

FORM 132.M
(Approving/Authorizing)

Controller's Office

To the Honorable Mayor and City Council of the City of Houston:

I hereby certify, with respect to the money required for the contract, agreement, obligation, or expenditure contemplated by the ordinance set out below that:

- () Funds have been encumbered out of funds previously appropriated for such purpose.
- () Funds have been certified and designated to be appropriated by separate ordinance to be approved prior to the approval of the ordinance set out below.
- () Funds will be available out of current or general revenue prior to the maturity of any such obligation.
- (X) No pecuniary obligation is to be incurred as a result of approving the ordinance set out below.
- () The money required for the expenditure or expenditures specified below is in the treasury, in the fund or funds specified below, and is not appropriated for any other purposes.
- () A certificate with respect to the money required for the expenditure or expenditures specified below is attached hereto and incorporated herein by this reference.
- () Other.

Ronald C. [Signature]
General Mgr

Date: 12-8, 2015. City Controller of the City of Houston, Texas

FUND REF: NA-5000 AMOUNT: 0- ENCUMB. NO.: RF50057-16

MA
Be

City of Houston, Texas, Ordinance No. 2015- 1246

AN ORDINANCE APPROVING AND AUTHORIZING A TAX ABATEMENT AGREEMENT BETWEEN THE CITY OF HOUSTON, TEXAS, AND HALLIBURTON ENERGY SERVICES, INC. FOR PROPERTY LOCATED WITHIN THE HALLIBURTON ENERGY SERVICES, INC. REINVESTMENT ZONE; CONTAINING FINDINGS AND OTHER PROVISIONS RELATED TO THE SUBJECT; AND DECLARING AN EMERGENCY.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. That the City Council hereby approves and authorizes the contract, agreement, or other undertaking ("Agreement") described in the title of this Ordinance, in substantially the form of the document attached hereto and incorporated herein by this reference. The Mayor is hereby authorized to execute the Agreement described in the title of this Ordinance and all related documents on behalf of the City of Houston and to take all actions necessary to effectuate the City's intent and objectives in approving the Agreement in the event of changed circumstances. The City Secretary is hereby authorized to attest to all such signatures and to affix the seal of the City to all such documents.

Section 2. That the City Council hereby finds that the terms of the Agreement authorized by this Ordinance meet the guidelines and criteria of Chapter 44 of the City of Houston Code of Ordinances ("Code") relating to tax abatement; that the property subject to abatement under the Agreement authorized by this Ordinance lies within the Halliburton Energy Services, Inc. Reinvestment Zone, a designated reinvestment zone authorized by Chapter 312 of the Texas Tax Code and Section 44-122 of the Code; that this Agreement will result in no substantial potential adverse effect on the provision of City services or the tax base; and that the proposed use of the facility to provide products and services to the upstream oil and gas industry will contribute to the economic development of the City.

Section 4. That the City Attorney is hereby authorized to take all actions necessary to enforce all legal obligations under such contracts, agreements, or other undertakings without further authorization from the City Council.

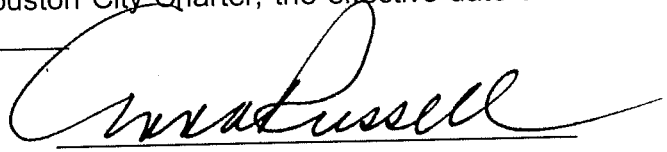
Section 5. That there exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor; however, in the event that the Mayor fails to sign this Ordinance within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED AND ADOPTED this 9th day of December, 2015.

APPROVED this ____ day of _____, 2015.

Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is DEC 15 2015



City Secretary

(Prepared by Legal Department Mary Break GND)
 (MFB:mfb November 30, 2015) Senior Assistant City Attorney
 (Requested by Andy Icken, Chief Development Officer, Office of the Mayor)
 (L. D. File No. 0421500021001)

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AYE	NO	
✓		MAYOR PARKER
....	COUNCIL MEMBERS
✓		STARDIG
✓		DAVIS
✓		COHEN
✓		BOYKINS
✓		MARTIN
✓		NGUYEN
✓		PENNINGTON
✓		GONZALEZ
✓		GALLEGO
✓		LASTER
	✓	GREEN
✓		COSTELLO
✓		ROBINSON
✓		KUBOSH
✓		BRADFORD
✓		CHRISTIE
CAPTION	ADOPTED	

CAPTION PUBLISHED IN DAILY COURT
 REVIEW DATE: DEC 15 2015

TAX ABATEMENT AGREEMENT

This **TAX ABATEMENT AGREEMENT** ("Agreement") is made by and between the **CITY OF HOUSTON, TEXAS**, a municipal corporation and home-rule city ("City"), and **HALLIBURTON ENERGY SERVICES, INC.**, a Delaware corporation authorized to transact business in the State of Texas ("Owner"). The City and the Owner may be referred to singularly as "Party" and collectively as the "Parties." Capitalized terms have the meanings defined in the first section of this Agreement. This Agreement shall be effective as of the date of the City Controller's countersignature hereto ("Effective Date").

