real Property Records of Bexar County, Texas and a tract of land described as 63.22 acres in Volume 13328, Page 1808 of the Real Property Records of Bexar County, Texas and being more particularly described as follows:

BEGINNING at an iron rod found in the existing north R.O.W. line of S. Loop 1604 East for the southwest corner of this tract and the southwest corner of the above referenced 86.342 acre tract, said point also being the southeast corner of the Southmost No. 2 Subdivision as recorded in Volume 9531, Page 22 of the Deed and Plat Records of Bexar County, Texas;

THENCE, N 31°48'19" E, 162.42 feet along the common line with said subdivision to an iron rod found for an angle point of this tract and an angle point of said subdivision;

THENCE, N 19°06'24" E, 349.39 feet along the common line with said subdivision to an iron rod found for an angle point of this tract and the northeast corner of said subdivision;

THENCE, N 18°56'56" E, 1673.24 feet along the common line with the James H. Wells Subdivision as recorded in Volume 9522, Page 72 of the Deed and Plat Records of Bexar County, Texas; the common line with a 2.006 acre tract described in Volume 9275, Page 2116 of the Real Property Records of Bexar County, Texas; the common line with an 8.055 acre tract described in Volume 9108, Page 1740 Real Property Records of Bexar County, Texas; and the common line with a 12.7778 acre tract described in Volume 8053, Page 2038 of the Real Property Records of Bexar County, Texas to an iron rod found for an angle point of this tract and an angle point of said 12.7778 acre tract;

THENCE, N 00°02'35" W, 681.16 feet along the common line with said 12.7778 acre tract to an iron rod found for the northwest corner of this tract and the northeast corner of said 12.7778 acre tract;

THENCE, N 70°00'19" E, 1473.56 feet generally along an existing fence line with the common line of a 32.38 acre tract described in Volume 4524, Page 1298 of the Real Property Records of Bexar County, Texas to an iron rod found for the most northerly corner of this tract and a corner of said 32.38 acre tract;

THENCE, generally along an existing fence and the common line with said 32.38 acre tract as follows:

S 28°41'45" E, 222.36 feet to an iron rod found for an angle point,
S 71°29'46" E, 263.17 feet to an iron rod found for an angle point, and
N 72°22'10" E, passing an iron rod found at 216.52 feet on the high bank of the San Antonio River and continuing a total distance of 347.81 feet to a point in the centerline of same for the most northeasterly corner of this tract;

THENCE, S 12°19'50" E, 481.87 feet and S 24°46'01" E, 458.32 feet along the meanders of the San Antonio River to a point in same for the most easterly corner of this tract;

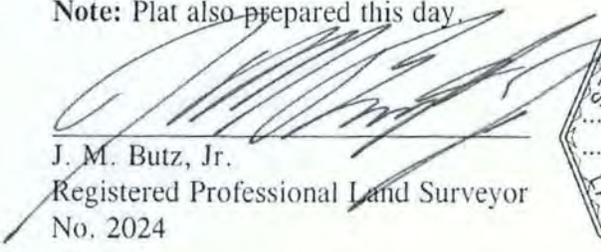
THENCE, S 32°57'29" W, passing an iron rod found at 128.74 feet on the high bank of said river and continuing generally along an existing fence with the common line of a 28.32 acre tract described in Volume 5549, Page 41 of the Real Property Records of Bexar County, Texas a total distance of 1380.58 feet to an iron rod found for an angle point of this tract;

THENCE, S 16°54'43" E, 884.92 feet generally along an existing fence line with the common line of said 28.32 acre tract to an iron rod found in the existing north R.O.W. line of S. Loop 1604 East for the southeast corner of this tract and the southeast corner of said 63.22 acre tract;

THENCE, along said north R.O.W line as follows:

