

RESOLUTION NO. 18-384

A RESOLUTION RESCINDING RESOLUTION 18-119 IN ITS ENTIRETY WHICH AUTHORIZED A LOAN AGREEMENT FOR THE PURCHASE OF 2.8 ACRES OF LAND IN THE CITY OF PORT ARTHUR SECTION 4A ECONOMIC DEVELOPMENT CORPORATION'S HIGHWAY 73 BUSINESS PARK TO KLV VENTURES, INC.

WHEREAS, per resolution 18-119 the City Council of the City of Port Arthur approved a loan agreement for the purchase of approximately 2.8 acres of land in the City of Port Arthur Highway 73 Business Park to KLV Ventures, Inc.; and

WHEREAS, the City of Port Arthur Section 4A Economic Development Corporation (the "PAEDC") deems it in the best interest of the public to rescind the loan agreement with KLV Ventures, Inc. for the purchase of land in the Highway 73 Business Park; and

WHEREAS, at the Board Meeting of September 10, 2018, the PAEDC Board of Directors approved rescinding the loan agreement for the purchase of land in the Highway 73 Business Park attached hereto as **Exhibit "A"** and made a part hereof for all purposes (the "Purchase Agreement").

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PORT ARTHUR:

Section 1. That the facts and opinions in the preamble are true and correct.

Section 2. That Resolution No. 18-119 is hereby rescinded in its entirety, which authorized a loan agreement for the land purchase of approximately 2.8 acres.

Section 3. That a copy of the caption of this Resolution be spread upon the Minutes of the City Council.

READ, ADOPTED AND APPROVED on this 25th day of Sept. A.D., 2018,

at a Meeting of the City Council of the City of Port Arthur, Texas, by the following vote:

AYES:

Mayor Freeman; Mayor Pro Tem Kinlaw
Councilmembers Scott, Jones, Asuncion, Moses
and Frank.

NOES:

None.


Derrick Freeman, Mayor

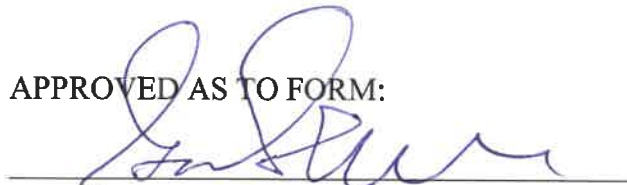
ATTEST:


Sherri Bellard, City Secretary

APPROVED:


Floyd Batiste, PAEDC CEO

APPROVED AS TO FORM:


Guy N. Goodson, PAEDC Attorney

APPROVED AS TO FORM:



Valecia R. Tizeno, City Attorney

Exhibit “A”

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT ("Agreement") is entered into, and is effective as of _____, 2018 (the "Effective Date"), by and between the **City of Port Arthur Section 4A Economic Development Corporation** ("Seller") and **KLV Ventures, Inc.**, a Texas corporation or its permitted assignee ("Buyer").

RECITALS:

A. Seller is the owner of certain real property together with all improvements located thereon, which is located at or near the City of Port Arthur Section 4A Economic Development Corporation Business Park.

B. Seller desires to sell to Buyer and Buyer desires to buy 2.8 acres, surface only without minerals (as described in "RECITAL A" above and as more particularly described on **Exhibit "A"** attached hereto) together with all improvements, if any, located on such land and all rights, privileges, servitudes and appurtenances thereunto belonging or appertaining, including all rights, title and interest of Seller in and to the streets, alleys, and rights-of-way adjacent to such parcel (collectively, the "Property") from Seller upon the terms and subject to the conditions contained herein and incorporated by reference herein as if fully set forth.

NOW, THEREFORE, in consideration of the promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1 PURCHASE PRICE

1.1 Sale and Purchase. Seller shall sell, convey, and assign to Buyer, and Buyer shall purchase, assume and accept from Seller, for the Discounted Purchase Price (defined below), and on and subject to the terms and conditions herein, indefeasible fee simple title to the Property. Buyer and Seller agree that the legal description of the Property shall be determined mutually by Buyer and Seller upon completion of the Survey (defined below). The Property shall be sold, conveyed, and assigned to Buyer at Closing (defined below) free and clear of all liens except for the lien of real property taxes not yet due and payable, and subject to the Permitted Exceptions (defined below).

1.2 Price and Payment. If not for the Incentive Agreement, the purchase price for the Property, together with all improvements located thereon, would be One Hundred Ninety Seven Thousand One Hundred Twenty Two Dollars and 56/100 Dollars (\$197,122.56) per acre.

1.3 Deposit. Within five (5) days of the Effective Date, Buyer shall deposit with Texas Regional Title, 7980 Anchor Drive, Building 800, Port Arthur, Texas 77642 (the "Escrow Holder" or "Title Company") a cash deposit, which shall be deposited into an interest-bearing account, in the amount of Five Thousand and 00/100 Dollars (\$5,000) (the "Deposit"). The

"Deposit" shall mean the amount deposited by Buyer, together with all interest earned thereon. The Deposit shall be applied as a credit against the Discounted Purchase Price at the closing of the Escrow.

1.4 Refund of Deposit. The Deposit shall be fully refundable to Buyer if Seller breaches or defaults in the performance of any of its obligations under this Agreement, or if Buyer elects to terminate this Agreement pursuant to any provision set forth herein.

1.5 Closing Transaction. Consummation of the sale provided herein (the "Closing") shall take place on the Closing Date (as herein defined) through the Escrow Holder at its offices or at such other place Seller and Buyer mutually agree in writing. At or prior to the Closing Date (as herein defined), each of the parties shall execute and deliver such documents and perform such acts as are provided for in this Agreement or as are necessary to consummate the transaction contemplated hereunder. All obligations of either party to be performed at or prior to the Closing Date are mutually concurrent conditions precedent as well as covenants. Time is of the essence with regard to the Closing Date.

1.6 Escrow Instructions. Seller and Buyer shall deliver to the Escrow Holder an executed copy of this Agreement and such additional escrow instructions to Escrow Holder as each party deems appropriate or as Escrow Holder may reasonably require, provided that such instructions are consistent with this Agreement (the "Escrow Instructions"). No Escrow Instruction shall excuse any performance by either Buyer or Seller at the times provided in this Agreement, extend the Closing Date provided for in this Agreement or provide either Buyer or Seller with any grace period not provided in this Agreement, and any Escrow Instruction to the contrary shall be considered of no force and effect.

ARTICLE 2 PRE-CLOSING MATTERS

2.1 Delivery of Due Diligence Materials. On or before Fifteen (15) days following the Effective Date, Seller shall deliver to Buyer the following documents (the "Due Diligence Materials") to the extent such materials are in Seller's possession or subject to Seller's reasonable control and to the extent such materials relate to the Property and/or any improvements thereon: plans and specifications; land Survey(s); all structural, seismic, soils, engineering and geological investigations and reports; all environmental investigations and reports; Reciprocal Easement Agreement(s); Covenants, Conditions, & Restrictions (CC&R's); any leases, licenses or occupancy agreements (with any amendments) and all agreements (including, but not limited to, service and maintenance agreements) relating to the operation, use and maintenance of the Property.

2.2 Survey. On or before Sixty (60) days from the Effective Date, Buyer shall obtain and cause to be delivered to both the Escrow Holder and the Seller a current and updated **Category 1A, Condition II** survey of the Property, with **Exhibit "A"** being conformed hereto, which survey shall be prepared by a Texas licensed professional land surveyor and shall be certified to Seller and Buyer, and which shall include a metes and bounds legal description of the Property, a calculation of the land area of the Property to the nearest one-thousandth (.001) of an

acre (together with the number of square feet of area contained therein), and the area, dimensions and locations of all recorded easements affecting or benefiting the Property (the "Survey").

2.3 Title Commitment. Buyer shall have the right, prior to the expiration of the Feasibility Period (defined below) to obtain a current commitment ("Title Commitment") from the Title Company for issuance to Buyer of a standard Texas form (Form T-1) Owner's Policy of Title Insurance in the amount calculated at the \$ [REDACTED] per acre rate (the "Title Policy"). Buyer shall have until sixty (60) days from the Effective Date (the "Title Review Period") to object in writing to any exceptions stated in the Title Commitment. In the event that Buyer shall so object to any exceptions, Seller shall have twenty (20) days from its receipt of such written objections (the "Response Deadline") within which to resolve or eliminate such exceptions or to notify Buyer in writing of its inability or unwillingness to remove such exceptions. In the event Seller shall so notify Buyer of its inability to unwillingness to resolve or eliminate such exceptions prior to the Response Deadline, Buyer, by written notice to Seller, may do one of the following: (i) terminate this Agreement and be released from all duties and obligations hereunder and the Deposit shall be returned to the Buyer; or (ii) waive such exceptions and proceed with the transaction contemplated herein. Any exceptions listed in the Title Commitment to which Buyer shall not object prior to the expiration of the Title Review Period (or which Buyer shall have approved or waived affirmatively) shall be deemed to be "Permitted Exceptions."

2.4 Right of Entry and Indemnification. From the Effective Date to the Closing Date, Buyer and its agents shall have the right to enter upon the Property upon reasonable notice to Seller for the purpose of making such surveys, examinations, soil and engineering tests and other tests and determinations as Buyer shall elect (collectively "Tests"). Buyer and its representatives shall have the right to make test borings or to remove samples of materials as Buyer shall deem appropriate, provided that, in the event Buyer terminates this Agreement and fails to close the purchase of the Property, Buyer shall repair at its cost any damage to any of the Property resulting from the Tests. Buyer shall indemnify, defend and hold Seller harmless from (i) any and all liabilities, claims, damages and expenses (including attorneys' fees, court costs, and costs of investigation) arising out of or in connection with the Tests or the entry unto the Property by Buyer or its agents and (ii) any mechanics' liens on the Property arising from the Tests.

2.5 Feasibility Period. In addition to the matters covered in Section 2 above and Section 3 below and any other termination rights granted herein, Buyer shall have the right to terminate this Agreement for any reason within Ninety (90) days from the Effective Date (the "Feasibility Period"). The right to terminate during the Feasibility Period shall inure exclusively to Buyer and Buyer may, at its sole option, waive its right to terminate this Agreement prior to the expiration of the Feasibility Period by providing a written notice to Seller. Buyer, at its sole option, shall also have the right to extend the Feasibility Period for two (2) additional periods of Thirty (30) days each, provided notice of such election is given prior to the expiration of the Feasibility Period. For the right to extend the Feasibility Period for each additional Thirty (30) days the Buyer shall deposit with the Escrow Holder the sum of Five Thousand and 00/100 Dollars (\$5,000.00) as an addition to the Deposit for each extension exercised. The additional deposit shall be treated in the same fashion as the Deposit.

If the Property zoning classification is not proper in order to build and operate an office/warehouse (hereinafter referred to as "the Facility"), upon Buyer's written request, Seller shall be responsible for, and hereby covenants to take actions necessary to, change the existing zoning classification to a new classification which will allow for the construction and operation of the Facility. If necessary, the Feasibility Period shall be extended in order to allow the time necessary to obtain any necessary zoning change. If Buyer requests a zoning change, Seller agrees to cooperate with Buyer and to provide such information, take such action(s) and execute such documents as may be necessary to affect any requisite zoning change.

2.6 PROPERTY CONDITION. NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS AGREEMENT TO THE CONTRARY, BUYER ACKNOWLEDGES AND AGREES THAT SELLER MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF HABITABILITY, AND SUITABILITY AND FITNESS FOR INTENDED PURPOSE, WITH RESPECT TO ANY ASPECT OF THE PROPERTY. BUYER IS PURCHASING THE PROPERTY STRICTLY IN "AS IS" "WHERE AS" CONDITION, AND BUYER ACCEPTS AND AGREES TO BEAR ALL RISKS REGARDING ALL ATTRIBUTES AND CONDITIONS, LATENT OR OTHERWISE OF THE PROPERTY. BUYER HAS MADE OR WILL MAKE PRIOR TO THE CLOSING ITS OWN INSPECTION AND INVESTIGATION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, ITS SUBSURFACE, SOIL, ENGINEERING AND OTHER CONDITIONS AND REQUIREMENTS, WHETHER THERE ARE ANY EMINENT DOMAIN OR OTHER PUBLIC OR QUASI-PUBLIC TAKINGS OF THE PROPERTY CONTEMPLATED, AND ALL ZONING AND REGULATORY MATTERS PERTINENT TO THE PROPERTY AND TO THE PRESENT USE OR OCCUPANCY OF THE PROPERTY. BUYER IS ENTERING INTO THIS AGREEMENT AND PURCHASING THE PROPERTY BASED UPON ITS OWN INSPECTION AND INVESTIGATION AND NOT IN RELIANCE ON ANY STATEMENT, REPRESENTATION, INDUCEMENT OR AGREEMENT OF SELLER EXCEPT AS SPECIFICALLY PROVIDED HEREIN. BUYER AGREES THAT NEITHER SELLER NOR ANYONE ACTING ON BEHALF OF SELLER HAS MADE ANY REPRESENTATION, GUARANTEE OR WARRANTY WHATSOEVER, EITHER WRITTEN OR ORAL, CONCERNING THE PROPERTY EXCEPT AS SPECIFICALLY SET FORTH HEREIN, IN THE INCENTIVE AGREEMENT OR THE DOCUMENTS DELIVERED BY SELLER AT CLOSING. ANY ENGINEERING DATA, SOILS REPORTS, OR OTHER INFORMATION THAT SELLER OR ANY OTHER PARTY MAY HAVE DELIVERED TO BUYER IS FURNISHED WITHOUT ANY REPRESENTATION OR WARRANTY WHATSOEVER. SELLER SHALL HAVE NO RESPONSIBILITY, LIABILITY OR OBLIGATION SUBSEQUENT TO THE CLOSING WITH RESPECT TO ANY CONDITIONS, INCLUDING, WITHOUT LIMITATION, ENVIRONMENTAL CONDITIONS, OR AS TO ANY OTHER MATTERS WHATSOEVER RESPECTING IN ANY WAY THE PROPERTY, AND BUYER HEREBY RELEASES SELLER, ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS WITH RESPECT TO SUCH CONDITIONS, EXCEPT FOR ANY MATTERS OF FRAUD OR KNOWING MISREPRESENTATION.

2.7 Covenants and Restrictions.

2.7.1 Prior to Closing Buyer will have reviewed all requirements of the City of Port Arthur, Texas for construction standards for improvements on the Property including but not limited to requirements of the City of Port Arthur, Texas for compliance with the Americans with Disabilities Act and improvements related thereto.