RECITALS

WHEREAS, the encouragement of new and existing development and investment in the City is paramount to the City's continued economic development; and

WHEREAS, in accordance with the requirements of Section 44-127(a)-(c) of the Code, as defined below, the Owner intends to complete the design, development, and construction of an "other basic industry facility" as defined in Section 44-121 of the Code to be operated, occupied and used by the Owner and its affiliates as an expansion of its North Belt Campus to provide products and services to the upstream oil and gas industry ("the Project"); and

WHEREAS, in accordance with Section 44-123 of the Code, the Owner filed a written application for tax abatement dated January 3, 2014; and

WHEREAS, in accordance with Section 44-125 of the Code, the Owner filed a variance request dated July 16, 2015, attached hereto as **EXHIBIT 4**, requesting a variance from the requirements of Section 44-123(g) of the Code relating to the timing of the commencement of construction, alteration, or installation of improvements at the Project and formal announcement of the Project; and

WHEREAS, the City Council finds that it is reasonably likely that the Owner, if granted the tax abatement described in this Agreement, will contribute to the retention, expansion, and creation of primary employment and will attract major investment in the Halliburton Reinvestment Zone ("Zone") that will benefit property in the Zone and contribute to the economic development of the City; and

WHEREAS, the City Council finds that the Improvements (as defined below) are practical and are of benefit to the area within the Zone and to the City; and

WHEREAS, the City Council finds that there will be no substantial potential adverse effect on the provision of City services or on the tax base caused by this Agreement; and

WHEREAS, the Owner has represented that the Improvements at the Facility are designed, constructed, and installed according to all applicable federal, State, and local environmental regulations; and

WHEREAS, the City Council finds that the terms of this Agreement meet the applicable requirements of Chapter 44, Article IV, of the Code;

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

1. Definitions

As used in this Agreement, the following capitalized terms shall have the meanings assigned to them below, unless otherwise defined or the context clearly requires otherwise.

"Abated Property" means the Improvements.

"Abatement Period" means the ten (10) year time period that begins on the January 1st following the Effective Date of Abatement.

"Base Year Value" means \$127,095,642, which is the appraised value of the Real Property as of January 1, 2014.

"Chapter 44" means Article IV of Chapter 44 of the Code, approved by City Council on March 26, 2014, by City Ordinance No. 2014-245, which sets forth the property tax abatement program guidelines and criteria for properties in designated reinvestment zones, and by the Ordinance.

"City Council" means the City Council of the City.

"Code" means the Code of Ordinances of the City, as amended from time to time.

"Construction Code" means the City of Houston Construction Code, which sets forth requirements relating to building construction and safety, and consists of various components, such as the Building Code, the Plumbing Code, the Electrical Code, and the Mechanical Code.

"Department" means the City's Office of the Mayor, Economic Development, or its successor.

"Director" means the Chief Development Officer of the City, or his or her designee, or the director of any City department that the Mayor may designate in writing to perform the functions delegated to the Director in this Agreement, but only for so long as the designations remain in effect.

"Effective Date of Abatement" means the January 1st immediately following the date that the final certificate of compliance for the Improvements is issued by the City.

"EXHIBIT 1" attached to this Agreement and made a part hereof is a boundary map and aerial map of the Real Property.

"EXHIBIT 2" attached to this Agreement and made a part hereof is a legal description of the Real Property and the HCAD account number for the Real Property.

"EXHIBIT 3" attached to this Agreement and made a part hereof is a description of the Abated Property/Improvements that comprise the Facility.

"EXHIBIT 4" attached to this Agreement and made a part hereof includes a variance request related to the Project.

"Facility" means an "other basic industry facility" as defined in Section 44-121 of the Code.

"HCAD" means the Harris County Appraisal District.

"Improvements" means the buildings, structures, fixed machinery and equipment, site improvements, office space and related fixed improvements necessary to the operation and administration of the Facility, as further described in **EXHIBIT 3**, that are developed, constructed, or installed in the Zone by or on behalf of the Owner pursuant to the terms of this Agreement.

"Maximum Abatement Amount" means \$1,500,000.00.

"North Belt Campus" means the area in which the Owner's employees are located in Houston, Texas, comprising the Facility located on approximately 89 acres bordered by Sam Houston Parkway to the north, Renton Road to the south, Milner Road to the east and Morales Road to the west, and in the Zone (3000 N. Sam Houston Parkway East).