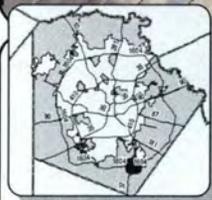
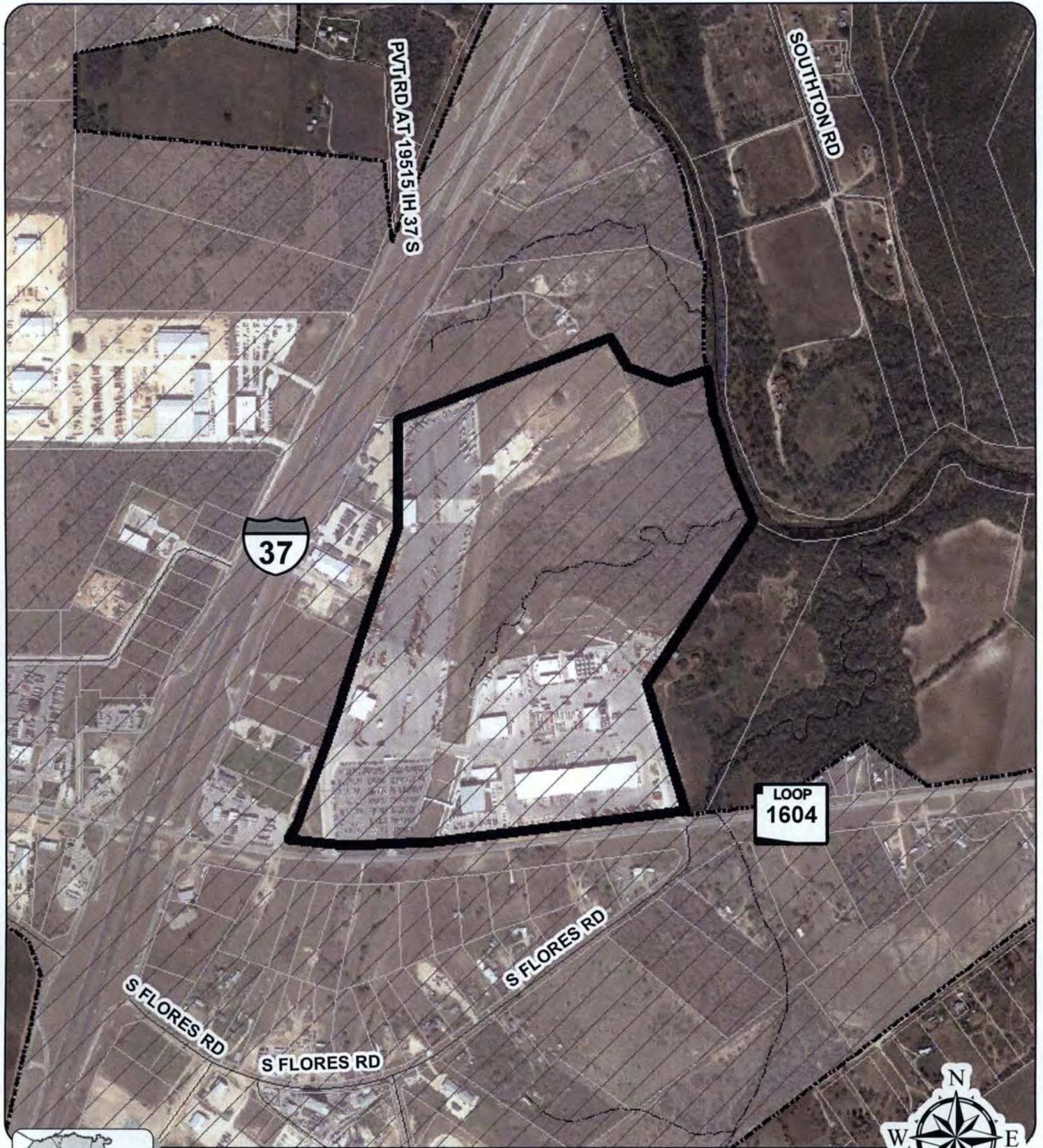
S 83°19'40" W, (Ref. Brg.) 1660.80 feet to a R.O.W. disk found for an angle point,
S 86°41'35" W, 11.16 feet to a R.O.W. disk found for an angle point and the common corner of said 63.22 acre tract and 86.342 acre tract;
S 87°36'33" W, 240.15 feet to a R.O.W. disk found for an angle point,
S 87°52'50" W, 320.34 feet to a R.O.W. disk found for an angle point, and
N 83°31'38" W, 398.40 feet to the POINT OF BEGINNING and containing 150.260 acres of land, more or less.

Note: Plat also prepared this day.

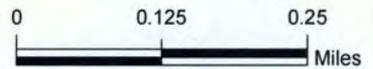

J. M. Butz, Jr.
Registered Professional Land Surveyor
No. 2024



FN09-116



- Location sites
- Bexar County
- Limited Purpose Annexation
- City of San Antonio
- BCAD 2012 Parcels
- Creeks



City of San Antonio

Halliburton Industrial District, 4526 S. Loop 1604

City of San Antonio
 Information Technology Services Department
 GIS Public Services Division
 Riverview Towers
 111 Soledad St. 9th Floor
 San Antonio, TX 78205

Data Source: City of San Antonio Enterprise GIS, Bexar Metro 911, Bexar Appraisal District
 This map is a representation of the information provided. The City of San Antonio is not responsible for any errors or omissions in this map. The City of San Antonio is not responsible for any errors or omissions in this map. The City of San Antonio is not responsible for any errors or omissions in this map. The City of San Antonio is not responsible for any errors or omissions in this map.

Exhibit B

STATE OF TEXAS

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COUNTY OF BEXAR

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INDUSTRIAL DISTRICT NON-ANNEXATION AGREEMENT

This Industrial District Non-Annexation Agreement (the "Agreement") is made and entered into by and between the City of San Antonio (the "City"), a Texas Municipal Corporation, acting by and through its City Manager or designee, pursuant to Ordinance No. 2016-11-10-___ dated November 10, 2016 and Halliburton Energy Services, Inc. (the "Operator"), a Delaware corporation, its successors and assigns; (the City and Operator are sometimes collectively referred to herein as the "Parties").

WHEREAS, the Operator owns a certain 150.26 acre tract of land located at 4526 S. Loop 1604, San Antonio, Texas situated in Bexar County, Texas, such tract being depicted on **Attachment I** hereto (the "Property"), and has constructed a facility associated with the Operator's business activities as an oil and gas well service provider on the Property, it being estimated that such construction has resulted in a multi-million dollar investment and the creation of approximately five hundred (500) full-time, non-temporary jobs at the Property (the "Project"); and

WHEREAS, the Property is located within the extraterritorial jurisdiction of the City of San Antonio, as that term is defined in Section 42.021 of the Local Government Code (the "Extraterritorial Jurisdiction"), and the Operator seeks assurances from the CITY that the Property will not be annexed into the CITY for a ten (10) year period; and

WHEREAS, the City Council of the City (the "City Council") recognizes the benefits of the Project in terms of local economic development and the stimulation of business and commercial activity in the City of San Antonio and seeks to encourage the retention of the Project by entering into this Agreement; and

WHEREAS, the City Council has designated the Property as the Halliburton Industrial District (the "District") pursuant to Section 42.044(b) of the Local Government Code and desires to enter into this Agreement pursuant to Section 42.044(c) of the Local Government Code, finding that such designation and this Agreement are in the best interest of the CITY;

NOW THEREFORE, the Parties hereto severally and collectively agree, and by the execution hereof are bound, to the mutual obligations herein contained and to the performance and accomplishment of the tasks hereinafter described:

ARTICLE I. TERM

This Agreement shall commence on _____, 2016 and shall continue for a period of ten (10) years from that date (the "Term").

ARTICLE II. NON-ANNEXATION PERIOD

The City hereby confirms that it has designated the Property as the Halliburton Industrial District (the "Industrial District") pursuant to Ordinance No. 2016-11-10-____ dated November 10, 2016. Subject to the conditions set forth in this Agreement, the City hereby guarantees that, for a period of ten (10) years from the date of commencement of the Term of this Agreement (the "Non-Annexation Period"), the Industrial District shall remain part of the Extraterritorial Jurisdiction of the City and that the City shall not seek or initiate a full or limited-purpose annexation of the Industrial District during the Term of this Agreement.