2.7.2 Buyer acknowledges the requirement to develop facilities (buildings for user occupancy) within 18 months of Closing. If Buyer purchases the Property and construction has not been completed in the period specified, Seller shall have the option repurchase the Property on the terms set forth in the Covenants and Restrictions on the basis of reversing (or rescinding) the terms of the original sale, including price. This option may be exercised at any time subsequent to the failure of construction to be completed by the specified date. Exercise of the option will be by formal action of the Board of Directors of Seller and delivery of written notice of exercise of the option shall be the cause of an immediate halt to any actions to develop the Property.

2.8 **Deposit Non-Refundable.** Upon satisfaction of all of the conditions described elsewhere in Article 2 and below in Article 3.5 of this Agreement, Buyer's Deposit shall become non-refundable (except as specifically set forth in this Agreement or in the event of a Seller default) and applicable to the Discounted Purchase Price.

ARTICLE 3 CLOSING CONDITIONS

The obligation of Buyer to purchase the Property is subject to the satisfaction or waiver by Buyer of the conditions set forth below, which conditions are for the sole benefit of Buyer and which may be waived, in whole or in part, by Buyer:

3.1 **Title.** On or before the Closing Date, the Title Company shall be ready, willing and able to issue to Buyer or Buyer's assignee the Title Policy insuring Buyer in the amount calculated at the rate set forth in Article 2.3 above that fee simple title of the surface only to the Property is vested in Buyer, together with such endorsements as Buyer may reasonably require and subject only to (i) liens for then-current real property taxes, bonds and assessments not delinquent, (ii) the Permitted Exceptions, (iii) any other matters to which Buyer shall agree in writing.

3.2 **Assignment.** At the Closing, Seller shall assign to Buyer all of Seller's right, title and interest in and to any contracts, permits and warranties specifically identified and relating to the Property which Buyer wishes to assume pursuant to an Assignment of Contracts, Permits and Warranties in the form attached hereto as **Exhibit "B"** (the "Assignment").

3.3 **Seller's Warranties and Covenants.** On the Closing Date, Seller shall not be in material breach of any of Seller's warranties and representations set forth in Article 6 below. All covenants to have been performed by Seller before or at Closing shall have been satisfied.

3.4 **Governmental Approvals.** Buyer shall be obligated to proceed to Closing only after obtaining all necessary governmental approvals, including but not limited to the proper zoning for the Facility, legal lot status (final plat), any required conditional or special use

permits, and all required building permits for the Facility. Seller agrees, upon Buyer's request, to cooperate with Buyer in connection with Buyer's efforts to secure such approvals, provided any such requested cooperation is reasonable under the circumstances.

3.5 Subdivision. If the Property is not currently legally subdivided in a manner sufficient to permit the conveyance of the Property or the development of the Facility, Buyer's obligation to close shall be subject to obtaining a Final Plat or Replat of the Property which is acceptable to Buyer. Buyer shall cooperate with Seller in all reasonable respects in obtaining Final Plat or Replat approval for the Property and in recording the Final Plat or Replat. All costs of the platting process will be paid by the Seller. Buyer shall have the right to review and approve the Final Plat or Replat.

3.6 Condition of Property. There shall have been by Closing no material adverse change in the condition of the Property or any elements of the Property from the dates of the inspections conducted in satisfaction of the conditions of this Agreement or in the building, subdivision, or other laws, ordinances, rules, or regulations applicable to the Property from the date of satisfaction of the conditions set forth herein until Closing.

ARTICLE 4 CLOSING

4.1 Escrow. The purchase and sale transaction contemplated by this Agreement shall be consummated through the Escrow established by the Escrow Holder.

4.2 Closing Date. Closing of the Escrow (the "Closing Date") shall take place in the offices of the Escrow Holder fifteen (15) business days following the expiration of the Feasibility Period (or such earlier date on which Buyer waives its right to terminate the Agreement).

4.3 Escrow Instructions. The parties hereby instruct Escrow Holder to open and complete Escrow and Closing in accordance with the Escrow Instructions. Buyer and Seller shall deposit with Escrow Holder in a timely fashion all funds, documents, supplemental instructions and instruments necessary to consummate the transactions contemplated by this Agreement prior to the Closing Date.

4.4 Closing Deliveries. At the Closing the following, which are mutually concurrent conditions, shall occur:

4.4.1 Buyer, at its expense, shall deliver or cause to be delivered to Seller the following:

- (a) the Discounted Purchase Price, subject to the Earnest Deposit and adjustments and prorations as provided herein, in funds available for immediate value in Seller's accounts;
- (b) evidence satisfactory to Title Company that the person(s) executing the closing documents on behalf of Buyer have full right, power, and authority to do so;

- (c) a fully-executed counterpart of the Incentive Agreement; and
- (d) such other documents as may be reasonably requested by the Title Company in accordance with this Agreement, or as are customarily executed in the county in which the Property is located to effectuate the conveyance of property similar to the Property.

4.4.2 Seller, at its expense, shall deliver or cause to be delivered to Buyer the following:

- (a) a special warranty deed in the form attached hereto as **Exhibit "C"** (the "Deed"), fully executed and acknowledged by Seller, and otherwise in recordable form as provided in Section 5.1;
- (b) the Assignment, fully executed by Seller;
- (c) Seller's certificate that the representations and warranties contained in Section 6 hereof are true and correct as of the Closing Date;
- (d) evidence satisfactory to Buyer and Title Company that the person(s) executing and delivering the closing documents on behalf of Seller have full right, power and authority to do so;
- (e) a certificate meeting the requirements of Section 1445 of the Internal Revenue Code of 1986, executed and sworn to by Seller;
- (f) a fully-executed counterpart of the Incentive Agreement; and
- (g) such other documents as may be reasonably requested by the Title Company in accordance with this Agreement, or as are customarily executed in the county in which the Property is located to effectuate the conveyance of property similar to the Property.

4.5 Closing Costs and Charges. Seller shall pay for Standard Owner's Policy of Title Insurance and half of Escrow Fees. Buyer shall pay for any extended Title Policy Endorsements and half of Escrow Fees. Any and all other charges shall be paid as set forth in this Agreement or if not specified herein as customary in Jefferson County, Texas. At Closing, Seller shall provide Buyer with a credit against the Discounted Purchase Price to reimburse Buyer for the cost of the Survey, provided such credit shall not exceed \$7,000.00.

ARTICLE 5 TRANSFER OF TITLE AND POSSESSION

5.1 Deed. Seller shall convey to Buyer or to Buyer's assignee at the Closing, by the Deed, fee simple title to the Property, free and clear of any and all recorded and unrecorded liens, claims, obligations, encumbrances, easements, leases, covenants, restrictions and other matters affecting the Property and/or title thereto except only the Permitted Exceptions, current real

property taxes, bonds and assessments not yet due and payable, and any other matters to which Buyer shall agree in writing.

5.2 Possession. Seller shall deliver possession of the Property to Buyer free and clear of the occupancy or possessory rights of all others on the Closing Date.

ARTICLE 6 REPRESENTATIONS AND COVENANTS OF SELLER

Seller represents and warrants and covenants as follows, which representations, warranties and covenants shall survive the Close of Escrow and delivery of the Deed to Buyer:

6.1 Authority. Seller has full right, power and authority to execute and deliver this Agreement and to consummate the purchase and sale transactions provided herein. No further authorization, whether corporate, partnership, individual or otherwise is necessary or required as a condition precedent to Seller entering into this Agreement or performing its obligations hereunder.

6.2 Code. Seller has no knowledge of and has not received any notice of any code violation. To the best of Seller's knowledge, the Property, including all improvements located thereon (if any), complies with all applicable building, health, fire, safety and similar laws, ordinances, regulations and codes.

6.3 Accuracy of Documents. To the best of Seller's knowledge, Seller represents that all of the documents, information and records provided to Buyer by Seller in connection with the transaction contemplated herein, including the Due Diligence Materials, are true and complete in all material respects.

6.4 Public Improvements; Condemnation. Other than matters recorded in the public record and listed in the Title Commitment, Seller knows of no intended or contemplated public improvements or condemnation or of any condition of the land that will frustrate or interfere with Buyer's intended use of the Property. To the best of Seller's knowledge the Property satisfies all federal, state, and local statutes, ordinances and regulations.

6.5 Litigation. To the best of Seller's knowledge, there are no claims, administrative actions or lawsuits, pending or threatened, against Seller relating in any manner to the Property, or on account of the surface or subsurface physical characteristics of the Property. To the best of Seller's knowledge, there are no violations, threatened or pending, of any local, state or federal law or regulation affecting the Property and there are no pending or contemplated assessments, eminent domain, condemnation or other governmental takings of the Property or any part thereof.

6.6 Hazardous Materials; Unsafe Conditions. Except as otherwise disclosed to Buyer by Seller, Seller has received no notice from any local, state or national governmental entity or agency or other source of any hazardous waste condition existing or potentially existing with respect to the Property. To the best of Seller's knowledge, there has been no use, discharge, release, generation, storage or disposal of in, on, or under the Property of any hazardous waste,

toxic substances or related materials ("Hazardous Materials") except in accordance with applicable law. For the purposes of this representation and warranty, Hazardous Materials shall include but shall not be limited to, any substance, material, or waste which is or becomes regulated by any local governmental authority, the State in which the Property is located, or the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101) as amended from time to time. Further Seller agrees that it will not discharge, release, use, generate, store or dispose, or permit or suffer the discharge, release, use, generation, storage or disposal of any Hazardous Materials above, in, on, under or around the Property in violation of any environmental law prior to the Closing. Seller further warrants that to the best of its knowledge, there is no underground storage tanks located on the Property.

6.7 Condition. From the Effective Date through Close of Escrow, Seller will maintain the Property in the same condition, reasonable wear and tear excepted.

6.8 New Agreements. From and after the Effective Date, Seller shall not renew, extend or enter into any new lease or service or management contract, or other agreement that affects the Property without the prior written consent of Buyer.

6.9 No Leases. There are no leases, licenses, concessions, or other oral or written agreements affecting the Property that grant to any person or entity the right of occupancy or use thereof.

6.10 Foreign Person. Seller is not a foreign person or entity under the Foreign Investment in Real Property Tax Act of 1980, as amended, and no taxes or withholding under the Foreign Investment in Real Property Tax Act of 1980, as amended, shall be assessed or applied to Buyer in connection with the transaction contemplated hereby.

6.11 Closing Warranties. All warranties and representations contained in this Agreement, except as otherwise disclosed in writing, shall be deemed to have been repeated by Seller as of the Closing, and shall be true and accurate as of the Closing.

ARTICLE 7 TERMINATION AND DAMAGES

7.1 Termination. Except as expressly prohibited in this Agreement, in the event of any default in this Agreement by either of the parties hereto, the other party, in addition to any right or remedy available hereunder, at law or in equity, shall have the right to terminate this Agreement by written notice to the defaulting party and Escrow Agent. If any such termination is the result of default hereunder by Seller, then the Deposit and interest accrued thereon shall be returned to Buyer. If Buyer defaults hereunder, actual damages to Seller will be difficult to calculate but Buyer and Seller agree that the amount of the Deposit designated above is a reasonable approximation thereof. Accordingly, if Buyer defaults, Seller shall be entitled to terminate this Agreement and immediately upon such termination by Seller, Escrow Agent shall pay to Seller, as Seller's sole remedy, the Deposit, together with interest thereon, and any other monies paid on behalf of Seller. Nothing contained in this Section shall prevent Seller from enforcing Buyer's obligations and liabilities which survive a termination of this Agreement.

7.2 No Specific Performance. If either Buyer or Seller breaches this Agreement prior to the Closing and, as a result, the Closing does not occur, each party waives the right to specific performance. Each party agrees that this clause shall constitute an absolute defense to any action filed by one of the parties hereto against the other for specific performance. This clause, if asserted by one of the parties hereto against an action for specific performance, shall enable said party to cause the action for a specific performance to be set aside at any time nunc pro tunc.

7.3 Condemnation and Casualty. If before the Closing, either party receives notice of any condemnation or eminent domain proceeding, any proceeding in lieu of condemnation being initiated against the Property, or the damage or destruction of all or a part of any improvements located at the Property, the party receiving the notice shall promptly notify the other party in writing of that fact. Buyer may elect to either proceed with the sale of the Property or to terminate this Agreement within Thirty (30) days from the date that the notice is received. If Buyer elects to proceed with the acquisition of the Property, then Buyer may, solely at its own discretion, accelerate the Closing to any time prior to the Closing Date set forth hereinabove. If Buyer proceeds with the purchase in accordance with the terms of this Agreement, all condemnation and insurance proceeds shall be paid to Buyer. If any proceeds have not been collected as of the Closing, then all rights to those proceeds shall be assigned to Buyer at the Closing.

7.4 DAMAGES. SELLER AND BUYER AGREE THAT IF BUYER BREACHES ITS OBLIGATIONS HEREUNDER, SELLER SHALL TERMINATE THIS AGREEMENT AND RETAIN, AS SELLER'S SOLE AND EXCLUSIVE REMEDY, THE AMOUNTS DEPOSITED WITH ESCROW HOLDER PURSUANT TO THIS AGREEMENT, TOGETHER WITH ANY ACCRUED INTEREST THEREON AS OF THE TIME OF DEFAULT AS LIQUIDATED DAMAGES, IT BEING AGREED THAT UNDER ALL THE CIRCUMSTANCES EXISTING AT THE TIME OF THIS AGREEMENT, THIS PROVISION LIQUIDATING DAMAGES IN THE EVENT OF THE BUYER'S DEFAULT IS REASONABLE, THE DAMAGES RESULTING TO SELLER BY REASON OF SUCH BREACH ARE NOW AND THEN WOULD BE DIFFICULT AND IMPRACTICAL TO DETERMINE AND THAT THE BEST ESTIMATE, BASED ON ALL OF THE CIRCUMSTANCES EXISTING ON THE DATE OF THIS AGREEMENT, OF THE TOTAL DAMAGES THAT SELLER WOULD SUFFER IS AND SHALL BE AN AMOUNT EQUAL TO THE SUMS DEPOSITED BY BUYER WITH ESCROW HOLDER AS OF THE TIME OF DEFAULT. IN PLACING THEIR INITIALS IN THE SPACES PROVIDED BELOW, THE PARTIES CONFIRM THAT THEY HAVE READ, UNDERSTAND AND AGREE TO THIS PROVISION.

BUYER

SELLER

7.5 Waiver. Excuse or waiver of the performance by the other party of any obligation under this Agreement shall only be effective if evidenced by a written statement signed by the party so excusing. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by Seller or Buyer of the breach of any covenant of this

Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or any other covenant or condition of this Agreement.

ARTICLE 8 MISCELLANEOUS

8.1 Merger. Except as otherwise expressly provided in this Agreement, the representations, warranties and agreements of the parties contained or provided for in this Agreement shall survive the close of Escrow and delivery of the Deed to Buyer.