"Ordinance" means City Ordinance No. 2015-_____, adopted on _____, 2015,¹ creating the Zone.

"Permanent Employee" has the meaning assigned by Section 44-121 of the Code.

"Real Property" means the land in the Zone and all improvements thereon, which land is owned by the Owner. The Real Property is more specifically described on **EXHIBITS 1 and 2.**

"Tax Code" means the Texas Tax Code, as amended.

2. Authorization

This Agreement is authorized by Chapter 312 of the Tax Code, as amended, and Chapter 44.

3. Property

The legal description, street address, and HCAD tax account number of the Real Property are listed on **EXHIBIT 2.**

4. Termination of Abatement and Agreement

Notwithstanding any other provision in this Agreement, in the event the Owner decides not to complete the Project, the Owner will provide a written termination notice to the City and the Parties will sign a letter agreement acknowledging the termination of this Agreement in a form reasonably acceptable to both Parties. Upon execution of the letter agreement, this Agreement and all rights and obligations of the Parties shall cease and terminate and the Owner shall not be entitled to any tax abatement pursuant to this Agreement. The Director is authorized to sign the letter agreement on behalf of the City.

Also, during the Abatement Period, the Owner shall have the option and right at any time to give the City written notice that the Owner has elected to terminate this Agreement and its right to tax abatement on the Improvements effective as of the year in which the termination notice is given by the Owner; provided, however, at the time the termination notice is given by the Owner, no event of default shall exist which has not been cured. Upon delivery to the City of a termination notice by the Owner and subject to the provision of the preceding sentence, this Agreement and all rights and obligations of the Parties shall cease and terminate and the Owner shall not be entitled to any tax

¹ City Secretary to insert ordinance number and date adopted by City Council.

abatement pursuant to this Agreement for the year in which the termination notice is given by the Owner and for all years remaining in the Abatement Period.

5. Representations and Warranties

(a) The Owner represents that it owns the Real Property.

(b) Unless terminated earlier pursuant to Section 4 hereof, the Owner represents that it will complete construction of the Facility on the Real Property no later than December 31, 2015. The Owner further agrees that if construction on the Real Property is not completed by December 31, 2015, this Agreement will automatically be null, void, and of no further force or effect unless the Owner has requested and received approval of an extension. Not later than December 15, 2015, the Owner may submit to the Director a written request to extend the time for completion stating the proposed date of completion. The Director shall approve the request if he or she reasonably believes that the construction will be completed by the proposed date, taking into account all circumstances.

(c) The Owner represents that the execution and delivery of this Agreement has been duly authorized by all requisite actions of its corporate officers that are necessary for it to have force and effect and that the person signing this Agreement on behalf of the Owner is authorized to do so.

(d) The Owner represents that the Real Property is comprised of approximately 89 acres of land.

(e) The Owner represents that, to the best of its knowledge, no direct interest in the Real Property or the Improvements is held or leased by a member of the City Council or a member of the City's Planning Commission.

(f) Unless terminated earlier pursuant to Section 4 hereof, the Owner represents and warrants that it will invest a minimum of \$145,000,000.00 in designing, constructing, and installing the Improvements by the Effective Date of Abatement.

(g) Unless terminated earlier pursuant to Section 4 hereof, the Owner represents and warrants that the Owner will employ, and will continue to employ throughout the Abatement Period, at least 2,700 Permanent Employees in the North Belt Campus. The breakdown of the job requirement is as follows:

1. 2,500 jobs by December 1, 2015; and
2. 2,700 jobs by December 1, 2016.

(h) The Owner represents that as of the Effective Date of this Agreement, new employment positions will only be counted as new Permanent Employees for purposes of this Agreement if they are above the total number of employment positions with the Owner's operations in the North Belt Campus (the "Threshold.") The Parties agree that for purposes of this Agreement, the Threshold shall be 2,700.

(i) The Owner represents that developing, constructing and installing the Improvements in the Zone will contribute to the retention, expansion, and creation of primary employment and will attract major investment in the Zone that would be a benefit to property within the Zone and that would contribute to the economic development of the City.

(j) Unless terminated earlier pursuant to Section 4 hereof, the Owner represents and warrants that the design, development, construction, and installation of the Improvements, was completed before the Effective Date.

(k) The Owner represents and warrants that the Improvements are being designed, developed, constructed, and installed (i) in accordance with all applicable federal, state, and local environmental laws and regulations; and (ii) substantially in conformity with the description, plans, and specifications described in **EXHIBIT 3** and applicable provisions of the Construction Code.

6. Terms of the Agreement

(a) In case of any conflict between the description, plans, and specifications of the Improvements described in **EXHIBIT 3** and the Construction Code, the Construction Code shall prevail. In addition, the Owner shall comply with Chapter 42 of the Code, if applicable (platting regulations), and all other laws and regulations applicable to the construction and installation of the Improvements.