ARTICLE III. PETITION FOR ANNEXATION

The Parties agree that the Industrial District may be annexed by the City following the expiration of the Term of this Agreement, pursuant to Section 43.052 (h)(3)(A) of the Texas Local Government Code. To facilitate such annexation, the Operator shall execute and submit a "Petition for Annexation" (a copy of which is attached hereto and incorporated herein for all purposes as **Attachment II**) to the City, within sixty (60) days following the occurrence of the execution of this Agreement by the Operator. Should Operator fail to provide the executed Petition for Annexation within the sixty (60) day period noted above, this Agreement shall be terminated by the City upon notice to Operator. This Section 3 shall survive the termination of this Agreement.

ARTICLE IV. OPERATOR'S PERFORMANCE OBLIGATIONS

(A) Operator shall conduct its business activities within the Industrial District for the duration of the Term of this Agreement and in no case ceasing operation for a period of more than thirty (30) days.

(B) Operator shall pay City TWO MILLION DOLLARS AND 0 CENTS (\$2,000,000.00) within ninety (90) days of the Effective Date of this Agreement. The funds shall be placed in a "Workforce Development Fund" that may be utilized by Operator and other participants for employee workforce development training under an agreement with the City.

(C) For a period of ten (10) years, Operator shall pay City an annual amount intended to represent a portion of the ad valorem taxes and direct pay sales and use taxes that would otherwise have been paid to the City had the Property been annexed into the City (the "Annual Payment"). The Annual Payment shall be due on the anniversary of the Effective Date of this Agreement, with the first payment due on the first anniversary of the Effective Date of this Agreement.

1. In years one (1) through three (3) the Annual Payment shall be ONE MILLION FIVE HUNDRED THOUSAND DOLLARS AND 0 CENTS (\$1,500,000.00).
2. In year four (4) of this Agreement, Operator shall provide City with Operator's Bexar County ad valorem tax filings and Texas Direct Payment Permit return filings for the Property and any other documentation necessary for the City to undertake an Annual Payment review, which shall result in the

recalculation of the Annual Payment (the "Payment Review"). The Payment Review recalculation shall establish Operator's annual payment to City in years four (4), five (5) and six (6). Operator shall provide the ad valorem tax filings and Texas Direct Payment Permit return filings for the Property on February 1st, and no later than thirty (30) days after February 1st, of year four (4). The Payment Review shall consider both positive and negative adjustments to establish the Annual Payment.

3. In year seven (7) of this Agreement, Operator shall provide City with Operator's Bexar County ad valorem tax filings and Texas Direct Payment Permit return filings for the Property and any other documentation necessary for the City to undertake a second Payment Review. The year seven (7) Payment Review shall establish Operator's annual payment to City in years seven (7), eight (8) and nine (9) of this Agreement. Operator shall provide the ad valorem tax filings and Texas Direct Payment Permit return filings for the Property on February 1st, and no later than thirty (30) days after February 1st, of year (7). The year seven (7) Payment Review shall consider both positive and negative adjustments to establish the Annual Payment.
4. In year ten (10) of this Agreement, Operator shall provide City with Operator's Bexar County ad valorem tax filings and Texas Direct Payment Permit return filings for the Property and any other documentation necessary for the City to undertake a third Payment Review. The year ten (10) Payment Review shall establish Operator's annual payment to City in year ten (10) of this Agreement. Operator shall provide the ad valorem tax filings and Texas Direct Payment Permit return filings for the Property on February 1st, and no later than thirty (30) days after February 1st, of year ten (10). The year ten (10) Payment Review shall consider both positive and negative adjustments to establish the Annual Payment.
5. For the Payment Review, City shall:
 - i. Calculate the average annual real property taxes for the Property based on the previous three years.
 - ii. Calculate the average annual personal property taxes for the Property based on the previous three years.
 - iii. Calculate the average annual amount subject to direct pay sales and use tax for the previous three years, based on the company's Direct Payment Permit return filings for San Antonio's local Metropolitan Transit Authority (MTA).
6. To establish the Annual Payment for the years subject to the Payment Review, City shall:

- i. Incorporate 100% of the average annual real property taxes
(Average annual City of San Antonio real property tax) X 100%;
- ii. Incorporate 40% of the average annual personal property taxes
(Average annual City of San Antonio personal property tax) X 100%; and
- iii. Incorporate 100% of the sales and use tax that would have otherwise comprised the total 0.5% currently dedicated towards the City's Advanced Transportation District (ATD) (0.25%), Pre-K4 SA Initiative (0.125%), Edwards Aquifer Protection and Parks Development and Expansion Venue Projects (0.125%), or any approved initiatives that may take their place, and a value for which will be calculated in accordance with the following formula:

((Average annual amount subject to direct pay sales and use tax for local San Antonio MTA at the Property) X (0.5%)) X 100%

- 7. The City's Annual Payment Review shall be completed within sixty (60) days of receiving Operator's Bexar County ad valorem tax filings and Texas Direct Payment Permit return filings for the Property. Should Operator fail to provide its Bexar County ad valorem tax filings and Texas Direct Payment Permit return filings for the Property in accordance with the terms of this Agreement, City shall use its best judgment to establish an annual payment which Operator agrees to pay for the years in which the Payment Review is being undertaken.
- 8. Should the State approve any change to the amount subject to direct pay sales and use tax for the MTA that would otherwise not affect that which would be subject to the City's total sales tax rate, the company must provide notice to the City through its Economic Development Department Director for any such change.
- 9. If the final valuations for real and personal property taxes at the time in which the City undertakes the Payment Review are under protest or not yet finalized, the Operator must inform the City of such protest at the time in which Operator submits the documentation necessary for the City to undertake its Payment Review. Should a reduction of direct pay sales and use tax for the MTA, real property and/or personal property taxes be given to Operator after the City has completed its Annual Payment Review, upon receipt of documentation from the Operator, the City will recalculate the Annual Payments impacted by the reduction. The City will issue a credit equal to the difference between the originally calculated Annual Payment and the recalculated Annual Payment in the following year in which an annual payment is due.