8.2 Notices. Unless otherwise specifically provided herein, all notices, consents, directions, approvals, instructions, requests and other communications required or permitted by the terms hereof to be given to any person or entity shall be in writing, and any such notice shall become effective five (5) business days after being deposited in the mails, certified or registered, with appropriate postage prepaid for first-class mail or, if delivered personally, by reputable overnight courier service, or by facsimile transmission or electronic mail, when received, and shall be directed to the address of such person or entity set forth below, or at such other address as either party shall hereafter designate in writing and deliver to the other in accordance with the provision of this paragraph:

Buyer at: **KLV Ventures, Inc.**
Fred Vernon

Telephone: _____

Fax: _____

E-mail: _____

With a copy to:

Telephone: _____

Fax: _____

E-mail: _____

With a copy to:

Telephone: _____

Fax: _____

E-mail: _____

Seller at:

Floyd Batiste, CEO
Port Arthur Section 4A Economic Development Corp.
501 Procter Street

**Port Arthur, TX 77640
Telephone: (409) 963-0579
Facsimile: (409) 962-4445
E-mail: fbatiste@paedc.org**

**Guy N. Goodson, EDC Attorney
Germer PLLC
P. O. Box 4915
Beaumont, Texas 77704
Telephone: (409) 654-6730
Facsimile: (409) 835-2115
E-mail: ggoodson@germer.com**

**Escrow Holder at: Texas Regional Title
7980 Anchor Drive, Building 800
Port Arthur, Texas 77642
Telephone: (409) 861-7300
Facsimile: (409) 727-8386**

8.3 Authority and Execution. Each person executing this Agreement on behalf of a party represents and warrants that such person is duly and validly authorized to do so, has full right and authority to enter into this Agreement and all of its obligations hereunder.

8.4 Severability. The invalidity or unenforceability of any term or provision of this Agreement or the nonapplication of any such term or provision to any person or circumstance shall not impair or affect the remainder of this Agreement, and the remaining terms and provisions hereof shall not be invalidated but shall remain in full force and effect and shall be construed as if such invalid, unenforceable, or nonapplicable provision were omitted.

8.5 Waiver or Modification. No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless in writing and duly executed by the party to be charged therewith. No evidence of any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the parties arising out of or affecting this Agreement or the rights or obligations of any party hereunder, unless such waiver or modification is in writing and duly executed as aforesaid. The provisions of this Article 8.5 may not be waived except as herein set forth.

8.6 Headings. The headings of the various Articles of this Agreement are for convenience of reference only and shall not modify, define or limit any of the terms or provisions hereof or thereof.

8.7 Parties in Interest. The terms of this Agreement shall be binding upon, and inure to the benefit of, the parties to this Agreement and their successors and assigns. Buyer shall not assign its rights under this Agreement to any third party that is not an Affiliate (defined below) without the prior written consent of Seller. Buyer shall be permitted to assign this Agreement without the prior written consent of Seller to an Affiliate. For purposes of this Section, "Affiliate" shall mean (i) a subsidiary of Buyer, (ii) a corporation or other entity into or

with which Buyer has merged or consolidated, or to which substantially all of Buyer's stock or assets are transferred, (iii) any corporation or other entity which controls, is controlled by, or is under common control with Buyer, (iv) a limited liability company in which Buyer is a member, or (v) any corporation or other entity with which Buyer is otherwise affiliated. Except as provided above with respect to Affiliates, no assignment shall be to an assignee whose business purpose has not been approved by prior written action of the Board of Directors of Seller and, as necessary, the City Council for the City of Port Arthur, Texas. Seller shall, upon written request from Buyer, execute a Deed directly in favor of Buyer's assignee.

8.8 Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

8.9 Broker Fees. Each party represents and warrants to the other that it has not engaged any agent or broker with respect to this transaction. No other person is entitled to a broker's commission or fee as a result of the purchase and sale of the Property. Each party agrees to indemnify and hold the other party harmless from and against any loss, cost and expense, including attorneys' fees, which the other party shall suffer by reason of the breach of the foregoing representation and warranty by the representing and warranting party.

8.10 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

8.11 Time. Time is of the essence of this Agreement.

8.12 Attorneys' Fees. In the event of any proceeding brought by either party to enforce the terms of or arising out of this Agreement, the prevailing party shall be entitled to recover all costs and expenses incurred in connection therewith, including reasonable attorneys' fees.

8.13 Cooperation. Each party hereto will, upon the reasonable request of the other party, execute, acknowledge, and deliver, or cause to be executed, acknowledged, and delivered, such further instruments and documents as may be reasonably necessary in order to fulfill the intents and purposes of this Agreement.

8.14 IRC §1445. Buyer's performance hereunder is conditioned upon Seller providing Buyer at close of escrow with all documentation required by Internal Revenue Code Section 1445 to assure Buyer that Seller is not a "foreign person" as that term is used in Section 1445, or in the alternative, if Seller is a "foreign person," to assure that all steps have been taken so that Buyer will not be liable for payment of any taxes due on the proceeds of the sale.

8.15 Exchange. The parties, or either of them, shall have the right to secure a trade or exchange of properties of like kind of the parties' respective choices (pursuant to Section 1031 of the Internal Revenue Code as amended), as long as the obligations imposed on the other party shall not be greater than the terms and conditions of this Agreement, nor shall such obligations delay the Closing Date beyond that allowed by this Agreement. Nothing in this Article 8.15 shall require either party to take title to any other real property as part of its obligation to cooperate in any such trade or exchange.

8.16 Entire Agreement. This Agreement constitutes and contains the entire agreement of the parties with respect to the subject matter hereof and thereof, and supersedes any and all other prior negotiations, correspondence, understandings and agreements respecting the subject matter hereof and thereof. This Agreement is executed without reliance upon any representation by any party hereto except as expressly set forth herein. This Agreement may not be changed orally but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

8.17 Computation of Time. If the expiration date of any period of time for performance hereunder falls on a Saturday, Sunday or legal holiday, then, in such event, the expiration date of such period of time for performance shall be extended to the next business day.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement:

SELLER:

City of Port Arthur Section 4A Economic Development Corporation

By: _____ Date: _____, 2018
President

By: _____ Date: _____, 2018
Secretary

BUYER:

KLV Ventures, Inc.

By: _____ Date: _____, 2018

ESCROW HOLDER:

Attn:

Telephone:

E-mail:

By: _____ Date Received: _____, 2018
Title: _____

Exhibit "A"

Legal Description

LOT 1 (2.814 ACRES)

***DESCRIPTION OF A 2.814 ACRES TRACT OF LAND, BEING ALL OF TRACT 1 AND
A PORTION OF RESERVE "A" OF THAT CERTAIN REPLAT
RECORDED UNDER CLERK'S FILE NO. 2008040509
IN THE OFFICIAL PUBLIC RECORDS OF JEFFERSON COUNTY, TEXAS***

Being a 2.814 acre tract or parcel of land and being a part of that certain tract of land (called "7.268 acres") described in that certain instrument to the City of Port Arthur Section 4A Economic Development Corporation, recorded under Clerk's File No. 2008036689 in the Official Public Records of Jefferson County, Texas, and being all of Tract 1 and a portion of Reserve "A" of that certain Replat titled "Tract 1 together with Reserve "A", a 7.268 acre Replat of a portion of Lot 6, Block 7, Range "I", Port Arthur Land Company Subdivision, Volume 1, Page 22, in the Map Records of Jefferson County, Texas" as recorded under Clerk's File No. 2008040509 in the Official Public Records of Jefferson County, Texas, and being more particularly described by metes and bounds as follows:

FOR LOCATIVE PURPOSES COMMENCING at a 1/2" steel rod with cap marked "Soutex" found located in the southeasterly right-of-way line of State Highway No. 73 (right of way width varies) for the most northerly corner of the said "7.268 acre" tract, the most northerly corner of the said Reserve "A" and the most westerly corner of that certain tract of land (called "7.667 acres"), described in that certain instrument to Jefferson County Drainage District No. 7, recorded under Clerk's File No. 2008006941 in the Official Public Records of Jefferson County, Texas;

Thence South 46 deg. 29 min. 54 sec. West, along and with the said southeasterly right-of-way line of State Highway No. 73, the northwesterly line of the said "7.268 acre" tract and the most northerly northwest line of the said Reserve "A", a total distance of 60.90 feet, to a 1/2" steel rod with cap marked "Arceneaux & Gates" found for the most northerly corner of the said Tract 1 and the most northerly corner and **POINT OF BEGINNING** of the herein described tract of land;

Thence South 53 deg. 22 min. 19 sec. East, along and with the northeasterly line of the said Tract 1, a total distance of 206.53 feet, to an "X" found scribed in concrete sidewalk for an angle point corner of the said Tract 1 and an angle point corner of the herein described tract of land;

Thence South 08 deg. 22 min. 19 sec. East, along and with the most easterly line of the said Tract 1, a total distance of 14.14 feet, to an "X" found scribed in concrete sidewalk for an angle point corner of the said Tract 1 and an angle point corner of the herein described tract of land;

THENCE South 36 deg. 37 min. 41 sec. West, along and with the southeasterly line of the said Tract 1 and a southwesterly extension of the said southeasterly line of Tract 1, a total distance of

237.40 feet, to a 1/2" steel rod with cap marked "Arceneaux & Gates" found for the Point of Curvature of a curve to the right;

THENCE along and with the said curve to the right, having a radius of 15.00 feet, an arc length of 13.09 feet, a central angle of 49 deg. 59 min. 41 sec., a chord length of 12.68 feet and a chord bearing of South 61 deg. 37 min. 32 sec. West, to a 1/2" steel rod with cap marked "Arceneaux & Gates" found for the Point of Reverse Curvature of the said curve to the right with a curve to the left;

THENCE along and with the said curve to the left, having a radius of 55.00 feet, an arc length of 133.92 feet, a central angle of 139 deg. 30 min. 31 sec., a chord length of 103.20 feet and a chord bearing of South 16 deg. 20 min. 07 sec. West, to an "X" found scribed in concrete walk for an easterly corner of the herein described tract of land;

THENCE South 37 deg. 06 min. 51 sec. West, a total distance of 114.99 feet, to a 1/2" steel rod with cap marked "Arceneaux & Gates" found in the northeasterly line of that certain tract of land (called "3.009 acres") described in that certain instrument to C.G.B.M. Global, LLC, recorded under Clerk's File No. 2012042327 in the Official Public Records of Jefferson County, Texas, southwesterly line of the hereinbefore said "7.268 acres" tract and southwesterly line of the hereinbefore said Reserve "A" for the most southerly corner of the herein described tract of land;

Thence North 52 deg. 53 min. 09 sec. West along and with the said northeasterly line of the "3.009 acres" tract, the southwesterly line of the said "7.268 acres" tract and the southwesterly line of the said Reserve "A", a total distance of 326.57 feet, to a 1/2" pinch pipe in concrete found in the hereinbefore said southeasterly right-of-way line of State Highway No. 73, for the most westerly corner of the said "7.268 acres" tract, the most westerly corner of the Reserve "A" and the most westerly corner of the herein described tract of land;

Thence North 46 deg. 29 min. 54 sec. East, along and with the said southeasterly right-of-way line of State Highway No. 73, the northwesterly line of the said "7.268 acre" tract, the most westerly northwest line of the said Reserve "A" and the northwesterly line of the hereinbefore said Tract 1, a total distance of 475.27 feet, and returning back to the **POINT OF BEGINNING** and containing in area 2.814 acres of land, more or less.

Exhibit “B”

Assignment

Exhibit "C"

Form of Deed

SPECIAL WARRANTY DEED

STATE OF TEXAS

§

§

COUNTY OF JEFFERSON

§

The City of Port Arthur Section 4A Economic Development Corporation, a Texas not-for-profit economic development corporation ("Grantor") in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration, to Grantor in hand paid by **KLV Ventures, Inc.**, a Texas corporation ("Grantee") the receipt of which is hereby acknowledged, has GRANTED, SOLD and CONVEYED, to Grantee, all that certain property situated in the County of Jefferson, State of Texas, described as in Exhibit A attached hereto and incorporated herein (the "Property").

Grantor hereby reserves unto itself, its successors and assigns, any and all of the oil and gas and their constituents, sulfur, coal, lignite, uranium, and other fissionable material, geothermal energy, base and precious metals, rock, stone, gravel, and any other mineral substances presently in or under the premises described in Exhibit A. The within reservation of the aforesaid materials and minerals pertains to the exclusive right to execute any and all oil and gas leases and any other mineral leases or other contractual arrangements whereby the right of exploring, mining, removing and marketing of the hereinabove reserved minerals could be transferred by Grantor to third parties, and the within reservation also pertains to the exclusive right to receive any and all bonuses, royalties, shut-in and/or delayed marketing payments and any other types of rental or lease payments associated with any of the aforementioned leases or

other contractual arrangements with third parties; together with the ownership of any future reversionary oil and gas and their constituents, and other mineral rights, in total, upon the expiration of any such lease or other contractual arrangement with third parties. The foregoing reservation does not include a right to enter upon or use the surface of the premises described in Exhibit A.

Grantor hereby reserves unto itself the right to repurchase the tract if Grantee fails to develop the facilities (building) for user occupancy within the lesser of (i) eighteen months from the closing of the purchase of the tract or (ii) any development timetable(s) within any Incentive Agreement between PAEDC and Grantee. If construction has not been completed as specified in the preceding sentence, PAEDC shall have the option to repurchase the property from the purchaser (user) on the basis of the original purchase price per acre with the purchaser (user) to bear all costs incurred by PAEDC in its exercise of its rights of repurchase, including but not limited to, attorney fees, title and recording fees, closing costs and related expenses. This repurchase option may be exercised at any time subsequent to the failure of construction to start by the time period specified in this paragraph. Exercise of the option will be by formal action of the PAEDC Board. Delivery of written notice of exercise of this option shall be the cause of an immediate halt to development on the purchased tract(s) by the purchaser (user).