(b) Upon substantial completion of the design, development, construction and installation of the Improvements, the Facility shall be used for the proposed uses specified in this paragraph during the Abatement Period; provided, however, the Director may approve a change from those proposed uses, if the Director determines that the change is consistent with Chapter 44 and with the City's general purpose of encouraging development or redevelopment of the Zone during the Abatement Period. The proposed use of the Facility (unless the Director approves a change in use) is as an expansion of the Owner's existing North Belt Campus to be operated, occupied and used by the Owner and its affiliates to provide products and services to the upstream oil and gas industry

(c) The Owner shall maintain the Improvements in good repair and condition during the Abatement Period, subject to casualty and force majeure.

(d) The Owner shall allow City employees, and/or designated representatives, full access to the Real Property in the Zone, both during and after the expiration or termination of the term of this Agreement, for the purpose of inspecting the Improvements to ensure that the Facility and Improvements are completed, installed, renovated, and maintained in accordance with the terms of this Agreement. All inspections will be made only after giving the Owner at least one (1) business day's advance notice, and will be conducted during normal business hours in such manner as to not unreasonably interfere with the construction, redevelopment and/or operation of the Facility. All inspections will be made with one (1) or more representatives of the Owner and in accordance with the Owner's safety and security procedures. The above shall not act as a limitation on the City's ability to otherwise perform any inspections or to otherwise enter the Facility pursuant to the Code, the Construction Code, or otherwise.

(e) The Owner shall provide and cause its affiliates to provide City employees and/or designated representatives full access to all records related to the Agreement and necessary for the purpose of determining, by audit or otherwise, that the Owner is and has been in full compliance with this Agreement. Any such inspection and audit shall be made only after giving the Owner at least ten (10) business days advance notice, and will be conducted during normal business hours in such a manner as to not unreasonably interfere with the construction, redevelopment and/or operation of the Facility. Documents and materials provided by the Owner or its affiliates to the City in connection with any audit or other inspections under this Agreement which contain information that is, or which themselves are, confidential or proprietary to Owner shall not be removed from the Facility nor shall the information contained in them be used or disclosed by the City other than for the sole purpose of determining the Owner's compliance with the terms and conditions of this Agreement, unless disclosure is otherwise required by state or federal law.

In the event that the City receives any request for information relating to this Agreement pursuant to the Texas Public Information Act or similar provision of federal law, the City agrees to promptly give the Owner notice of that request. If the Owner, for itself or one or more of its affiliates, advises the City that it believes that the right of the City to withhold information from disclosure is allowed by the Texas Public Information Act or other applicable state or federal statute, rule or regulation, the City agrees to withhold the information or to immediately request an opinion from the Texas Attorney General or other appropriate public official with authority under law to render such decision on the right of the City to withhold the information. If the decision rendered is

to the effect that disclosure is not required to be made, then the City agrees to withhold disclosure of the information unless thereafter authorized by the Owner to be disclosed. The City agrees that during any period after request but before the rendering of a decision by the Texas Attorney General or other appropriate public official regarding the obligation of the City to make disclosure of information deemed confidential, proprietary or both by the Owner, it will not disclose the requested information unless ordered to do so by a court of competent jurisdiction.

(f) This Agreement or an abstract of this Agreement may be recorded in the Official Real Property Records of Harris County, Texas, and will be associated with the land.

(g) Each year that the Agreement is in effect, not later than February 1st, the chief financial officer (or his or her designee) of the Owner shall submit to the Director a sworn statement of the number of Permanent Employees, contract employees and part-time employees of the Owner or its affiliates as of the immediately preceding December 1st, who report to work at the North Belt Campus. The employee count submitted shall correspond to the employee count reported by the Owner or affiliate of the Owner in its "Employer's Quarterly Report" to the Texas Workforce Commission. The employee count submitted by the Owner shall be used to determine abatement eligibility for that year and be subject to audit, if requested by the Director, pursuant to the provisions of Code Section 44-135(b). The Owner, if requested by the Director, shall have an independent audit prepared informing the employment/employee count documentation and shall submit the audit to the Director for use in complying with the requirements of Code Section 44-135(b). Not later than March 31st of each year during the Abatement Period, the Director shall certify to the Chief Appraiser of HCAD whether the Owner is in compliance with the employment requirements of this Agreement.

(h) This Agreement may be amended at any time upon the mutual written consent of all Parties hereto subject to approval by the City Council.

(i) Not later than April 15th (or such other date as required by HCAD) of each year during the Abatement Period, the Owner shall file the appropriate form with HCAD to qualify for the tax abatement granted under this Agreement for that year.