(D) Operator shall maintain no less than five hundred (500) Full-Time Jobs that are supported by or report to the Property for the Term of this Agreement.

1. For the purposes of this Agreement, a Full-Time Job shall mean a job consisting of two thousand eighty (2,080) straight-time paid hours in Operator's fiscal year.
2. Of the five hundred (500) Full-Time Jobs, two hundred (200) Full-Time Jobs must be dedicated to performing their respective job duties solely on the Property.
3. The Parties agree that Operator shall certify the number of Full-Time Jobs that are supported by or report to the Property annually and that the City shall have the right to inspect any and all records at the Property to verify such certification.
4. One hundred percent (100%) of all Full-Time Jobs that are supported by and report to the Property must receive an annualized cash wage of no less than TWENTY-FOUR THOUSAND EIGHT HUNDRED SEVENTY-SIX DOLLARS AND EIGHTY CENTS (\$24,876.80), not subject to indexing.
5. Seventy-percent (70%) of all Full-Time Jobs that are supported by and report to the Property must receive an annualized cash wage of no less than FORTY-SEVEN THOUSAND FOUR HUNDRED DOLLARS AND 0 CENTS (\$47,400.00), not subject to indexing.
6. Operator must provide all Full-Time employees located at the Property and supported by or report to the Property access to health care benefits for the employee and his/her dependents.
7. Operator must participate in at least one City identified job fair within the San Antonio City limits during each year of the Term of this Agreement for the purpose of hiring for vacant positions located at the Property or supported by the Property.
8. The Operator shall make reasonable commercial efforts to utilize the services of Workforce Solutions Alamo (an agency of the State of Texas) for the purpose of conducting a number of employment events for the Project within Bexar County, as reasonably sufficient for purposes of fulfilling the Employment Requirement for the Project, such events to be advertised or publicized to the public by Workforce Solutions Alamo in the manner that is customary.

(E) During the Term of this Agreement, the Operator shall encourage its prime construction contractors and subcontractors to utilize qualified local labor and businesses (including small, minority-owned, and women-owned business enterprises) when feasible during construction phases. The City shall assist the Operator and/or its prime construction contractor, upon request, in identifying qualified small, minority-owned, and women-owned businesses.

(F) During the Term of this Agreement, the Operator shall submit an annual report to the City certifying Operator compliance with the performance obligations outlined in Section D. This report shall be submitted annually and in each year of the agreement on February 1st, and no later than thirty (30) days after February 1st beginning in 2018. The City shall have the right to inspect any and all records at the Property to verify such certification.

(G) Prior to commencement of construction of any structure in the Industrial District during the Term of this Agreement, the Operator shall deliver plans, certified by all structural, mechanical and electrical engineers responsible for such construction, to City's Director of Development Services. Such certified plans shall indicate that the plans and specifications for the components of work for each engineer comply with all applicable provisions of the City Codes as well as exceptions to City Codes authorized by the Director. Upon completion of each structure on the Property during the Term of this Agreement, the Operator shall deliver certificates to the Director from an architect, engineer(s), and/or construction manager duly licensed in the State of Texas, certifying that the completed structure complies with all applicable provisions of the City Codes and ordinances.

(H) Commencing upon the Effective Date of this Agreement, Operator shall maintain a Basic Fire Services Agreement with City's Fire Department for the Term of this Agreement. The Basic Fire Services Agreement shall be at an annual rate determined by the City's Fire Department which is currently FORTY THOUSAND DOLLARS (\$40,000.00).

ARTICLE V. CONVEYANCE OF PROPERTY IN INDUSTRIAL DISTRICT

Upon transfer or conveyance of all of a portion of the Property to any party that is not an affiliate or successor entity of the Operator, the Operator shall provide notice within sixty (60) days following such transfer or conveyance to the City's Director of the Economic Development Department of such transfer or conveyance. The Operator agrees to include the following provision in any deed or lease of the Property executed during the Term of this Agreement:



"This conveyance (or where applicable, lease) is made and accepted and subject to the following special provisions:

_____ hereby assumes and promises to keep and perform the terms and conditions of that certain Industrial District Non-Annexation Agreement ("Agreement") created and executed by the City of San Antonio, Texas, which is recorded in the Real Property Records of Bexar County, Texas and applicable to the parcels conveyed (or if applicable, leased) hereby."

ARTICLE VI. DEFAULT

If Operator fails to satisfy any of the performance obligations set forth in this Agreement, to include but not be limited to a failure to make the required Annual Payment in accordance with Article IV(C) or maintain the required number of Full-Time Jobs in accordance with Article IV(D), then the City may declare a default by delivering notice to Operator setting the specific default by Operator being alleged by the City. The Operator shall have thirty (30) calendar days from the date such notice is received (the "Cure Period") to cure or correct the alleged default; provided, however,

that if Operator demonstrates to City to City's satisfaction that Operator cannot reasonably cure such default within the Cure Period, the Cure Period may then be extended by City, in its discretion, for a period of time that the Parties mutually agree is reasonably necessary to allow Operator, acting in good faith, to diligently pursue such cure. If said default is not cured within the Cure Period, or as may be extended, the City shall have the option of terminating this Agreement. It is understood by the Parties to this Agreement that if City terminates this Agreement pursuant to the above provisions, said termination shall not require approval by the City Council but shall instead require only administrative written notification by City to Operator giving notice of such termination and the Effective Date thereof.