This conveyance is made subject to the following:

- (1) easements and rights-of-way appearing of record in the office of the County Clerk of Jefferson County, Texas;
- (2) all covenants, restrictions, and all conditions and exceptions, reservations and conveyances of minerals and/or royalties, oil and gas and/or mineral leases, affecting the above described property, of record in the Office of the County Clerk of Jefferson County, Texas, to the extent they are still in effect and relate to the above described property;
- (3) the treatment or storage of the following is prohibited:
 - *hazardous industrial waste*, as defined by 30 Texas Administrative Code

("TAC") §335.1(60) (in accordance with RCRA of 1976 and 40 Code of Federal Regulations ("CFR") Part 261);

- *hazardous waste*, as defined by 30 TAC §335.1 (62) (in accordance with the federal Solid Waste Disposal Act, as amended by RCRA, 42 United States Code §§6901 et seq., as amended) and as determined by the procedures in 30 TAC §335.504;
 - *hazardous waste constituent*, as defined by 30 TAC §335.1(63) (listed in 40 CFR Part 261, Subpart D or in Table 1 of 40 CFR §261.24); and
 - tanks, drums, or containers used for shipping or storing any material that has been listed as a hazardous constituent in 40 code of Federal Regulations (40 CFR), Part 261, Appendix VIII but has not been listed as a commercial chemical product in 40 CFR, §261.33(e) or (f);
- (4) taxes on the above described property for 2018 and subsequent years not yet due and payable; and
- (5) all zoning laws, regulations and ordinances of municipal and other governmental authorities, if any, but only to the extent that they are still in effect, relating to the above described property.

Grantor has executed and delivered this Special Warranty Deed and has granted, bargained, sold, and conveyed the Property to Grantee, and Grantee has received and accepted this Special Warranty Deed and has purchased, received, and, accepted the Property, ON AN AS-IS, WHERE IS BASIS, WITH ALL FAULTS AND WITHOUT ANY REPRESENTATIONS OR WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED, WRITTEN OR ORAL, IT BEING THE INTENTION OF GRANTOR AND GRANTEE TO EXPRESSLY REVOKE, RELEASE, NEGATE, AND EXCLUDE ALL REPRESENTATIONS AND WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES AS TO (i) THE CONDITION OF THE PROPERTY OR ANY ASPECT THEREOF, INCLUDING, WITHOUT LIMITATION, ANY AND ALL EXPRESS OR IMPLIED REPRESENTATIONS AND WARRANTIES RELATED TO SUITABILITY FOR HABITATION, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR USE OR PURPOSE; (ii) THE NATURE OR QUALITY OF CONSTRUCTION, STRUCTURAL DESIGN OR ENGINEERING OF ANY IMPROVEMENTS WHICH ARE PART OF THE PROPERTY OR WHICH SERVE THE PROPERTY (the "IMPROVEMENTS"); (iii) THE QUALITY OF THE LABOR OR MATERIAL INCLUDED IN THE IMPROVEMENTS; (iv) THE SOIL CONDITIONS, DRAINAGE, TOPOGRAPHICAL FEATURES OR OTHER CONDITIONS WHICH AFFECT THE PROPERTY; (v) THE AREA, SIZE, SHAPE, CONFIGURATION, LOCATION, CAPACITY, USE, DEVELOPMENT POTENTIAL, PURPOSE OR OTHER

CHARACTERISTIC CONCERNING OR RELATING TO THE PROPERTY; (v) ANY FEATURES OR CONDITIONS AT OR WHICH AFFECT THE PROPERTY WITH RESPECT TO ANY PARTICULAR PURPOSE, USE, DEVELOPMENTAL POTENTIAL, CASH FLOW, OR OTHERWISE; (vi) ALL EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES CREATED BY ANY AFFIRMATION OF FACT OR PROMISE OR BY ANY DESCRIPTION OF THE PROPERTY; (vii) ANY ENVIRONMENTAL, GEOLOGICAL, METEOROLOGICAL, STRUCTURAL OR OTHER CONDITION OR HAZARD OR THE ABSENCE THEREOF HERETOFORE, NOW, OR HEREAFTER AFFECTING IN ANY MANNER ANY OF THE PROPERTY; AND (viii) ALL OTHER EXPRESS OR IMPLIED WARRANTIES AND REPRESENTATIONS BY GRANTOR WHATSOEVER, EXCEPT SOLELY THE SPECIAL WARRANTY OF TITLE EXPRESSLY SET FORTH IN THIS DEED CONVEYING THE PROPERTY TO GRANTEE.

TO HAVE AND TO HOLD, the said Property, together with all rights, hereditaments and appurtenances thereto belonging, unto Grantee, its successors, heirs, and assigns forever. And Grantor does hereby bind itself, its successors, heirs, executors, administrators, and personal representatives to WARRANT AND FOREVER DEFEND the title to said Property unto Grantee, its successors, heirs, and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through, or under Grantor, but not otherwise.

When Grantor or Grantee or both of them are more than one (1) person, or when Grantor or Grantee or both of them are a corporation, limited liability company, partnership, trustee, administrator, executor, or personal representative, this Deed shall read as though pertinent verbs, nouns, and pronouns are changed correspondingly, and pronouns of the masculine gender where used herein shall be construed to include persons of the female sex. When this Deed is executed by or to or by and to a corporation, limited liability company or partnership, references to "heirs, executors, administrators, and personal representatives" shall be appropriately disregarded, and when this Deed is executed by or to or by and to a natural person or persons, references to "successors" shall be appropriately disregarded.

Grantee has joined in this Deed to evidence Grantee's acceptance of this Deed.

EXECUTED this the _____ day of _____, 2018.

GRANTOR:

**The City of Port Arthur Section 4A Economic
Development Corporation**

By: _____
President

By: _____
Secretary

Accepted by GRANTEE:

KLV Ventures, Inc.

By: _____

By: _____

STATE OF TEXAS §
 §
COUNTY OF JEFFERSON §

This instrument was acknowledged before me on the ____ day of _____, 2018, by _____, President of the **City of Port Arthur Section 4A Economic Development Corporation**, a Texas not-for-profit corporation, on behalf of such corporation.

Notary Public, State of Texas

STATE OF TEXAS §
 §
COUNTY OF JEFFERSON §

This instrument was acknowledged before me on the ____ day of _____, 2018, by _____, Secretary of the **City of Port Arthur Section 4A Economic Development Corporation**, a Texas not-for-profit corporation, on behalf of such corporation.

Notary Public, State of Texas

STATE OF TEXAS

§
§
§

COUNTY OF _____

This instrument was acknowledged before me on the ____ day of _____, 2018, by
_____ of KLV Ventures, Inc., on behalf of such corporation.

Notary Public, State of Texas

STATE OF TEXAS

§
§
§

COUNTY OF _____

This instrument was acknowledged before me on the ____ day of _____, 2018, by
_____ of KLV Ventures, Inc., on behalf of such corporation.

Notary Public, State of Texas

GRANTEE'S MAILING ADDRESS:

KLV Ventures, Inc.

LOAN AGREEMENT

THIS LOAN AGREEMENT is entered into effective the _____ day of _____, 2018, by and between **KLV VENTURES, INC.**, a Texas corporation (hereinafter referred to as Borrower), and the **CITY OF PORT ARTHUR SECTION 4A ECONOMIC DEVELOPMENT CORPORATION**, a Texas nonprofit corporation (hereinafter called "Lender").

WITNESSETH:

WHEREAS, Lender, a Texas nonprofit corporation organized and existing under Section 4A of the Texas Development Corporation Act of 1979, whose purpose is to promote commerce in Port Arthur, Texas, has economic development funds available to be used for loans to businesses and individuals located in Port Arthur, Texas, to create jobs and economic growth in Port Arthur, Texas; and

WHEREAS, Borrower, doing business as **KLV VENTURES, INC.**, is engaged in the business of expanding its trucking and freight transportation business and is located within the City of Port Arthur, Texas; and

WHEREAS, Borrower has requested Lender to loan to Borrower a loan in the sum of \$197,122.56 to be used for the purpose of purchasing approximately 2.814 of land located in Port Arthur, Texas (the "Property"), with the note to be secured by a deed of trust in the property and by the Borrower; and

WHEREAS, based on Borrower's representation, the Board of Directors of the City of Port Arthur Section 4A Economic Development Corporation has determined that loaning such sums of money to Borrower is necessary to promote new or expanded business development in the City of Port Arthur, Texas; and

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained and other good and valuable consideration, Borrower and Lender do hereby agree as follows:

ARTICLE I.
Loan Commitment

Subject to the terms, covenants and conditions hereinafter set forth, Lender hereby agrees to lend, and Borrower agrees to borrow as follows:

- A. Amount - A loan in the amount of \$197,122.56 from the City of Port Arthur Section 4A Economic Development Corporation to be funded at closing.
- B. Interest Rate on the note - Four percent (4.00%) per annum from date of funding.
- C. Terms of repayment - The note will be paid in 108 equal monthly amortized installments, the first installment being due and payable on or before the 1st day of April, 2018, and an additional installment being due and payable on or before the same day of each succeeding month thereafter until the entire sum, both principal and interest, on the note is paid in full.

ARTICLE II.
Purpose of Loan

The purpose of the loan is to purchase that certain property as more fully described in Exhibit "A".

ARTICLE III.
Security for loan

The following security will be given by Borrower for benefit of Lender:

- A. Note evidencing the loan.
- B. First-lien deed of trust on the following described real property owned by Borrower as described in Exhibit "A."

ARTICLE IV.
Loan Documents

Borrower agrees that it will, at or prior to closing the loan, execute and deliver to Lender the following described documents:

- A. Note in the form which is attached hereto as Exhibit "B".
- B. Deed of Trust in the form which is attached hereto as Exhibit "C".

(All of the above hereinafter called and referred to as Loan Documents.)

Borrower agrees that it will also deliver to Lender at or prior to closing true and correct copies of all local, state and federal licenses and permits required and necessary for Borrower to conduct its business at its business location in Port Arthur, Texas.

ARTICLE V.
Insurance Policies

Borrower will obtain and maintain, at Borrower's expense, casualty insurance policies naming Lender under a mortgagee's loss payable clause, with financially sound and reputable insurance carriers, satisfactory to Lender, with respect to the secured property described above, against such casualties and contingencies and in such types and in an amount of not less than the full insurable value of the property, and providing that Lender shall receive not less than 10 days written notice prior to the cancellation of the policy. Borrower shall provide copies of the policies or evidence of insurance to Lender.

ARTICLE VI.
Borrower's Warranties and Representations

Borrower represents and warrants to Lender that the following statements are true and correct as of the date of execution of this loan agreement and will be true and correct so long as Borrower owes Lender any funds.

- A. Authority -

Borrower, **KLV VENTURES, INC.**, is a Texas corporation, and Fred Vernon, being the [REDACTED] of said company, is authorized to execute the Loan Documents on behalf of said company and to borrow money in accordance with the terms of this agreement and to do any and all things as set forth in this agreement.

B. Financial condition -

Any and all financial statements delivered or to be delivered to Lender are true and correct and show the true and correct financial condition of Borrower.

C. No other liens -

There are no other liens or encumbrances on the collateral to be given as security as provided for in this agreement, other than those granted or to be granted to Lender.

D. No litigation -

There are no actions, suits, or proceedings pending or, to the knowledge of Borrower, threatened against or affecting Borrower.

E. Taxes -

Borrower has filed all required federal, state and local returns and has paid all taxes and assessments as shown as they became due. Borrower agrees to continue to pay all taxes of any type whatsoever, before the same become delinquent, until such time as the indebtedness is repaid.

F. No Undocumented Workers -

Borrower does not and will not knowingly employ an undocumented worker. Borrower understands that if, after receiving any public funds, Borrower is convicted of a violation under 8 U.S.C. Section 1324a(f), Borrower shall repay the full amount of public funds dispersed with interest, at the rate and according to the other terms

provided in this Agreement, not later than the 120 day after the date Borrower is notified by Lender of the violation.

ARTICLE VII.
Borrower's Affirmative Covenants

Borrower covenants and agrees that so long as any indebtedness is due and owing by Borrower to Lender under the terms of the Loan Documents that:

- A. Borrower will punctually pay or cause to be paid the principal and interest becoming due on the indebtedness in accordance with the terms of the promissory note, the loan documents, and this agreement.
- B. Borrower will cause proper books of record and account to be made of its business in accordance with generally accepted accounting procedures and will furnish such books and accounts for inspection by Lender as requested.
- C. Borrower will pay and promptly discharge all taxes, assessments, and governmental charges or levies imposed upon it, before the same shall become in default.
- D. Borrower will cause the collateral given as security, as described above, to be insured against all insurable perils.
- E. Borrower will furnish Lender within thirty days after the end of the fiscal year of Borrower annual financial statements, including a balance sheet and profit and loss statements.
- F. Borrower will provide Lender with evidence of Borrower obtaining all licenses and permits required and necessary for Borrower to conduct its business at the Port Arthur, Texas location, and will provide upon request from Lender evidence that such licenses are maintained in good standing.

- G. Borrower will execute any other documents reasonably requested by Lender in furtherance of this Loan Agreement.

ARTICLE VIII.
Borrower's Restrictive Covenants

Borrower covenants and agrees that so long as any indebtedness is due and owing by Borrower to Lender under the terms of the Loan Documents, that:

- A. Borrower will maintain management at all times satisfactory to Lender and will notify Lender of any management changes.
- B. Borrower will not create, assume, or incur any indebtedness providing for a lien on the collateral given as security without written consent from Lender.

ARTICLE IX.
Default by Borrower

Borrower shall be deemed to be in default under this agreement and all of the Loan Documents given in connection herewith on the happening of any one of the elements of default as defined below.

- A. Failure by Borrower to pay any principal and interest on the promissory note covered under this agreement as the same becomes due and payable, whether at maturity or by acceleration of maturity.
- B. Default in the observance or performance of any of the covenants, warranties, and representations, conditions, and agreements on the part of Borrower contained in this agreement or the Loan Documents.
- C. The use of the loan funds by Borrower for purposes other than the intended purposes specified herein.

- D. Any false, misleading, or untrue representation or warranties made by Borrower in any material respect in any financial statement furnished by Borrower to Lender.
- E. Any elements of default as set forth in any of the Loan Documents shall also be deemed an element of default under the provisions of this agreement.

Each of the above shall be deemed an element of default, the occurrence of which shall, at the option of Lender, mature all sums then due and owing to Lender and said sums then due and owing shall be due and payable on demand, without presentation, protest or notice of any kind, all of which are expressly waived by Borrower, including notice of intent to accelerate the maturity and acceleration of maturity. Lender's failure to exercise this option at any point in time shall in no way invalidate its right to exercise the option in future default situations.

Should it become necessary to collect the monetary obligations of this Agreement through an attorney, Borrower agrees to pay all costs of collecting these monies, including reasonable attorneys' fees to the extent permitted by law, whether collected by suit, foreclosure, or otherwise.

ARTICLE X. **Miscellaneous**

- A. This agreement and the Loan Documents 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 Jefferson County, Texas.
- B. This agreement may not be changed, terminated, or modified orally or in any other manner, other than by an agreement in writing, signed by all parties.

- C. If Borrower no longer uses the Property for trucking business the Borrower agrees without the payment of any additional consideration and in consideration of repayment of any costs and expenses incurred by PAEDC, to deed the Property to PAEDC by special warranty deed for payment by Borrower to PAEDC in the amount of \$197,122.56.

THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN BORROWER AND LENDER AND MAY NOT BE CONTRADICTED BY EVIDENCE OR PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENT BETWEEN THE PARTIES.

DATED effective the day and year first above written.

BORROWER
KLV VENTURES, INC.

By: _____
_____, _____

LENDER
CITY OF PORT ARTHUR SECTION 4A
ECONOMIC DEVELOPMENT CORPORATION

By: _____

EXHIBIT A

LOT 1 (2.814 ACRES)

***DESCRIPTION OF A 2.814 ACRES TRACT OF LAND, BEING ALL OF TRACT 1 AND
A PORTION OF RESERVE "A" OF THAT CERTAIN REPLAT
RECORDED UNDER CLERK'S FILE NO. 2008040509
IN THE OFFICIAL PUBLIC RECORDS OF JEFFERSON COUNTY, TEXAS***

Being a 2.814 acre tract or parcel of land and being a part of that certain tract of land (called "7.268 acres") described in that certain instrument to the City of Port Arthur Section 4A Economic Development Corporation, recorded under Clerk's File No. 2008036689 in the Official Public Records of Jefferson County, Texas, and being all of Tract 1 and a portion of Reserve "A" of that certain Replat titled "Tract 1 together with Reserve "A", a 7.268 acre Replat of a portion of Lot 6, Block 7, Range "I", Port Arthur Land Company Subdivision, Volume 1, Page 22, in the Map Records of Jefferson County, Texas" as recorded under Clerk's File No. 2008040509 in the Official Public Records of Jefferson County, Texas, and being more particularly described by metes and bounds as follows:

FOR LOCATIVE PURPOSES COMMENCING at a 1/2" steel rod with cap marked "Soutex" found located in the southeasterly right-of-way line of State Highway No. 73 (right of way width varies) for the most northerly corner of the said "7.268 acre" tract, the most northerly corner of the said Reserve "A" and the most westerly corner of that certain tract of land (called "7.667 acres"), described in that certain instrument to Jefferson County Drainage District No. 7, recorded under Clerk's File No. 2008006941 in the Official Public Records of Jefferson County, Texas;

Thence South 46 deg. 29 min. 54 sec. West, along and with the said southeasterly right-of-way line of State Highway No. 73, the northwesterly line of the said "7.268 acre" tract and the most northerly northwest line of the said Reserve "A", a total distance of 60.90 feet, to a 1/2" steel rod with cap marked "Arceneaux & Gates" found for the most northerly corner of the said Tract 1 and the most northerly corner and **POINT OF BEGINNING** of the herein described tract of land;

Thence South 53 deg. 22 min. 19 sec. East, along and with the northeasterly line of the said Tract 1, a total distance of 206.53 feet, to an "X" found scribed in concrete sidewalk for an angle point corner of the said Tract 1 and an angle point corner of the herein described tract of land;

Thence South 08 deg. 22 min. 19 sec. East, along and with the most easterly line of the said Tract 1, a total distance of 14.14 feet, to an "X" found scribed in concrete sidewalk for an angle point corner of the said Tract 1 and an angle point corner of the herein described tract of land;

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THENCE along and with the said curve to the right, having a radius of 15.00 feet, an arc length of 13.09 feet, a central angle of 49 deg. 59 min. 41 sec., a chord length of 12.68 feet and a chord bearing of South 61 deg. 37 min. 32 sec. West, to a 1/2" steel rod with cap marked "Arceneaux & Gates" found for the Point of Reverse Curvature of the said curve to the right with a curve to the left;

THENCE along and with the said curve to the left, having a radius of 55.00 feet, an arc length of 133.92 feet, a central angle of 139 deg. 30 min. 31 sec., a chord length of 103.20 feet and a chord bearing of South 16 deg. 20 min. 07 sec. West, to an "X" found scribed in concrete walk for an easterly corner of the herein described tract of land;

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Thence North 52 deg. 53 min. 09 sec. West along and with the said northeasterly line of the "3.009 acres" tract, the southwesterly line of the said "7.268 acres" tract and the southwesterly line of the said Reserve "A", a total distance of 326.57 feet, to a 1/2" pinch pipe in concrete found in the hereinbefore said southeasterly right-of-way line of State Highway No. 73, for the most westerly corner of the said "7.268 acres" tract, the most westerly corner of the Reserve "A" and the most westerly corner of the herein described tract of land;

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EXHIBIT B

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

NOTE

March __, 2018

_____, _____, Texas _____ (the "Property").

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received (the "Loan"), I, **Fred Vernon on behalf of KLV Ventures, Inc.** ("Borrower"), promise to pay U.S. \$197,122.56 (this amount is called "principal"), plus interest, to the order of the **City of Port Arthur Section 4A Economic Development Corporation** (the "Lender"). The Lender is an economic development corporation organized and existing under the laws of the State of Texas. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder." The Loan is being made in order to assist me in purchasing the Property.

2. INTEREST

Interest will be charged on unpaid principal until the full amount of principal has been paid. I will pay interest at a yearly rate of 4%. The interest rate required by this Section 2 is the rate I will pay except after any default described in Section 6(B) of this Note. Upon an event of Default, Borrower agrees to pay interest at a yearly rate of 10% per annum.

3. PAYMENTS:

(A) Lender has provided the hereinabove described loan pursuant to Borrower. Borrower shall repay the loan over a nine (9) year period in monthly installments in the amount of \$2,176.42 starting on April 1, 2018, see attached Amortization Schedule.

(B) The loan is securitized by a Deed of Trust executed and effective contemporaneously with the execution of this Note.

(C) **Defaults**

Borrower agrees that if: (i) the Property is no longer used for the trucking business ("Default"), then Borrower, at Lender's option, is required to repay the principal.

In the event of Defaults, the loan to be repaid shall be the difference between the principal shown hereinabove and any forgiven portion of the principal.

4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of principal at any time before they are due. A payment of principal only is known as a "prepayment." When I make a prepayment, I will tell the Note Holder in writing that I am doing so.

I may make a full prepayment or partial prepayments without paying any prepayment charge. The Note Holder will use all of my prepayments to reduce the amount of principal that I owe under this Note. If I make a partial prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

I have the right to prepay the principal amount of this Note, together with any accrued interest, without any prepayment charge provided that such prepayment is in full and not in part.

5. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the principal I owe under this Note or by making a direct payment to me. If a refund reduces principal, the reduction will be treated as a partial prepayment.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Default

Defaults shall be as provided in Section 3(C) above.

(B) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is delivered or mailed to me.

(C) No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the note Holder will still have the right to do so if I am in default at a later time.

(D) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

7. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at 501 Procter Street, Suite 100, Port Arthur, Texas 77640 or at a different address if I am given a notice of that different address.

8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

9. WAIVERS

I and any other person who has obligations under this Note waive the rights of presentment and notice of dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

10. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Subordinate Mortgage, Deed of Trust or Security Deed (the "Subordinate Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make

Trustee: Guy N. Goodson

Trustee's Mailing Address: P.O. Box 4915
Beaumont, Texas 77704
(Jefferson County)

Beneficiary: City of Port Arthur
Section 4A Economic Development Corporation

Beneficiary's Mailing Address (including county): 501 Procter Street
Port Arthur, Texas 77740
(Jefferson County)

Note

Date: April 1, 2018

Amount: \$197,122.56

Maker: KLV Ventures, Inc.

Payee: City of Port Arthur
Section 4A Economic Development Corporation

Final Maturity Date: March 1, 2027

Property:

The Property covered by this Instrument includes the Land and the following items, whether now owned or hereafter acquired, all of which, including replacements and additions thereto, shall be deemed to be and remain part of the Property covered by this Instrument, and all rights, hereditaments and appurtenances pertaining thereto, all of which are referred to as the "Property" as described in Exhibit A.

- (a) Any and all buildings, improvements, and tenements now or hereafter attached to or placed, erected, constructed, or developed on the Land;
- (b) all fixtures, now or hereafter attached to Land or Improvements, that are necessary or useful for the complete and comfortable use and occupancy of the Land and Improvements;
- (c) all water and water rights, timber, crops, and mineral interest pertaining to the Land;
- (d) all building materials and fixtures now or hereafter delivered to and intended to be installed in or on the Land or the Improvements;
- (e) all plans and specifications for the Improvements;
- (f) all Grantor's rights (but not Grantor's obligations) under any contracts tied to the Land or the Improvements that cannot be transferred elsewhere for Grantor's use;
- (g) all Grantor's rights (but not Grantor's obligations) under any documents, contract rights, accounts, commitments, construction contracts (and all payment and performance bonds, statutory or otherwise, issued by any surety in connection with any such construction contracts, and the proceeds of such bonds), architectural contracts and

- engineering contracts arising from or by virtue of any transactions tied to the Land or the Improvements that cannot be transferred elsewhere for Grantor's use;
- (h) all permits, licenses, franchises, certificates, and other rights and privileges now owned or held or hereafter obtained in connection with the Land and the Improvements;
 - (i) all development rights, utility commitments, water and wastewater taps, capital improvement project contracts, utility construction agreements with any governmental authority, including municipal utility districts, or with any utility companies (and all refunds and reimbursements thereunder) tied to the Land or the Improvements;
 - (j) all proceeds, to the extent necessary to satisfy amounts owed to Beneficiary, arising from or by virtue of the sale, lease or other disposition of the Land or the Improvements;
 - (k) all proceeds (including premium refunds), to the extent necessary to satisfy amounts owed to Beneficiary, of each policy of insurance relating to the Land and the Improvements;
 - (l) all proceeds, to the extent necessary to satisfy amounts owed to Beneficiary, from the taking of any of the Land or the Improvements or any rights appurtenant thereto by right of eminent domain or by private or other purchase in lieu thereof, including change of grade of streets, curb cuts or other rights of access, for any public or quasi-public use under any law;
 - (m) all right, title, and interest of Grantor in and to all streets, roads, public places, easements, and rights-of-way, existing or proposed, public or private, adjacent to or used in connection with, belonging or pertaining to the Land;
 - (n) all of the Leases, rents, royalties, bonuses, issues, profits, revenues, or other benefits of the Land or the Improvements, including without limitation cash or securities deposited pursuant to leases to secure performance by the tenants of their obligations thereunder (subject to the Assignment of Rents made in Article V below); and
 - (o) other interest of every kind and character that Grantor now has or at any time hereafter acquires in and to the Land and the Improvements, including rights of ingress and egress and all reversionary rights or interests of Grantor with respect to such property and all of Grantor's rights (but not Grantor's obligations) under any covenants, conditions, and restrictions for the Land, as the same may be amended from time to time, including Grantor's rights, title, and interests thereunder as declarant or developer, if applicable.

Prior Lien(s) (including recording information): None.

Other Exceptions to Conveyance and Warranty:

This conveyance is made expressly SUBJECT TO any and all restrictions, covenants, conditions, easements, right-of-ways, and mineral and/or royalty reservations of record, if any, affecting this Property.

For value received and to secure payment of the Note, Grantor conveys the property to Trustee in trust. Grantor warrants and agrees to defend the title to the property. If Grantor performs all the covenants and pays the notes according to their terms, this deed of trust shall have no further effect, and Beneficiary shall immediately release it at Grantor's expense.

Grantor's Obligations

Grantor agrees to:

1. keep the property in good repair and condition;
2. pay all taxes and assessments on the property when due and, by January 31 of the year immediately following, furnishing Beneficiary copies of tax receipts showing that all such taxes and assessments have been paid;
3. preserve the lien's priority as it is established in this deed of trust;
4. maintain, in a form acceptable to Beneficiary, an insurance policy that
 - a. covers all improvements for their full insurable value as determined when the policy is issued and renewed, unless Beneficiary approves a smaller amount in writing;
 - b. contains an 80% coinsurance clause;
 - c. provides fire and extended coverage, including windstorm coverage;
 - d. protects Beneficiary with a standard mortgage clause;
 - e. provides flood insurance at any time the property is in a flood hazard area; and
 - f. contains such other coverage as Beneficiary may reasonably require;
5. comply at all times with the requirements of the 80% coinsurance clause;
6. deliver the insurance policy to Beneficiary and deliver renewals to Beneficiary within twenty days before expiration;
7. keep any buildings occupied as required by the insurance policy; and
8. if this is not a first lien, pay all lien notes that Grantor is personally liable to pay and abide by all prior lien instruments.

Beneficiary's Rights

1. Beneficiary may appoint in writing a substitute or successor trustee, succeeding to all rights and responsibilities of Trustee;
2. If the proceeds of the Note are used to pay any debt secured by prior liens, Beneficiary is subrogated to all of the rights and liens of the holders of any debt so paid;
3. Beneficiary shall apply any proceeds received under the insurance policy to repair or replace damaged or destroyed improvements covered by the policy, unless Grantor is in default of the Note or Deed of Trust in which case insurance proceeds may be applied to reduce Grantor's obligation under the Note or Deed of Trust;
4. If Grantor fails to perform any of Grantor's obligations, Beneficiary may perform those obligations and be reimbursed by Grantor on demand at the place where the Note is payable for any sums so paid, including attorney's fees, plus interest on those sums from the dates of payments at the rate stated in the note for matured, unpaid amounts. The sum to be reimbursed shall be secured by this deed of trust.
5. If Grantor defaults on the Note or fails to perform any of Grantor's obligations or if default occurs on a prior lien note or other instrument, and the default continues after Beneficiary gives Grantor notice of the default and the time within which it must be cured, as may be required by law or by written agreement, then Beneficiary may:

- a. Declare the unpaid principle balance and earned interest on the note immediately due;
- b. Request Trustee to foreclose this lien, in which case Beneficiary or Beneficiary's agent shall give notice of the foreclosure sale, as provided by the Texas Property Code as then amended; and
- c. Purchase the property at any foreclosure sale by offering the highest bid and such purchase shall fully and completely satisfy the Note.

Trustee's Duties

If requested by Beneficiary to foreclose this lien, Trustee shall:

1. Either personally or by agent give notice of the foreclosure sale as required by the Texas Property Code as then amended;
2. Sell and convey all or part of the property to the highest bidder for cash with a general warranty binding Grantor subject to prior liens and other exceptions to conveyance and warranty; and
3. From the proceeds of the sale, pay in this order:
 - a. Expenses of foreclosure;
 - b. To Beneficiary, the full amount of principle, interest, attorney's fees, and other charges due and unpaid;
 - c. Any amount required by law to be paid before payment to Grantor; and
 - d. To Grantor, any balance.