(j) Contract employees and part-time employees may be used to comply with the Owner's contractual obligation to create/retain jobs on a full-time equivalency basis for any number of jobs; provided that full-time equivalent jobs shall only be used to satisfy the Owner's contractual obligation if the Owner maintains a minimum of twenty-five (25) Permanent Employees.

(k) Commencing on the Effective Date of Abatement, and on or before January 1st, or February 1st in the event the information is not reasonably available, of each subsequent year during the Abatement Period, the chief financial officer (or his or her designee) of the Owner shall provide the Director a sworn statement that the Owner is and has been in compliance with all provisions of this Agreement in the prior year.

(l) If the chief financial officer (or his or her designee) of the Owner cannot make the sworn statement required by paragraph (k) above on any January 1st, or February 1st in the event the information is not reasonably available, he or she shall provide the Director with a written statement identifying any provision of the Agreement with which the Owner is not or has not been in full compliance.

(m) Failure by the chief financial officer (or his or her designee) of the Owner to timely provide the Director with either the sworn statement required by paragraph (k) above or the written statement required by paragraph (l) above will result in automatic default under this Agreement for which no notice of default or opportunity to cure shall be required.

7. Tax Abatement

(a) In consideration of the completion of the Facility, the City agrees to provide a tax abatement on the Improvements referenced in **EXHIBIT 3**. The annual tax abatement on the Improvements will be calculated as the current City tax rate multiplied by the value of the Improvements attributable to the tax increment above the Base Year Value, as measured by HCAD per \$100, multiplied by fifty percent (50%). The tax abatement on the Improvements is capped at the Maximum Abatement Amount. The City will not provide an abatement to the Owner above the Maximum Abatement Amount over the Abatement Period.

(b) The estimated average abatement amount to be abated is \$150,000.00 annually.

(c) Any property taxes generated during the term of this Agreement in excess of the Maximum Abatement Amount will not be subject to the abatement. In the event the Owner receives an abatement in excess of the Maximum Abatement Amount, the City may recapture the amount that is in excess of the Maximum Abatement Amount pursuant to the terms of Section 8(e)(3) of this Agreement. In addition, the abatement of the ad valorem taxes granted by this Agreement is specifically subject to the rights of the holders of outstanding bonds of the City as of the effective date of this Agreement.

(d) From the Effective Date of Abatement to the end of the Abatement Period, taxes shall be payable as follows:

(1) The value of "ineligible property," as that term is defined in Section 44-127(e) of the Code, shall be fully taxable.

(2) The Base Year Value of "eligible property," as that term is defined in Section 44-127(d) of the Code, shall be fully taxable.

(3) The additional value of the Improvements shall be taxable in accordance with Section 7(a) of this Agreement.

(e) The City shall enter into only one tax abatement agreement for the Facility described in this Agreement during the term of this Agreement.

8. Default and Recapture

(a) Events of Default

The Owner shall be in default under this Agreement if any of the following occur at any time from the Effective Date until the expiration of the Abatement Period or such earlier date on which this Agreement may otherwise expire or otherwise be terminated:

(1) The Facility is completed and is occupied, but subsequently is wholly vacated or abandoned for any reason other than the occurrence of a fire, explosion, or other casualty or accident or natural disaster;

(2) The Owner fails to comply timely with job creation, job retention or investment requirements stated in this Agreement;

(3) The Owner fails to comply timely with any material term of this Agreement, and such failure continues after notice and the passage of any applicable cure period;

(4) The Owner fails to timely file any required report or statement or to timely give any required notice pursuant to this Agreement, and such failure continues after notice and the passage of any applicable cure period; or

(5) Employees or designated representatives of the City determine pursuant to an inspection under Section 44-135 of the Code that the Owner has not complied with this Agreement.

(b) Incurable Default

The Owner's failure to comply with job creation or investment requirements is an "incurable default." Within the thirty (30) day notice period described in Section 8(c)(1) of this Agreement, the Owner shall be entitled to question the accuracy of the City's determination of the incurable default but shall not be entitled to cure the default. After

the thirty (30) day notice period, if the City concludes that its determination of the incurable default is correct ("noticed incurable default"), then the City shall be entitled to pursue any one or more of the remedies set forth in Section 8(e) of this Agreement.

(c) Notice of Default

(1) If the Director determines that an event of default has occurred, the Director shall notify the Owner in writing at the address stated in the Agreement, and if the condition of default is not cured within thirty (30) days from the date of the notice, then the City may take any one or more of the following actions set forth in Section 8(e) of this Agreement; provided, however, that the City shall only be required to give a thirty (30) day notice of default for failure to comply with job creation or investment requirements.