ARTICLE VII. TERMINATION

(A) Unless specifically addressed in this Article VII below, upon termination of this Agreement in any manner other than the expiration of the Term, the City shall be entitled to commence annexation procedures to place the Property within the taxing jurisdiction of and City at City's discretion. In addition, the City shall be entitled to be paid a proportionate amount of the Annual Payment which is due in the year in which the Agreement was terminated if termination occurs more than six months after Operator's submission of its annual report, and one-hundred percent (100%) of the difference between the total amount of the City's Foregone Revenue (as defined below) and the total amount of the Annual Payments made by Operator to the City up to the year of termination. Operator shall be given credit for Operator's contributions to the City's Workforce Development Fund not already used for other minimum wage and/or job requirements violations. Operator shall have the same number of years to repay the City the recaptured amount as the number of years of the Agreement completed prior to termination.

(B) If Operator ceases conducting business activities (or a substantial portion thereof) at the Property for a continuous period of three (3) months during the Term of this Agreement for any reason, then the City shall have the right to terminate this Agreement. Said terminations shall be effective for the calendar year during which the Property was no longer used for the required purposes stated herein.

Upon termination for ceasing to conduct business activities on the Property, the City shall be entitled to be paid a proportionate amount of its Annual Payment due in the year in which the Agreement was terminated if such termination occurs more than six months after Operator's submission of its annual report, and be entitled to one-hundred percent (100%) of the difference between the total amount of the City's Foregone Revenue and the total amount of the Annual Payments made by Operator to the City up to the year of termination. Operator shall be given credit for Operator's contributions to the City's Workforce Development Fund not already used for other minimum wage and/or job requirements violations. Operator shall have the same number of years to repay the City the recaptured amount as the number of years of the Agreement completed prior to termination.

(C) If Operator relocates a substantial portion of its business activities conducted at the Property to another location not within the Halliburton Industrial District during the Term of this Agreement, except if such cessation is caused by a Force Majeure, then the City shall have the right

to terminate this Agreement. Said terminations shall be effective for the calendar year during which Operator relocated its business activities.

Upon termination, the City shall be entitled to be paid a proportionate amount of its Annual Payment due in the year in which the Agreement was terminated if such termination occurs more than six months after Operator's submission of its annual report, and be entitled to one-hundred percent (100%) of the difference between the total amount of the City's Foregone Revenue and the total amount of the Annual Payments made by Operator to the City up to the year of termination. Operator shall be given credit for Operator's contributions to the City's Workforce Development Fund not already used for other minimum wage and/or job requirements violations. Operator shall have the same number of years to repay the City the recaptured amount as the number of years of the Agreement completed prior to termination.

(D) If Operator fails to make its Annual Payment in accordance with Article IV(C) of this Agreement, then the City shall have the right to terminate this Agreement. Said termination shall be effective for the calendar year during which Operator failed to make the Annual Payment.

Upon termination for failing to make an Annual Payment, the City shall be entitled to be paid a proportionate amount of its Annual Payment due in the year in which the Agreement was terminated if such termination occurs more than six months after Operator's submission of its annual report, and be entitled to recapture one hundred percent (100%) of the difference between the total amount of the City's Foregone Revenue and the total amount of the Annual Payments made by Operator to the City up to the year of termination. Operator will be given a credit in the amount of Operator's contribution to the City's Workforce Development Fund and shall have the same number of years to repay the City the recaptured amount as the number of years of the Agreement completed prior to termination.

(E) If, during the Term of this Agreement, Operator fails to maintain the minimum number of Full-Time Job in accordance with Article IV(D) of this Agreement, then the CITY shall have the following rights:

(1) If the average number of full-time jobs that are solely located on the Property and/or supported by and report to the Property are less than 100% but greater than or equal to 50% of the given number requirements in Article IV (D), then the Operator must contribute a payment of TWO THOUSAND FIVE HUNDRED DOLLARS AND 0 CENTS (\$2,500.00) to the City's Workforce Development Fund for each Full-Time Job below the given requirement within sixty (60) days of being notified by the City of non-compliance;

(2) If Operator fails to maintain at least fifty percent (50%) of Full-Time Jobs solely located on the Property or fifty-percent (50%) of the Full-Time Jobs "supported by" the Property, then the City shall have the right to terminate the Agreement, recapture one-hundred percent (100%) of the difference between the total amount of the City's Foregone Revenue and the total amount of the Annual Payments made by Operator to the City up to the year of termination. Operator shall be given credit for Operator's contributions to the City's Workforce Development Fund not already

used for other minimum wage and/or job requirements violations.

Operator shall have the same number of years to repay the City the recaptured amount as the number of years of the Agreement completed prior to termination.

(F) If, in any year during the Term of this Agreement, Operator fails to pay the minimum wage requirements in accordance with Article IV(D) of this Agreement, then the CITY shall have the following rights:

(1) The City will have the right to recapture one-hundred percent (100%) of the difference between the City's Foregone Revenue and the Operator's Annual Payment to the City in that year, with credit given for the Operator's contributions to the City's Workforce Development Fund. However, once an amount of credit is given to Operator for a failure to maintain the minimum wage threshold, that credit will be debited from the balance of credit available for any future violations; and

(2) The Operator must provide a contribution of TWO THOUSAND FIVE HUNDRED DOLLARS AND 0 CENTS (\$2,500) to the City's Workforce Development Fund for each Full-Time Job not meeting the minimum wage standard and/or for the equivalent number of full-time jobs comprising the percentage deficiency below the seventy-percent (70%) threshold within sixty (60) days of being notified by the City of non-compliance.(G) For the purposes of this Agreement, the City's "Foregone Revenue" shall be defined as the difference between the Annual Payment amount and the total ad valorem property taxes and direct pay sales and use taxes that would have otherwise been paid to the City for a given year during the Term of the Agreement.