General Provisions

1. If any of the property is reconveyed under this deed of trust, Grantor shall immediately surrender possession to the Beneficiary. If Grantor fails to do so, Grantor shall become a tenant at sufferance of the Beneficiary, subject to an action for forcible detainer.
2. Recitals in any Trustee's deed conveying the property will be presumed to be true.
3. Proceeding under this deed of trust, filing suit or pursuing any other remedy will not constitute an election of remedies.
4. This lien shall remain superior to liens later created even if the time of payment of all or part of the note is extended or part of the property is released.
5. If any portion of the Note cannot be lawfully secured by this deed of trust, payments shall be applied first to discharge that portion.
6. Grantor assigns to Beneficiary all sums payable to or received by Grantor from condemnation of all or part of the property, from private sale in lieu of condemnation, and from damages caused by public works or construction on or near the property. After deducting any expenses incurred, including attorney's fees, Beneficiary may release any remaining sums to Grantor or apply such sums to reduce the note. Beneficiary shall not be liable for failure to collect or to exercise diligence in collecting any such sums.
7. Grantor assigns to Beneficiary absolutely, not only as collateral, all present and future rent and other income and receipts from the property. Leases are not assigned. Grantor warrants the validity and enforceability of the assignment.

8. Interest on the debt secured by this deed of trust shall not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law; any interest in excess of that maximum amount shall be credited on the principal of the debt or, if that has been paid, refunded. On any acceleration or required or permitted prepayment, any such excess shall be canceled automatically as of the acceleration or prepayment or, if already paid, credited on the principal of the debt or, if the principal of the debt has been paid, refunded. This provision overrides other provisions in this and all other instruments concerning the debt.
9. When the context requires, singular nouns and pronouns include the plural.
10. The term Note includes all sums secured by this deed of trust.
11. This deed of trust shall bind, inure to the benefit of, and be exercised by successors in interest of all parties.
12. If Grantor and Maker are not the same person, the term Grantor shall include Maker.
13. If all or any part of the Property is sold, conveyed, leased for a period longer than one (1) year, leased with the option to purchase, or otherwise sold (including contract for deed), without the prior written consent of Beneficiary, then Beneficiary may at its option declare the outstanding balance of the Note(s), plus accrued interest to be immediately due and payable. The creation of a subordinate lien, any sale thereunder, any deed under threat or order of condemnation, any conveyance solely between Makers, the passage of title by reason of the death of a Maker or by operation of law shall not be construed as a sale or conveyance of the Property.

SIGNED AND AGREED TO on the ____ day of _____, 2018.

GRANTOR:

KLV Ventures, Inc.

THE STATE OF TEXAS
COUNTY OF JEFFERSON

§
§
§
§

ACKNOWLEDGEMENT

BEFORE ME, THE UNDERSIGNED Notary Public, on this day personally appeared _____, on behalf of **KLV Ventures, Inc.**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the

same as the act and deed, for the purposes and consideration therein expressed, and the Capacities therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the ____ day of _____, 2018.

Notary Public, State of Texas

AFTER RECORDING RETURN TO:

Floyd Batiste
City of Port Arthur
Section 4A Economic Development Corporation
501 Procter
Port Arthur, Texas 77740

EXHIBIT A

LOT 1 (2.814 ACRES)

***DESCRIPTION OF A 2.814 ACRES TRACT OF LAND, BEING ALL OF TRACT 1 AND
A PORTION OF RESERVE "A" OF THAT CERTAIN REPLAT
RECORDED UNDER CLERK'S FILE NO. 2008040509
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I may make a full prepayment or partial prepayments without paying any prepayment charge. The Note Holder will use all of my prepayments to reduce the amount of principal that I owe under this Note. If I make a partial prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

I have the right to prepay the principal amount of this Note, together with any accrued interest, without any prepayment charge provided that such prepayment is in full and not in part.

5. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the principal I owe under this Note or by making a direct payment to me. If a refund reduces principal, the reduction will be treated as a partial prepayment.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Default

Defaults shall be as provided in Section 3(C) above.

(B) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is delivered or mailed to me.

(C) No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the note Holder will still have the right to do so if I am in default at a later time.

(D) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

7. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at 501 Procter Street, Suite 100, Port Arthur, Texas 77640 or at a different address if I am given a notice of that different address.

8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

9. WAIVERS

I and any other person who has obligations under this Note waive the rights of presentment and notice of dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

10. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Subordinate Mortgage, Deed of Trust or Security Deed (the "Subordinate Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. The Subordinate Security Instrument is and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the First Deed of Trust. The Subordinate Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

Transfer of the Property or a Beneficial Interest in Borrower. Except for a conveyance to the Trustee under the First Deed of Trust, if all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent (including a transfer of all or any part of the Property to any person who, at initial occupancy of the Property, does not use the Property for affordable housing as defined by the Lender in the, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower and the Senior Lien Holder prior written notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

BORROWER:

Fred Vernon on behalf of KLV Ventures, Inc.

DEED OF TRUST

Date: [REDACTED], 2018

Grantor: KLV Ventures, Inc.

Grantors' Mailing Address
(including county): [REDACTED]
(Jefferson County)

Trustee: Guy N. Goodson

Trustee's Mailing Address: P.O. Box 4915
Beaumont, Texas 77704
(Jefferson County)

Beneficiary: City of Port Arthur
Section 4A Economic Development Corporation

Beneficiary's Mailing Address
(including county): 501 Procter Street
Port Arthur, Texas 77740
(Jefferson County)

Note

Date: April 1, 2018

Amount: \$197,122.56

Maker: KLV Ventures, Inc.

Payee: City of Port Arthur
Section 4A Economic Development Corporation

Final Maturity Date: March 1, 2027

Property:

The Property covered by this Instrument includes the Land and the following items, whether now owned or hereafter acquired, all of which, including replacements and additions thereto, shall be deemed to be and remain part of the Property covered by this Instrument, and all rights, hereditaments and appurtenances pertaining thereto, all of which are referred to as the "Property" as described in Exhibit A.

- (a) Any and all buildings, improvements, and tenements now or hereafter attached to or placed, erected, constructed, or developed on the Land;
- (b) all fixtures, now or hereafter attached to Land or Improvements, that are necessary or useful for the complete and comfortable use and occupancy of the Land and Improvements;
- (c) all water and water rights, timber, crops, and mineral interest pertaining to the Land;

- (d) all building materials and fixtures now or hereafter delivered to and intended to be installed in or on the Land or the Improvements;
- (e) all plans and specifications for the Improvements;
- (f) all Grantor's rights (but not Grantor's obligations) under any contracts tied to the Land or the Improvements that cannot be transferred elsewhere for Grantor's use;
- (g) all Grantor's rights (but not Grantor's obligations) under any documents, contract rights, accounts, commitments, construction contracts (and all payment and performance bonds, statutory or otherwise, issued by any surety in connection with any such construction contracts, and the proceeds of such bonds), architectural contracts and engineering contracts arising from or by virtue of any transactions tied to the Land or the Improvements that cannot be transferred elsewhere for Grantor's use;
- (h) all permits, licenses, franchises, certificates, and other rights and privileges now owned or held or hereafter obtained in connection with the Land and the Improvements;
- (i) all development rights, utility commitments, water and wastewater taps, capital improvement project contracts, utility construction agreements with any governmental authority, including municipal utility districts, or with any utility companies (and all refunds and reimbursements thereunder) tied to the Land or the Improvements;
- (j) all proceeds, to the extent necessary to satisfy amounts owed to Beneficiary, arising from or by virtue of the sale, lease or other disposition of the Land or the Improvements;
- (k) all proceeds (including premium refunds), to the extent necessary to satisfy amounts owed to Beneficiary, of each policy of insurance relating to the Land and the Improvements;
- (l) all proceeds, to the extent necessary to satisfy amounts owed to Beneficiary, from the taking of any of the Land or the Improvements or any rights appurtenant thereto by right of eminent domain or by private or other purchase in lieu thereof, including change of grade of streets, curb cuts or other rights of access, for any public or quasi-public use under any law;
- (m) all right, title, and interest of Grantor in and to all streets, roads, public places, easements, and rights-of-way, existing or proposed, public or private, adjacent to or used in connection with, belonging or pertaining to the Land;
- (n) all of the Leases, rents, royalties, bonuses, issues, profits, revenues, or other benefits of the Land or the Improvements, including without limitation cash or securities deposited pursuant to leases to secure performance by the tenants of their obligations thereunder (subject to the Assignment of Rents made in Article V below); and
- (o) other interest of every kind and character that Grantor now has or at any time hereafter acquires in and to the Land and the Improvements, including rights of ingress and egress and all reversionary rights or interests of Grantor with respect to such property and all of Grantor's rights (but not Grantor's obligations) under any covenants, conditions, and restrictions for the Land, as the same may be amended from time to time, including Grantor's rights, title, and interests thereunder as declarant or developer, if applicable.

Prior Lien(s) (including recording information): None.

Other Exceptions to Conveyance and Warranty:

This conveyance is made expressly SUBJECT TO any and all restrictions, covenants, conditions, easements, right-of-ways, and mineral and/or royalty reservations of record, if any, affecting this Property.

For value received and to secure payment of the Note, Grantor conveys the property to Trustee in trust. Grantor warrants and agrees to defend the title to the property. If Grantor performs all the covenants and pays the notes according to their terms, this deed of trust shall have no further effect, and Beneficiary shall immediately release it at Grantor's expense.

Grantor's Obligations

Grantor agrees to:

1. keep the property in good repair and condition;
2. pay all taxes and assessments on the property when due and, by January 31 of the year immediately following, furnishing Beneficiary copies of tax receipts showing that all such taxes and assessments have been paid;
3. preserve the lien's priority as it is established in this deed of trust;
4. maintain, in a form acceptable to Beneficiary, an insurance policy that
 - a. covers all improvements for their full insurable value as determined when the policy is issued and renewed, unless Beneficiary approves a smaller amount in writing;
 - b. contains an 80% coinsurance clause;
 - c. provides fire and extended coverage, including windstorm coverage;
 - d. protects Beneficiary with a standard mortgage clause;
 - e. provides flood insurance at any time the property is in a flood hazard area; and
 - f. contains such other coverage as Beneficiary may reasonably require;
5. comply at all times with the requirements of the 80% coinsurance clause;
6. deliver the insurance policy to Beneficiary and deliver renewals to Beneficiary within twenty days before expiration;
7. keep any buildings occupied as required by the insurance policy; and
8. if this is not a first lien, pay all lien notes that Grantor is personally liable to pay and abide by all prior lien instruments.

Beneficiary's Rights

1. Beneficiary may appoint in writing a substitute or successor trustee, succeeding to all rights and responsibilities of Trustee;
2. If the proceeds of the Note are used to pay any debt secured by prior liens, Beneficiary is subrogated to all of the rights and liens of the holders of any debt so paid;
3. Beneficiary shall apply any proceeds received under the insurance policy to repair or replace damaged or destroyed improvements covered by the policy, unless Grantor is in default of the Note or Deed of Trust in which case insurance proceeds may be applied to reduce Grantor's obligation under the Note or Deed of Trust;
4. If Grantor fails to perform any of Grantor's obligations, Beneficiary may perform those obligations and be reimbursed by Grantor on demand at the place where the Note is payable for any sums so paid, including attorney's fees, plus interest on

- those sums from the dates of payments at the rate stated in the note for matured, unpaid amounts. The sum to be reimbursed shall be secured by this deed of trust.
5. If Grantor defaults on the Note or fails to perform any of Grantor's obligations or if default occurs on a prior lien note or other instrument, and the default continues after Beneficiary gives Grantor notice of the default and the time within which it must be cured, as may be required by law or by written agreement, then Beneficiary may:
- a. Declare the unpaid principle balance and earned interest on the note immediately due;
 - b. Request Trustee to foreclose this lien, in which case Beneficiary or Beneficiary's agent shall give notice of the foreclosure sale, as provided by the Texas Property Code as then amended; and
 - c. Purchase the property at any foreclosure sale by offering the highest bid and such purchase shall fully and completely satisfy the Note.

Trustee's Duties

If requested by Beneficiary to foreclose this lien, Trustee shall:

1. Either personally or by agent give notice of the foreclosure sale as required by the Texas Property Code as then amended;
2. Sell and convey all or part of the property to the highest bidder for cash with a general warranty binding Grantor subject to prior liens and other exceptions to conveyance and warranty; and
3. From the proceeds of the sale, pay in this order:
 - a. Expenses of foreclosure;
 - b. To Beneficiary, the full amount of principle, interest, attorney's fees, and other charges due and unpaid;
 - c. Any amount required by law to be paid before payment to Grantor; and
 - d. To Grantor, any balance.

General Provisions

1. If any of the property is reconveyed under this deed of trust, Grantor shall immediately surrender possession to the Beneficiary. If Grantor fails to do so, Grantor shall become a tenant at sufferance of the Beneficiary, subject to an action for forcible detainer.
2. Recitals in any Trustee's deed conveying the property will be presumed to be true.
3. Proceeding under this deed of trust, filing suit or pursuing any other remedy will not constitute an election of remedies.
4. This lien shall remain superior to liens later created even if the time of payment of all or part of the note is extended or part of the property is released.
5. If any portion of the Note cannot be lawfully secured by this deed of trust, payments shall be applied first to discharge that portion.
6. Grantor assigns to Beneficiary all sums payable to or received by Grantor from condemnation of all or part of the property, from private sale in lieu of condemnation, and from damages caused by public works or construction on or near the property. After deducting any expenses incurred, including attorney's fees, Beneficiary may release any remaining sums to Grantor or apply such sums to

reduce the note Beneficiary shall not be liable for failure to collect or to exercise diligence in collecting any such sums.

7. Grantor assigns to Beneficiary absolutely, not only as collateral, all present and future rent and other income and receipts from the property. Leases are not assigned. Grantor warrants the validity and enforceability of the assignment.
8. Interest on the debt secured by this deed of trust shall not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law; any interest in excess of that maximum amount shall be credited on the principal of the debt or, if that has been paid, refunded. On any acceleration or required or permitted prepayment, any such excess shall be canceled automatically as of the acceleration or prepayment or, if already paid, credited on the principal of the debt or, if the principal of the debt has been paid, refunded. This provision overrides other provisions in this and all other instruments concerning the debt.
9. When the context requires, singular nouns and pronouns include the plural.
10. The term Note includes all sums secured by this deed of trust.
11. This deed of trust shall bind, inure to the benefit of, and be exercised by successors in interest of all parties.
12. If Grantor and Maker are not the same person, the term Grantor shall include Maker.
13. If all or any part of the Property is sold, conveyed, leased for a period longer than one (1) year, leased with the option to purchase, or otherwise sold (including contract for deed), without the prior written consent of Beneficiary, then Beneficiary may at its option declare the outstanding balance of the Note(s), plus accrued interest to be immediately due and payable. The creation of a subordinate lien, any sale thereunder, any deed under threat or order of condemnation, any conveyance solely between Makers, the passage of title by reason of the death of a Maker or by operation of law shall not be construed as a sale or conveyance of the Property.