(2) If the Owner is in default under Section 8(a) of this Agreement, the Owner shall notify the City within thirty (30) days of the default and if the default is one that can be cured hereunder (and is not an incurable default), the default shall be cured within thirty (30) days following the date of the notice of default, provided, however, that if such curable default requires more than thirty (30) days to effect a cure, then the Owner shall (1) commence to cure the default within the thirty (30) day period, (2) give written notice to the Director of the time period in which Owner intends to cure the default, and (3) thereafter diligently prosecute the cure to completion within the given time period. If the Owner fails to cure the curable default within such thirty (30) day period or such longer period as provided above, then the City may pursue any one or more of the remedies listed in Section 8(e) of this Agreement.

(d) Cure

(1) In curing an event of default based on any of the items set forth in Section 8(a) of this Agreement, and assuming the event of default is curable and is not an incurable default, the Owner shall provide sufficient evidence to the Director that the default has been cured within thirty (30) days following the date of the notice of default. Sufficient evidence shall include the providing of the information not timely provided and/or providing evidence of the completion of the act(s) not timely performed. The City shall have the right to ask for additional information to confirm the adequate cure of any default.

(e) City Remedies for Default or Excess Abatement

(1) In the event of a noticed incurable default or a curable default which has not been cured after notice and an opportunity to cure was given, no tax abatement shall be allowed for the calendar year in which the default occurs

(and thereafter) and the City shall have the right to pursue any one or more of the following remedies: terminate the Agreement; terminate the Owner's right to any future abatement under the Agreement without terminating the Agreement; and pursue any and all remedies allowed under the Agreement and under Texas law.

(2) In addition to the foregoing, in the event of a noticed incurable default or a curable default which has not been cured after notice and an opportunity to cure has been given, the City, in its sole discretion, may recover all or a part of the taxes abated at any time under the Agreement. The Owner shall pay to the City all such previously abated taxes within thirty (30) days of the City's written demand therefor. Any previously abated taxes not paid timely shall bear interest at the rate of twelve percent (12%) annually.

(3) In addition to the foregoing, in the event that the Owner receives an abatement value in excess of the Maximum Abatement Amount, the Owner shall pay to the City all such previously abated taxes in excess of the Maximum Abatement Amount within thirty (30) days of the City's written demand therefor. Any previously abated taxes not paid timely shall bear interest at the rate of twelve percent (12%) annually.

(4) Notwithstanding the foregoing, the Director and the City Attorney are hereby authorized to negotiate and enter into amendments and revisions to the Agreements under which there are noticed incurable defaults or curable defaults which have not been cured after notice and opportunity to cure has been given. In the foregoing circumstances, the Parties are also authorized to negotiate and enter into any other and further agreements they determine best protect the City's interests.

(f) The City's right and authority to pursue any default and to recover abated taxes granted under this Section 8 shall survive the amendment, revision, expiration, or termination of this Agreement other than a termination of the Agreement pursuant to Section 4.

9. Administration

(a) The Chief Appraiser of HCAD shall annually determine the taxable value of the real and personal property comprising the Zone. Each year, the Owner shall furnish the City with any additional information applicable to the tax abatement that may be necessary for the administration of the abatement granted under this Agreement. Once the preliminary taxable values of the real and personal property comprising the Zone have been established, the Chief Appraiser of HCAD shall notify the eligible jurisdictions of the amount of the assessment.

(b) Upon substantial completion of construction, installation, or renovation of the Improvements, the Director shall annually evaluate the Facility to ensure compliance with this Agreement and prepare a report of any violations of this Agreement.

10. Assignment

This Agreement may be assigned by the Owner to a new owner with the written consent of the Director, which consent shall not be unreasonably withheld. If the proposed assignee is an affiliated entity of the Owner, then the Director may consent to an assignment if the Owner is in compliance with all terms of this Agreement, subject only to the condition set forth in the last sentence of this Section 10. Any assignment of this Agreement shall not relieve the Owner of continuing liability under this Agreement unless specifically agreed to in a writing signed by both the Director and the City Attorney. Any assignment shall provide that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the Owner upon the same terms and conditions as set out in the Agreement. Any assignment of this Agreement shall be to an entity that contemplates the same improvements or repairs to the property in the Zone, except to the extent such improvements or repairs have been completed. No assignment shall be approved if either the Owner or the assignee has past due indebtedness to the City for ad valorem taxes or other obligations not being contested in good faith.

11. Compliance with Applicable Government Regulations

Except as specifically provided herein, nothing in this Agreement shall be construed to alter or affect the obligation of the Owner to comply with any ordinance, rule or regulation of the City, or the laws and regulations of the State of Texas.