(H) Notwithstanding anything contained herein to the contrary, the obligations of the Parties under this Agreement shall be suspended as a result of a Force Majeure event. Should the Force Majeure continue for a period of three (3) months, then either party may seek to terminate this Agreement without giving rise to any claim by either party. For purposes of this section, "Force Majeure" is defined as an act of God, natural disaster or an unforeseen event that is not within either Parties reasonable control. In addition to relief expressly granted in this Agreement, City shall grant relief from performance of this Agreement if Operator is prevented from compliance and performance by an event of Force Majeure, and the City shall have the right to commence annexation procedures. The burden of proof for the need for such relief shall rest upon Operator. To obtain release based upon a Force Majeure, Operator must file a written request with the City's Economic Development Department for processing to City.

ARTICLE VIII. NOTICE

All official communications and notices among the Parties pursuant to this Agreement shall be deemed sufficient if in writing and mailed, registered or certified mail, postage prepaid, to the addresses set forth below:

CITY: Director

Economic Development Department
P.O. Box 839966
San Antonio, Texas 78283-3966

With copies to: City Attorney
City of San Antonio
P.O. Box 839966
San Antonio, Texas 78283-3966

Operator: Halliburton Energy Services, Inc.
Attn: Tax Department
3000 N. Sam Houston Pkwy E.
Houston, TX 77032

With copies to: Halliburton Energy Services, Inc.
Attn: District Manager
4375 South Loop 1604 E
Elmendorf, TX 78112

ARTICLE IX. MISCELLANEOUS

(A) No waiver by City of a breach of any of the terms, conditions, covenants or guarantees of this Agreement shall be construed or held to be a waiver of any succeeding or preceding breach of the same or any other term, condition, covenant or guarantee herein contained. Further, any failure of City to insist in any one or more cases upon the strict performance of any of the covenants of this Agreement, or to exercise any option herein contained, shall in no event be construed as a waiver or relinquishment for the future of such covenant or option.

(B) No act or omission of City in the enforcement of this Agreement shall in any manner impair or prejudice any right, power, privilege or remedy available to City hereunder or by law or in equity, such rights powers, privileges or remedies to be always specifically preserved hereby.

(C) If any clause or provision of this Agreement is held invalid, illegal or unenforceable by a court of competent jurisdiction under present or future federal, state or local laws including, but not limited to, the City Charter, City Code or ordinances of the City, it is the intention of the Parties hereto that such invalidity, illegality or unenforceability shall not affect any other clause or provision hereof and that the remainder of this Agreement shall be construed as if such invalid, illegal or unenforceable clause or provision was never contained herein.

(D) Operator agrees to file a copy of this Agreement, its attachments and authorizing Ordinance in the Real Property Records of Bexar County, at Operator's own expense, and remit a copy of the certificate of this filing to the City within ten (10) days of such filing.

(E) This Agreement shall be binding on and inure to the benefit of the Parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns, except as otherwise expressly provided for herein.

(F) THIS AGREEMENT SHALL BE CONSTRUED UNDER AND IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, AND ALL OBLIGATIONS OF THE PARTIES CREATED HEREUNDER ARE PERFORMABLE IN BEXAR COUNTY, TEXAS.

(G) All attachments to this Agreement are incorporated herein for all purposes.

(H) Notwithstanding anything herein to the contrary, if the final date of any period, any date of performance or any deadline date which is set forth in this Agreement falls on a Saturday, Sunday, federal legal holiday, or holiday for the City of San Antonio, then such date shall be extended to the next following date which is not a Saturday, Sunday, federal legal holiday, or holiday for the City of San Antonio.

(I) Numerous copies of this Agreement may be executed by the parties hereto, either together or in counterparts. Each such executed copy or, if signed in counterparts, both such counterparts shall have the full force and effect of an original executed instrument.

(J) The descriptive headings of the several paragraphs contained in this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

(K) This Agreement (and the items to be furnished in accordance herewith) constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings of the parties in connection therewith. No representation, warranty, covenant, agreement or condition not expressed in this Agreement shall be binding upon the parties hereto or shall affect or be effective to interpret, change or restrict the provisions of this Agreement.

(L) This Agreement may not be modified or amended, except by an agreement in writing signed by the City and Operator. The parties may waive any of the conditions contained herein or any of the obligations of the other party hereunder, but any such waiver shall be effective only if in writing and signed by the party waiving such conditions and obligations.

Signatures appear on next page.

EXECUTED in triplicate, each of which shall constitute an original, this ____ day of _____, 201_ (the "Effective Date").

CITY OF SAN ANTONIO

HALLIBURTON ENERGY SERVICES, INC.

Sheryl L. Sculley
City Manager

Name: _____
Title: _____

ATTEST:

ATTEST (if necessary):

Leticia Vacek
City Clerk

Name: _____

APPROVED AS TO FORM:

City Attorney

STATE OF TEXAS

COUNTY OF HARRIS

BEFORE ME, the undersigned authority, on this ____ day of _____, 201_ personally appeared _____, _____(title) of HALLIBURTON ENERGY SERVICES, INC., a Delaware corporation, 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 as the act and deed of said corporation and in the capacity therein stated.

Notary Public

STATE OF TEXAS

COUNTY OF BEXAR

BEFORE ME, the undersigned authority, on this ____ day of _____, 201_ personally appeared _____ of the City of San Antonio, a Texas Corporation, 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 as the act and deed of said corporation and in the capacity therein stated.

Notary Public, State of Texas

ATTACHMENT I

PROPERTY DESCRIPTION

ATTACHMENT II

**REQUEST TO MAYOR AND CITY
BY THE OWNER OR OWNERS OF PROPERTY
FOR ANNEXATION OF SAID PROPERTY**

STATE OF TEXAS

COUNTY OF BEXAR

The undersigned OWNER(s) of the hereinafter described tract of land hereby request that the City Council take action to extend the present City limits so as to include as a part of the City of San Antonio, Texas the following described territory, to wit:

(See Attachment I affixed hereto).

We certify that this petition is signed and sworn to by each and every person or officer authorized to act for any corporation having an interest in said land, as shown by instruments of record in the Deed Records of Bexar County, to wit, those recorded in Vol. _____, Page _____.

We further fully understand that the existence of this petition in no way binds the City of San Antonio, Texas to annex the property affected by this petition.