SIGNED AND AGREED TO on the ____ day of _____, 2018.

GRANTOR:

KLV Ventures, Inc.

THE STATE OF TEXAS
COUNTY OF JEFFERSON

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ACKNOWLEDGEMENT

BEFORE ME, THE UNDERSIGNED Notary Public, on this day personally appeared _____, on behalf of **KLV Ventures, Inc.**, known to me to be the person

whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same as the act and deed, for the purposes and consideration therein expressed, and the Capacities therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the ____ day of _____, 2018.

Notary Public, State of Texas

AFTER RECORDING RETURN TO:

Floyd Batiste
City of Port Arthur
Section 4A Economic Development Corporation
501 Procter
Port Arthur, Texas 77740

EXHIBIT A

LOT 1 (2.814 ACRES)

***DESCRIPTION OF A 2.814 ACRES TRACT OF LAND, BEING ALL OF TRACT 1 AND
A PORTION OF RESERVE "A" OF THAT CERTAIN REPLAT
RECORDED UNDER CLERK'S FILE NO. 2008040509
IN THE OFFICIAL PUBLIC RECORDS OF JEFFERSON COUNTY, TEXAS***

Being a 2.814 acre tract or parcel of land and being a part of that certain tract of land (called "7.268 acres") described in that certain instrument to the City of Port Arthur Section 4A Economic Development Corporation, recorded under Clerk's File No. 2008036689 in the Official Public Records of Jefferson County, Texas, and being all of Tract 1 and a portion of Reserve "A" of that certain Replat titled "Tract 1 together with Reserve "A", a 7.268 acre Replat of a portion of Lot 6, Block 7, Range "I", Port Arthur Land Company Subdivision, Volume 1, Page 22, in the Map Records of Jefferson County, Texas" as recorded under Clerk's File No. 2008040509 in the Official

Public Records of Jefferson County, Texas, and being more particularly described by metes and bounds as follows:

FOR LOCATIVE PURPOSES COMMENCING at a 1/2" steel rod with cap marked "Soutex" found located in the southeasterly right-of-way line of State Highway No. 73 (right of way width varies) for the most northerly corner of the said "7.268 acre" tract, the most northerly corner of the said Reserve "A" and the most westerly corner of that certain tract of land (called "7.667 acres"), described in that certain instrument to Jefferson County Drainage District No. 7, recorded under Clerk's File No. 2008006941 in the Official Public Records of Jefferson County, Texas;

Thence South 46 deg. 29 min. 54 sec. West, along and with the said southeasterly right-of-way line of State Highway No. 73, the northwesterly line of the said "7.268 acre" tract and the most northerly northwest line of the said Reserve "A", a total distance of 60.90 feet, to a 1/2" steel rod with cap marked "Arceneaux & Gates" found for the most northerly corner of the said Tract 1 and the most northerly corner and **POINT OF BEGINNING** of the herein described tract of land;

Thence South 53 deg. 22 min. 19 sec. East, along and with the northeasterly line of the said Tract 1, a total distance of 206.53 feet, to an "X" found scribed in concrete sidewalk for an angle point corner of the said Tract 1 and an angle point corner of the herein described tract of land;

Thence South 08 deg. 22 min. 19 sec. East, along and with the most easterly line of the said Tract 1, a total distance of 14.14 feet, to an "X" found scribed in concrete sidewalk for an angle point corner of the said Tract 1 and an angle point corner of the herein described tract of land;

THENCE South 36 deg. 37 min. 41 sec. West, along and with the southeasterly line of the said Tract 1 and a southwesterly extension of the said southeasterly line of Tract 1, a total distance of 237.40 feet, to a 1/2" steel rod with cap marked "Arceneaux & Gates" found for the Point of Curvature of a curve to the right;

THENCE along and with the said curve to the right, having a radius of 15.00 feet, an arc length of 13.09 feet, a central angle of 49 deg. 59 min. 41 sec., a chord length of 12.68 feet and a chord bearing of South 61 deg. 37 min. 32 sec. West, to a 1/2" steel rod with cap marked "Arceneaux & Gates" found for the Point of Reverse Curvature of the said curve to the right with a curve to the left;

THENCE along and with the said curve to the left, having a radius of 55.00 feet, an arc length of 133.92 feet, a central angle of 139 deg. 30 min. 31 sec., a chord length of 103.20 feet and a chord bearing of South 16 deg. 20 min. 07 sec. West, to an "X" found scribed in concrete walk for an easterly corner of the herein described tract of land;

THENCE South 37 deg. 06 min. 51 sec. West, a total distance of 114.99 feet, to a 1/2" steel rod with cap marked "Arceneaux & Gates" found in the northeasterly line of that certain tract of land (called "3.009 acres") described in that certain instrument to C.G.B.M. Global, LLC, recorded under Clerk's File No. 2012042327 in the Official Public Records of Jefferson County, Texas, southwesterly line of the hereinbefore said "7.268 acres" tract and southwesterly line of the hereinbefore said Reserve "A" for the most southerly corner of the herein described tract of land;

Thence North 52 deg. 53 min. 09 sec. West along and with the said northeasterly line of the "3.009 acres" tract, the southwesterly line of the said "7.268 acres" tract and the southwesterly line of the said Reserve "A", a total distance of 326.57 feet, to a 1/2" pinch pipe in concrete found in the hereinbefore said southeasterly right-of-way line of State Highway No. 73, for the most westerly corner of the said "7.268 acres" tract, the most westerly corner of the Reserve "A" and the most westerly corner of the herein described tract of land;

Thence North 46 deg. 29 min. 54 sec. East, along and with the said southeasterly right-of-way line of State Highway No. 73, the northwesterly line of the said "7.268 acre" tract, the most westerly northwest line of the said Reserve "A" and the northwesterly line of the hereinbefore said Tract 1, a total distance of 475.27 feet, and returning back to the **POINT OF BEGINNING** and containing in area 2.814 acres of land, more or less.

SPECIAL WARRANTY DEED

STATE OF TEXAS

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COUNTY OF JEFFERSON

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The City of Port Arthur Section 4A Economic Development Corporation, a Texas not-for-profit economic development corporation ("Grantor") in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration, to Grantor in hand paid by **KLV Ventures, Inc.**, a Texas corporation ("Grantee") the receipt of which is hereby acknowledged, has GRANTED, SOLD and CONVEYED, to Grantee, all that certain property situated in the County of Jefferson, State of Texas, described as in Exhibit A attached hereto and incorporated herein (the "Property").

Grantor hereby reserves unto itself, its successors and assigns, any and all of the oil and gas and their constituents, sulfur, coal, lignite, uranium, and other fissionable material, geothermal energy, base and precious metals, rock, stone, gravel, and any other mineral substances presently in or under the premises described in Exhibit A. The within reservation of the aforesaid materials and minerals pertains to the exclusive right to execute any and all oil and gas leases and any other mineral leases or other contractual arrangements whereby the right of exploring, mining, removing and marketing of the hereinabove reserved minerals could be transferred by Grantor to third parties, and the within reservation also pertains to the exclusive right to receive any and all bonuses, royalties, shut-in and/or delayed marketing payments and any other types of rental or lease payments associated with any of the aforementioned leases or other contractual arrangements with third parties; together with the ownership of any future reversionary oil and gas and their constituents, and other mineral rights, in total, upon the expiration of any such lease or other contractual arrangement with third parties. The foregoing

reservation does not include a right to enter upon or use the surface of the premises described in Exhibit A.

Grantor hereby reserves unto itself the right to repurchase the tract if Grantee fails to develop the facilities (building) for user occupancy within the lesser of (i) eighteen months from the closing of the purchase of the tract or (ii) any development timetable(s) within any Incentive Agreement between PAEDC and Grantee. If construction has not been completed as specified in the preceding sentence, PAEDC shall have the option to repurchase the property from the purchaser (user) on the basis of the original purchase price per acre with the purchaser (user) to bear all costs incurred by PAEDC in its exercise of its rights of repurchase, including but not limited to, attorney fees, title and recording fees, closing costs and related expenses. This repurchase option may be exercised at any time subsequent to the failure of construction to start by the time period specified in this paragraph. Exercise of the option will be by formal action of the PAEDC Board. Delivery of written notice of exercise of this option shall be the cause of an immediate halt to development on the purchased tract(s) by the purchaser (user).

This conveyance is made subject to the following:

- (1) easements and rights-of-way appearing of record in the office of the County Clerk of Jefferson County, Texas;
- (2) all covenants, restrictions, and all conditions and exceptions, reservations and conveyances of minerals and/or royalties, oil and gas and/or mineral leases, affecting the above described property, of record in the Office of the County Clerk of Jefferson County, Texas, to the extent they are still in effect and relate to the above described property;
- (3) the treatment or storage of the following is prohibited:
 - *hazardous industrial waste*, as defined by 30 Texas Administrative Code ("TAC") §335.1(60) (in accordance with RCRA of 1976 and 40 Code of Federal Regulations ("CFR") Part 261);
 - *hazardous waste*, as defined by 30 TAC §335.1 (62) (in accordance with the federal Solid Waste Disposal Act, as amended by RCRA, 42 United States Code §§6901 et seq., as amended) and as determined by the procedures in 30 TAC §335.504;

- *hazardous waste constituent*, as defined by 30 TAC §335.1(63) (listed in 40 CFR Part 261, Subpart D or in Table 1 of 40 CFR §261.24); and
 - tanks, drums, or containers used for shipping or storing any material that has been listed as a hazardous constituent in 40 code of Federal Regulations (40 CFR), Part 261, Appendix VIII but has not been listed as a commercial chemical product in 40 CFR, §261.33(e) or (f);
- (4) taxes on the above described property for 2018 and subsequent years not yet due and payable; and
- (5) all zoning laws, regulations and ordinances of municipal and other governmental authorities, if any, but only to the extent that they are still in effect, relating to the above described property.

Grantor has executed and delivered this Special Warranty Deed and has granted, bargained, sold, and conveyed the Property to Grantee, and Grantee has received and accepted this Special Warranty Deed and has purchased, received, and, accepted the Property, ON AN AS-IS, WHERE IS BASIS, WITH ALL FAULTS AND WITHOUT ANY REPRESENTATIONS OR WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED, WRITTEN OR ORAL, IT BEING THE INTENTION OF GRANTOR AND GRANTEE TO EXPRESSLY REVOKE, RELEASE, NEGATE, AND EXCLUDE ALL REPRESENTATIONS AND WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES AS TO (i) THE CONDITION OF THE PROPERTY OR ANY ASPECT THEREOF, INCLUDING, WITHOUT LIMITATION, ANY AND ALL EXPRESS OR IMPLIED REPRESENTATIONS AND WARRANTIES RELATED TO SUITABILITY FOR HABITATION, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR USE OR PURPOSE; (ii) THE NATURE OR QUALITY OF CONSTRUCTION, STRUCTURAL DESIGN OR ENGINEERING OF ANY IMPROVEMENTS WHICH ARE PART OF THE PROPERTY OR WHICH SERVE THE PROPERTY (the "IMPROVEMENTS"); (iii) THE QUALITY OF THE LABOR OR MATERIAL INCLUDED IN THE IMPROVEMENTS; (iv) THE SOIL CONDITIONS, DRAINAGE, TOPOGRAPHICAL FEATURES OR OTHER CONDITIONS WHICH AFFECT THE PROPERTY; (v) THE AREA, SIZE, SHAPE, CONFIGURATION, LOCATION, CAPACITY, USE, DEVELOPMENT POTENTIAL, PURPOSE OR OTHER CHARACTERISTIC CONCERNING OR RELATING TO THE PROPERTY; (v) ANY FEATURES OR CONDITIONS AT OR WHICH AFFECT THE PROPERTY WITH RESPECT TO ANY PARTICULAR PURPOSE, USE, DEVELOPMENTAL POTENTIAL, CASH FLOW, OR OTHERWISE; (vi) ALL EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES CREATED BY ANY AFFIRMATION OF FACT OR PROMISE OR BY ANY DESCRIPTION OF THE PROPERTY; (vii) ANY ENVIRONMENTAL, GEOLOGICAL, METEOROLOGICAL, STRUCTURAL OR OTHER CONDITION OR HAZARD OR THE ABSENCE THEREOF HERETOFORE, NOW, OR HEREAFTER AFFECTING IN ANY MANNER ANY OF THE PROPERTY; AND (viii) ALL OTHER EXPRESS OR IMPLIED WARRANTIES AND REPRESENTATIONS BY GRANTOR WHATSOEVER, EXCEPT SOLELY THE SPECIAL WARRANTY OF TITLE EXPRESSLY SET FORTH IN THIS DEED CONVEYING THE PROPERTY TO GRANTEE.

TO HAVE AND TO HOLD, the said Property, together with all rights, hereditaments and appurtenances thereto belonging, unto Grantee, its successors, heirs, and assigns forever. And Grantor does hereby bind itself, its successors, heirs, executors, administrators, and personal representatives to WARRANT AND FOREVER DEFEND the title to said Property unto Grantee, its successors, heirs, and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through, or under Grantor, but not otherwise.

When Grantor or Grantee or both of them are more than one (1) person, or when Grantor or Grantee or both of them are a corporation, limited liability company, partnership, trustee, administrator, executor, or personal representative, this Deed shall read as though pertinent verbs, nouns, and pronouns are changed correspondingly, and pronouns of the masculine gender where used herein shall be construed to include persons of the female sex. When this Deed is executed by or to or by and to a corporation, limited liability company or partnership, references to "heirs, executors, administrators, and personal representatives" shall be appropriately disregarded, and when this Deed is executed by or to or by and to a natural person or persons, references to "successors" shall be appropriately disregarded.

Grantee has joined in this Deed to evidence Grantee's acceptance of this Deed.

EXECUTED this the ____ day of _____, 2018.

GRANTOR:

**The City of Port Arthur Section 4A Economic
Development Corporation**

By: _____
President

By: _____
Secretary

Accepted by **GRANTEE:**

KL V Ventures, Inc.

By:

By:

STATE OF TEXAS

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COUNTY OF JEFFERSON

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This instrument was acknowledged before me on the ____ day of _____, 2018, by _____, President of the **City of Port Arthur Section 4A Economic Development Corporation**, a Texas not-for-profit corporation, on behalf of such corporation.

Notary Public, State of Texas

STATE OF TEXAS

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COUNTY OF JEFFERSON

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This instrument was acknowledged before me on the ____ day of _____, 2018, by _____, Secretary of the **City of Port Arthur Section 4A Economic Development Corporation**, a Texas not-for-profit corporation, on behalf of such corporation.