12. Merger

The Parties agree that this Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

13. Notices

All notices shall be in writing and unless hand-delivered, shall be sent by U.S. Mail certified, return receipt requested. Unless otherwise provided in this Agreement, all notices shall be delivered to the following addresses:

To the Owner: Halliburton Energy Services, Inc.
Attn: Woody Kemp, Global Real Estate Manager

3000 N. Sam Houston Parkway East
Houston, Texas 77032

To the City: Chief Development Officer
Office of the Mayor
901 Bagby, 4th Floor
Houston, Texas 77002

Each Party may designate a different address by giving the other Party written notice ten (10) days in advance of such designation.

14. Ordinance No. 2014-245

The City and the Owner agree that, in the event of a conflict between the provisions of this Agreement and City Ordinance No. 2014-245, the provisions of this Agreement shall govern.

[Execution page follows]

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

HALLIBURTON ENERGY SERVICES, INC., CITY OF HOUSTON, TEXAS
a Delaware corporation

By: _____
Name: _____
Title: _____

Mayor

ATTEST/SEAL:

City Secretary

COUNTERSIGNED:

City Controller

DATE COUNTERSIGNED:

APPROVED:

Chief Development Officer
Office of the Mayor

APPROVED AS TO FORM:

Senior Assistant City Attorney
L.D. File No. 0421500021001

EXHIBIT 1

BOUNDARY MAP AND AERIAL MAP OF THE REAL PROPERTY

HALLIBURTON NORTH BELT CAMPUS

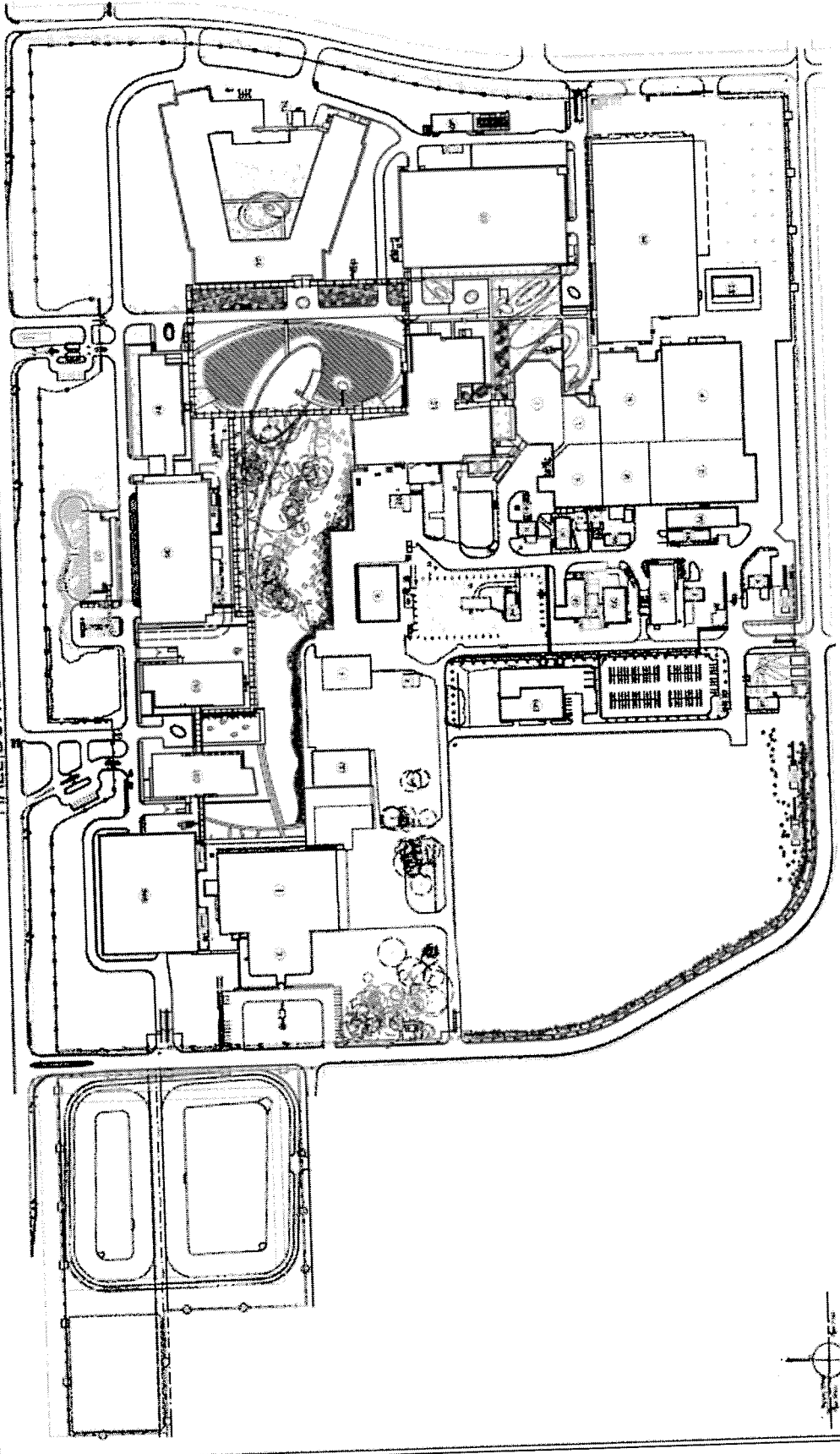




EXHIBIT 2

**LEGAL DESCRIPTION, STREET ADDRESS AND HCAD ACCOUNT NUMBER
OF THE REAL PROPERTY**

Legal Description: Reserve A, Block 1, Halliburton North Campus Replat, Harris County, Texas