HALLIBURTON ENERGY SERVICES, INC.

By: _____
Name: _____
Title: _____

(i) STATE OF _____

COUNTY OF _____

BEFORE ME, the undersigned authority on this day personally appeared known to me to be the person whose name is _____, subscribed to the foregoing instrument and acknowledged that (s)he executed the same for the purpose and consideration therein expressed. Given under my hand and seal of office on this _____ day of _____, 201_.

NOTARY PUBLIC, _____ County, _____

Exhibit C

STATE OF TEXAS

COUNTY OF BEXAR

BASIC FIRE SERVICES AGREEMENT

This Basic Fire Services Agreement (hereinafter referred to as the "Fire Services Agreement") is made and entered into by and between the City of San Antonio (hereinafter referred to as the "City"), a Texas municipal corporation acting by and through its City Manager or designee, pursuant to Ordinance No. 2016-11-10-____ dated November 10, 2016 and Halliburton Energy Services, Inc., a Delaware corporation, its successors and assigns (hereinafter referred to as the "Operator") (collectively, sometimes referred to as the "Parties").

WHEREAS, the Operator owns a certain 150.26 acre tract of land located at 4526 S. Loop 1604, San Antonio, Texas situated in Bexar County, Texas, such tract being depicted on **Attachment I** hereto (the "Property"), and has constructed a facility associated with the Operator's business activities as an energy oil and gas well service provider on the Property; and

WHEREAS, the "Property" is located within the extraterritorial jurisdiction of the City of San Antonio, as that term is defined in Section 42.021, Extent of Extra-territorial Jurisdiction, Texas Local Government Code, and has been designated an Industrial District by City ordinance; and

WHEREAS, the City and the Operator desire to enter into this Fire Services Agreement that will run concurrently and be subject to the Industrial District Non-Annexation Agreement entered into between the City and the Operator pursuant to Ordinance No. 2016-11-10-____ passed by the City Council of the City of San Antonio, Texas on the 10th day of November, 2016; (the "Industrial District Non-Annexation Agreement"); **NOW THEREFORE:**

The Parties hereto severally and collectively agree, and by the execution hereof are bound, to the mutual obligations herein contained and the performance and accomplishment of the tasks hereinafter described:

SECTION 1. City agrees to provide fire protection and firefighting services to the Property in the same manner and to the same extent as if said Property were located within the city limits of the City of San Antonio, except as limited by the provisions of this Fire Services Agreement. City shall provide said services beginning on the date of execution of this Fire Services Agreement and ending upon the earlier to occur of: (a) the expiration of the Industrial District Non-Annexation Agreement; or (b) the earlier termination of this Fire Services Agreement (the "Term of the Fire Services Agreement"). Operator understands and agrees that the City does not provide emergency medical services ("EMS") to unincorporated areas of Bexar County. Therefore, City will not be providing "First Responder" or EMS services to the Property.

SECTION 2. For and in consideration of Operator receiving fire protection and firefighting services from CITY, Operator shall pay City a basic fire service fee of FORTY THOUSAND DOLLARS AND 0 CENTS (\$40,000.00) annually (the "Annual Service Fee"). Operator shall pay the Annual Service Fee within ten (10) business days of execution of this Fire Services

Agreement and thereafter Operator shall pay the City the Annual Service Fee no later than the anniversary date of the execution of this Agreement every year of the Term of the Fire Services Agreement. Such basic service fee shall not include the response fee(s) required for hazardous materials (HAZMAT) incidents as such fee(s) are established in City Ordinance No. 72267, and as amended.

SECTION 3. Operator agrees that as a condition to receiving fire protection and firefighting services under the terms of this Fire Services Agreement that:

A. All site development in the Industrial District shall comply with those requirements set forth in the Industrial District Non-Annexation Agreement.

B. Persons designated by the City shall be provided reasonable access and permitted to inspect, at reasonable times, structures to be provided fire protection and firefighting services to assure that the construction on the Property is in compliance with all applicable City building, fire, plumbing and electrical codes, regulations and ordinances.

SECTION 4.

A. It is further agreed by Operator that when any building or structure of the Property is on fire or may be deemed to be hazardous and likely to take fire or communicate the fire to other buildings, the City, through its Fire Chief or designated representative, may do whatever may be deemed necessary by him for the safety and protection of property and citizens when controlling a fire.

B. Operator agrees to fully indemnify, defend and hold harmless the City and the elected officials, agents, and employees, officers, directors and representatives of City, individually or collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature including, but not limited to, personal injury or death and property damage, made upon City directly arising out of, resulting from or related to Operator's negligence pursuant to this Fire Services Agreement, including any acts or omissions of Operator, any agent, officer, director, representative, employee, consultant of Operator, and their respective officers, agents, employees, directors and representatives while in the exercise of performance of the rights or duties under this Fire Services Agreement, all without, however, waiving any governmental immunity available to the City under Texas law and without waiving any defenses of the Parties under Texas law. IT IS FURTHER COVENANTED AND AGREED THAT SUCH INDEMNITY SHALL APPLY EVEN WHERE SUCH COSTS, CLAIMS, LIENS, DAMAGES, LOSSES, EXPENSES, FEES, FINES, PENALTIES, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITY AND/OR SUITS ARISE IN ANY PART FROM THE NEGLIGENCE OF CITY, THE ELECTED OFFICIALS, EMPLOYEES, OFFICERS, DIRECTORS AND REPRESENTATIVES OF CITY, UNDER THIS CONTRACT. The provisions of this INDEMNITY are solely for the benefit of the Parties hereto and not intended to create or grant any rights, contractual or otherwise, to any other person or entity. Operator

shall promptly advise City in writing within 24 hours of any claim or demand against City or Operator known to Operator related to or arising out of Operator's activities under this Fire Services Agreement and shall see to the investigation of and defense of such claim or demand at Operator's cost. City shall have the right, at its option and at its own expense, to participate in such defense without relieving Operator of any of its obligations under this paragraph.