Notary Public, State of Texas

STATE OF TEXAS §
 §
COUNTY OF _____ §

 This instrument was acknowledged before me on the ____ day of _____, 2018, by
_____ of KLV Ventures, Inc., on behalf of such corporation.

Notary Public, State of Texas

STATE OF TEXAS §
 §
COUNTY OF _____ §

 This instrument was acknowledged before me on the ____ day of _____, 2018, by
_____ of KLV Ventures, Inc., on behalf of such corporation.

Notary Public, State of Texas

GRANTEE'S MAILING ADDRESS:

KLV Ventures, Inc.

Exhibit A

LOT 1 (2.814 ACRES)

***DESCRIPTION OF A 2.814 ACRES TRACT OF LAND, BEING ALL OF TRACT 1 AND
A PORTION OF RESERVE "A" OF THAT CERTAIN REPLAT
RECORDED UNDER CLERK'S FILE NO. 2008040509
IN THE OFFICIAL PUBLIC RECORDS OF JEFFERSON COUNTY, TEXAS***

Being a 2.814 acre tract or parcel of land and being a part of that certain tract of land (called "7.268 acres") described in that certain instrument to the City of Port Arthur Section 4A Economic Development Corporation, recorded under Clerk's File No. 2008036689 in the Official Public Records of Jefferson County, Texas, and being all of Tract 1 and a portion of Reserve "A" of that certain Replat titled "Tract 1 together with Reserve "A", a 7.268 acre Replat of a portion of Lot 6, Block 7, Range "I", Port Arthur Land Company Subdivision, Volume 1, Page 22, in the Map Records of Jefferson County, Texas" as recorded under Clerk's File No. 2008040509 in the Official Public Records of Jefferson County, Texas, and being more particularly described by metes and bounds as follows:

FOR LOCATIVE PURPOSES COMMENCING at a 1/2" steel rod with cap marked "Soutex" found located in the southeasterly right-of-way line of State Highway No. 73 (right of way width varies) for the most northerly corner of the said "7.268 acre" tract, the most northerly corner of the said Reserve "A" and the most westerly corner of that certain tract of land (called "7.667 acres"), described in that certain instrument to Jefferson County Drainage District No. 7, recorded under Clerk's File No. 2008006941 in the Official Public Records of Jefferson County, Texas;

Thence South 46 deg. 29 min. 54 sec. West, along and with the said southeasterly right-of-way line of State Highway No. 73, the northwesterly line of the said "7.268 acre" tract and the most northerly northwest line of the said Reserve "A", a total distance of 60.90 feet, to a 1/2" steel rod with cap marked "Arceneaux & Gates" found for the most northerly corner of the said Tract 1 and the most northerly corner and POINT OF BEGINNING of the herein described tract of land;

Thence South 53 deg. 22 min. 19 sec. East, along and with the northeasterly line of the said Tract 1, a total distance of 206.53 feet, to an "X" found scribed in concrete sidewalk for an angle point corner of the said Tract 1 and an angle point corner of the herein described tract of land;

Thence South 08 deg. 22 min. 19 sec. East, along and with the most easterly line of the said Tract 1, a total distance of 14.14 feet, to an "X" found scribed in concrete sidewalk for an angle point corner of the said Tract 1 and an angle point corner of the herein described tract of land;

THENCE South 36 deg. 37 min. 41 sec. West, along and with the southeasterly line of the said Tract 1 and a southwesterly extension of the said southeasterly line of Tract 1, a total distance of 237.40 feet, to a 1/2" steel rod with cap marked "Arceneaux & Gates" found for the Point of Curvature of a curve to the right;

THENCE along and with the said curve to the right, having a radius of 15.00 feet, an arc length of 13.09 feet, a central angle of 49 deg. 59 min. 41 sec., a chord length of 12.68 feet and a chord bearing of South 61 deg. 37 min. 32 sec. West, to a 1/2" steel rod with cap marked "Arceneaux & Gates" found for the Point of Reverse Curvature of the said curve to the right with a curve to the left;

THENCE along and with the said curve to the left, having a radius of 55.00 feet, an arc length of 133.92 feet, a central angle of 139 deg. 30 min. 31 sec., a chord length of 103.20 feet and a chord bearing of South 16 deg. 20 min. 07 sec. West, to an "X" found scribed in concrete walk for an easterly corner of the herein described tract of land;

THENCE South 37 deg. 06 min. 51 sec. West, a total distance of 114.99 feet, to a 1/2" steel rod with cap marked "Arceneaux & Gates" found in the northeasterly line of that certain tract of land (called "3.009 acres") described in that certain instrument to C.G.B.M. Global, LLC, recorded under Clerk's File No. 2012042327 in the Official Public Records of Jefferson County, Texas, southwesterly line of the hereinbefore said "7.268 acres" tract and southwesterly line of the hereinbefore said Reserve "A" for the most southerly corner of the herein described tract of land;

Thence North 52 deg. 53 min. 09 sec. West along and with the said northeasterly line of the "3.009 acres" tract, the southwesterly line of the said "7.268 acres" tract and the southwesterly line of the said Reserve "A", a total distance of 326.57 feet, to a 1/2" pinch pipe in concrete found in the hereinbefore said southeasterly right-of-way line of State Highway No. 73, for the most westerly corner of the said "7.268 acres" tract, the most westerly corner of the Reserve "A" and the most westerly corner of the herein described tract of land;

Thence North 46 deg. 29 min. 54 sec. East, along and with the said southeasterly right-of-way line of State Highway No. 73, the northwesterly line of the said "7.268 acre" tract, the most westerly northwest line of the said Reserve "A" and the northwesterly line of the hereinbefore said Tract 1, a total distance of 475.27 feet, and returning back to the **POINT OF BEGINNING** and containing in area 2.814 acres of land, more or less.

EASEMENT FOR ROAD ACCESS

DATE: _____, 2018

GRANTOR: City of Port Arthur Section 4A Economic Development Corporation

GRANTOR'S MAILING ADDRESS: 501 Procter Street
Port Arthur, Texas 77640
(Jefferson County)

GRANTEE: KLV Ventures, Inc.

GRANTEE'S MAILING ADDRESS: _____

(Jefferson County)

EASEMENT PROPERTY:

Grantor owns that certain tract or parcel of land attached hereto as **Exhibit "A"** (the "Property") which includes an area being sixty feet (60') in width which is depicted on the map as **Exhibit "B"** attached hereto and incorporated herein for all purposes (the "Easement").

EASEMENT PURPOSE:

To provide road access within the Easement, over and across the Property giving pedestrian or vehicular access for Grantee and the general public for free and uninterrupted ingress to and egress along Martin Flood Drive within Jefferson County, Texas and to provide Grantee with areas necessary for roadways and related improvements, commonly known as Martin Flood Drive and Gabby Eldridge Drive (the "Roadways").

DURATION OF EASEMENT:

The duration of the Easement is fifty (50) years.

CONSIDERATION:

The sum of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Grantor, and the agreement by Grantee to undertake any and all maintenance of the Roadways and related improvements within the Easement.

RESERVATIONS FROM AND EXCEPTIONS TO EASEMENT RIGHTS:

Grantee takes subject to all encumbrances of record, and easements, rights-of-way and prescriptive rights, whether of record or not, that affect the Property.

GRANT OF EASEMENT:

Grantor, for the Consideration and subject to the Reservations from Exceptions to Easement Rights (described above), conveys to Grantee, its successors and assigns an easement over, on, and across the Property for the Easement Purpose together with all and singular the rights and appurtenances thereto in any way belonging (collectively, the "Easement"), to have and to hold the Easement to Grantee and its successors and assigns for the term of the Easement. Grantor binds Grantor and its successors and assigns to warrant and forever defend the title to the Easement in Grantee, its successors and assigns against every person whomsoever lawfully claiming or to claim the Easement or any part thereof, except as to the Reservations from Exceptions to Easement Rights to the extent that such claim arises by, through, or under Grantor but not otherwise.

Terms and Conditions: The following terms and conditions apply to the Easement granted by this Agreement:

1. ***Character of Easement.*** The Easement is irrevocable for the term of the Easement. The Easement is for the benefit of Grantee, its successors and assigns which at any time are using the Roadway.

2. ***Reservation of Rights.*** Grantor reserves for Grantor, its successors and assigns the right to continue to use and enjoy the surface of the Property and Easement for all purposes that do not interfere with or interrupt the use or enjoyment of the Easement by Grantee for the Easement purpose. Grantor reserves for Grantor, its successors and assigns the right to use all or part of the Easement in conjunction with Grantee and the right to convey to others the right to use all or part of the Easement in conjunction with Grantee, as long as such further conveyance is subject to the terms of this Agreement.

3. ***Improvements to Easement or Property.*** (a) Grantor may make uses and improvements within the Easement as necessary for use of its adjacent property including but not limited to the construction of driveways and ingress and egress improvements as necessary for the design, development, construction, use, operation and maintenance of Grantor facilities including emergency management and fire protection. Any cost associated with Grantor's use of the Easement shall be at its sole cost and expense. (b) In constructing any surface improvements on the Easement, including driveways or ingress and egress improvements, Grantor shall design and construct such improvements with drainage facilities, including but not limited to culverts, as necessary to maintain the current drainways in, on or along the Easement. (c) If Grantee wishes to improve the Easement or to make other improvements in and along the Property in furtherance of the rights and benefits conferred by this Agreement, Grantee shall do so at its sole cost and expense save and except if it provides prior notice to the Grantor, and Grantor agrees to share costs of improvements to the Easement or the Property. Upon any agreement to share costs proposed

for improvements to the Easement or the Property, Grantor and Grantee agree to negotiate in good faith to determine the proportionate share of any such cost of improving or maintaining the Easement and Property as necessary and beneficial to accomplish the Easement purpose. (d) Grantee shall not be entitled to construct any additional surface drainage improvements in, on or along the Easement, and Grantee agrees that should any additional drainage improvements be required for in, on or along the Easement, Grantee shall make all such drainage improvements underground with appropriately designed and constructed surface drainage inlets.

4. ***Equitable Rights of Enforcement.*** This Agreement may be enforced by restraining orders and injunctions (temporary or permanent) prohibiting interference and commanding compliance. Restraining orders and injunctions will be obtainable on proof of the existence of interference or threatened interference, without the necessity of proof of inadequacy of legal remedies or irreparable harm, and will be obtainable only by the parties to or those benefited by this agreement; provided, however, that the act of obtaining an injunction or restraining order will not be deemed to be an election of remedies or a waiver of any other rights or remedies available at law or in equity.

5. ***Attorney's Fees.*** If any party retains an attorney to enforce this Agreement, the party prevailing in litigation is entitled to recover reasonable attorney's fees and court and other costs.

6. ***Binding Effect.*** This Agreement binds and inures to the benefit of the parties and their respective successors and permitted assigns.

7. ***Choice of Law.*** This Agreement will be construed under the laws of the state of Texas, without regard to choice-of-law rules of any jurisdiction. Venue is in Jefferson County, Texas.

8. ***Counterparts.*** This Agreement may be executed in any number of counterparts with the same effect as if all signatory parties had signed the same document. All counterparts will be construed together and will constitute one and the same instrument.

9. ***Waiver of Default.*** It is not a waiver of or consent to default if the non-defaulting party fails to declare immediately a default or delays in taking any action. Pursuit of any remedies set forth in this agreement does not preclude pursuit of other remedies in this agreement or provided by law.

10. ***Further Assurances.*** Each signatory party agrees to execute and deliver any additional documents and instruments and to perform any additional acts necessary or appropriate to perform the terms, provisions, and conditions of this Agreement and all transactions contemplated by this agreement.

11. ***Indemnity.*** Each party agrees to indemnify, defend, and hold harmless the other party from any loss, attorney's fees, expenses, or claims attributable to breach or default of any provision of this Agreement by the indemnifying party.

12. **Integration.** This Agreement contains the complete agreement of the parties and cannot be varied except by written agreement of the parties. The parties agree that there are no oral agreements, representations, or warranties that are not expressly set forth herein.

13. **Legal Construction.** If any provision in this Agreement is for any reason unenforceable, to the extent the unenforceability does not destroy the basis of the bargain among the parties, the unenforceability will not affect any other provision hereof, and this Agreement will be construed as if the unenforceable provision had never been a part of the Agreement. Whenever context requires, the singular will include the plural and neuter include the masculine or feminine gender, and vice versa. Article and section headings in this Agreement are for reference only and are not intended to restrict or define the text of any section. This Agreement will not be construed more or less favorably between the parties by reason of authorship or origin of language.

14. **Notices.** Any notice required or permitted under this Agreement must be in writing. Any notice required by this Agreement will be deemed to be delivered (whether actually received or not) when deposited with the United States Postal Service, postage prepaid, certified mail, return receipt requested, and addressed to the intended recipient at the address shown in this Agreement. Notice may also be given by regular mail, personal delivery, courier delivery, facsimile transmission, or other commercially reasonable means and will be effective when actually received. Any address for notice may be changed by written notice delivered as provided herein.

15. **Recitals.** Any recitals in this agreement are represented by the parties to be accurate, and constitute a part of the substantive Agreement.

16. **Time.** Time is of the essence. Unless otherwise specified, all references to "days" mean calendar days. Business days exclude Saturdays, Sundays, and legal public holidays. If the date for performance of any obligation falls on a Saturday, Sunday, or legal public holiday, the date for performance will be the next following regular business day.

EXECUTED THIS _____ DAY OF _____, 2018.

GRANTOR:

**City of Port Arthur Section 4A Economic
Development Corporation**

By: _____
President

GRANTEE:

KLV Ventures, Inc.

By: _____
Its: _____

THE STATE OF TEXAS §
 §
COUNTY OF JEFFERSON §

This instrument was acknowledged before me on this the ____ day of _____, 2018, by Ingrid Holmes, President of the City of Port Arthur Section 4 A Economic Development Corporation, who acknowledged to me that the foregoing instrument was executed as the act and deed of the City of Port Arthur Section 4A Economic Development Corporation, for the purposes and consideration expressed therein, and in witness thereof, I hereunto set my hand and official seal.

Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF JEFFERSON §

This instrument was acknowledged before me on this the ____ day of _____, 2018, by Fred Vernon, KLV Ventures, Inc. its _____, who acknowledged to me that the foregoing instrument was executed as the act and deed of KLV Ventures, Inc., for the purposes and consideration expressed therein, and in witness thereof, I hereunto set my hand and official seal.

Notary Public, State of Texas

AFTER RECORDING, RETURN TO:

EXHIBIT A

LOT 1 (2.814 ACRES)

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A PORTION OF RESERVE "A" OF THAT CERTAIN REPLAT
RECORDED UNDER CLERK'S FILE NO. 2008040509
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EXHIBIT B

[INSERT MAP]