HCAD Account Number: 132-137-001-0001.

Street Address: 3000 N. Sam Houston Parkway East, Houston, Texas 77032.

EXHIBIT 3

ABATED PROPERTY/IMPROVEMENTS

The proposed use of the Improvements/Abated Property is for an "other basic industry facility," as defined in Section 44-121 of the Code of Ordinances of the City of Houston, Texas. The Facility (as that term is defined in the Agreement) will be approximately 945,000 square feet comprised of three office buildings, a technology center, a life center, a shipping and receiving building, central plant and three parking garages.

EXHIBIT 4
VARIANCE REQUEST LETTER

HALLIBURTON

3000 N. Sam Houston Parkway E.
Houston, TX 77032-3219

July 16, 2015

*Via Certified Mail, Return Receipt Requested,
and U.S. Mail #7011 0470 0001 2059 0528*

Ms. Gwendolyn Tillotson
Deputy Director-Economic Development
City of Houston
901 Bagby St., 4th Floor
Houston, Texas 77002

RE: Request for variance – Halliburton 380 Project, Expansion of Halliburton
North Belt Campus, 3000 N. Sam Houston Pkwy, Houston, Texas
("Project")

Dear Ms. Tillotson:

This letter constitutes our formal request for a variance of the requirements in connection with a proposed tax abatement agreement with the City of Houston ("City") for the above-captioned Project.

It is our understanding that, under Houston Municipal Code §44-123(f), the City shall not enter into an abatement agreement if the request for abatement is filed after the commencement of construction of the subject project. In addition, the language goes on to state that an applicant is ineligible for abatement if a decision to commence a modernization, expansion or new facility in the City has been formally announced on or before an application for abatement has been filed with the City.

With respect to the Project, please note that construction began in 2009 and a formal announcement was made regarding same. Project construction continues to be ongoing as a result of further campus expansion. Although these facts are contrary to support an abatement request under aforementioned §44-123(f) requirements, we would like to take this opportunity to request a necessary variance from these requirements pursuant to Houston Municipal Code §44-125. The language within this Section provides a mechanism for the City to consider variance requests from any of the provisions of the §44-123(f) guidelines and criteria shall be made in writing to the director, provided however, the total duration of an abatement cannot exceed ten years.

HALLIBURTON

City of Houston
Request for Variance
June 12, 2015
Page 2

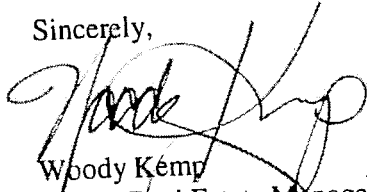
Thus, this correspondence, submitted for the City's consideration, serves as our formal request for a required variance pursuant to the provisions of Houston Municipal Code §44-125. As support for our request, we present the following background information with respect to this significant Project:

1. Halliburton has made significant investment in the expansion of its Halliburton North Belt Campus Project resulting in more than \$127M in taxable value from 2009 through the end of year 2013. An additional approximate \$28M will have been invested during 2014 and 2015 to complete the Project. This additional 2014-2015 investment shall serve as the basis for the requested tax abatement agreement.
2. The scope of the Project expansion has included significant advances including, but not limited to, acquiring numerous neighboring tracts of land and the construction of a new technology center to include several buildings. These expanded operations have also required adding an additional central plant and parking garage to address heightened needs.
3. Approximately 2,000 employees will have been added when the Project is completed in 2015. Furthermore, the Project master plan includes the possibility of adding another 1 million square feet of additional buildings and an increase of another 4,000 employees. All of these elements will contribute to an increased tax base for the City.

Therefore, due to the significant nature of our Project as well as the many benefits, both financial and otherwise, that the Project has provided, and will continue to provide, our employees, clients, the neighboring community, and the City, we respectfully submit this correspondence as our request for City approval of an applicable variance in connection with our related tax abatement application.

Thank you for your consideration and please advise if you require any further information in order to approve our variance request.

Sincerely,



Woody Kemp
Global Real Estate Manager
Halliburton Energy Services

Cc: Joseph O. Slovacek
Tommy Jamail