It is the EXPRESS INTENT of the Parties to this Agreement that the INDEMNITY provided for in this section is an INDEMNITY extended by Operator to INDEMNIFY, PROTECT and HOLD HARMLESS the CITY from the consequences of the CITY'S OWN NEGLIGENCE provided, however, that the INDEMNITY provided for in this section SHALL APPLY only when the NEGLIGENT ACT of the CITY is a CONTRIBUTORY CAUSE of the resultant injury, death or damage and shall have no application when the negligent act of the CITY is the sole cause of the resultant injury, death or damage. Operator further AGREES TO DEFEND, AT ITS OWN EXPENSE and ON BEHALF OF THE CITY AND IN THE NAME OF THE CITY, any claim or litigation brought against the CITY and its elected officials, employees, officers, directors, volunteers and representatives, in connection with any such injury, death or damage for which this INDEMNITY shall apply, as set forth above. In addition, it is agreed by Operator that CITY shall not be responsible for, nor will it be required to, replace or repair any such damage sustained by any building and its contents as the result of firefighting operations.

C. City will use due diligence in providing fire protection and firefighting services to the Property. City, however, does not in any way assume to act as an insurer of the Property covered under this Fire Services Agreement or to pay for any damage that may occur as a result of fire, water or explosion. Nor does City assume any obligation under the terms of this Fire Services Agreement to construct additional fire stations, purchase additional firefighting equipment, or hire additional manpower for the protection of the Property. Rather, Operator understands that it is not entitled to any greater protection than residents located within the City receive and that City will not be held liable for any additional time required to respond to a fire alarm because said premises and structures are located outside the corporate limits of City.

D. Operator shall provide the City Fire Chief an engineer's site plan, approved by the City Fire Chief, showing the location of any new building or buildings to be provided fire protection prior to the date of Operator's construction of any new buildings at the Property.

SECTION 5. Operator agrees that the Property will be for the exclusive use of industry consistent with City's Non-Annexation Agreement, adopted prior to this Fire Service Agreement.

SECTION 6. This Fire Services Agreement may be terminated by the City for Operator's non-payment of the Annual Service Fee if the non-payment continues uncured for a period of thirty (30) days from the date Operator receives written notice from the City Finance Department of its failure to pay the required fees. The Finance Department shall send a copy of written notice to

the Economic Development Department Director. The foregoing notice of cancellation or intention to cancel or terminate this Fire Services Agreement shall specifically state: (1) the sums then due and owing, (2) that Operator's failure to make the required payment within thirty (30) days of the date Operator receives written notice shall result in cancellation or termination of the Fire Services Agreement, and (3) the date by which the payment must be received by City to avoid cancellation of the Fire Services Agreement. Operator may terminate this Fire Services Agreement on January 1 of any year of the Term of this Fire Services Agreement by giving not less than thirty (30) days prior written notice of termination to City.

SECTION 7. It is understood by the Parties hereto that if the Industrial District Non-Annexation Agreement is terminated for any reason by either Party, then this Fire Services Agreement will automatically terminate. The Parties further agree that upon annexation of the Property by the City, this Fire Services Agreement will automatically terminate. It is further agreed by the Operator that should any portion of the Property become annexed by City, such parcel or parcels shall no longer be eligible for fire protection/firefighting services under this Fire Services Agreement, and City may, without notice, immediately cease providing said services upon the effective date of said annexation by the City. If the Fire Services Agreement is terminated pursuant to this Section 7, then City shall refund to Operator an amount equal to the pro rata portion of the last Annual Service Fee paid by the Operator that is attributable to any period following the date of termination.

SECTION 8. Operator understands and agrees that its rights to fire protection and firefighting services pursuant to this Fire Services Agreement are not transferable or assignable by Operator without the prior written consent of City, unless such assignment is to a successor entity or affiliate of the Operator.

SECTION 9. If any clause or provision of this Fire Services Agreement is held invalid, illegal or unenforceable under present or future federal, state or local laws including, but not limited to, the City Charter, City Code, or ordinances of the City of San Antonio, Texas then, and in that event, it is the intention of the Parties hereto that such invalidity, illegality or unenforceability shall not affect any other clause or provision hereof and that the remainder of this Fire Services Agreement shall be construed as if such invalid, illegal or unenforceable clause or provision was never contained herein.

SECTION 10. For purposes of this Fire Services Agreement, all official communications and notices among the Parties shall be deemed sufficient if in writing and mailed, registered or certified mail, postage prepaid, to the addresses set forth below:

CITY

Director
Economic Development Department
City of San Antonio
P.O. Box 839966
San Antonio, Texas 78283-3966
if by delivery to:

Operator

Halliburton Energy Services, Inc.
Attn: District Manager
4375 South Loop 1604 E
Elmendorf, TX 78112

With copy to:

Halliburton Energy Services, Inc.
Attn: Real Estate Services
3000 N. Sam Houston Pkwy E
77032

SECTION 11. Should Operator fail to perform any term, condition or covenant contained in this Fire Services Agreement, and such failure continues for a period of thirty (30) days after Operator's receipt of written notice from City of such failure, then City shall have the right to terminate this Fire Services Agreement.

SECTION 12. This Fire Services Agreement shall be binding on and inure to the benefit of the Parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns, except as otherwise expressly provided for herein.

SECTION 13. THIS AGREEMENT SHALL BE CONSTRUED UNDER AND IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, AND ALL OBLIGATIONS OF THE PARTIES CREATED HEREUNDER ARE PERFORMABLE IN BEXAR COUNTY, TEXAS.

Signatures appear on next page.

EXECUTED this _____ day of _____, 2016.

CITY OF SAN ANTONIO

HALLIBURTON ENERGY
SERVICES, INC.

Sheryl L. Sculley
City Manager

Name:
Title:

ATTEST:

ATTEST:

Leticia Vacek
City Clerk

APPROVED AS TO FORM:

City Attorney

Exhibits:
Attachment I – Property Description

Attachment I
Property Description