

STATE OF TEXAS §
 §
 COUNTY OF FORT BEND §

FIRST AMENDED TAX ABATEMENT AGREEMENT
 BETWEEN FORT BEND COUNTY AND
 FRITO-LAY, INC.

This First Amended Tax Abatement Agreement is made and entered into by and between FORT BEND COUNTY, TEXAS, a body politic, acting herein by and through its Commissioners Court and FRITO-LAY, INC., (hereinafter referred to as "Owner"), each being parties to that certain Tax Abatement Agreement entered into by the parties on or about June 14, 2005.

WHEREAS, Fort Bend County, Texas, and Owner entered into a Tax Abatement Agreement, on June 14, 2005, (hereinafter the "Agreement"); and

WHEREAS, the parties desire to amend a certain portion of the Agreement; and

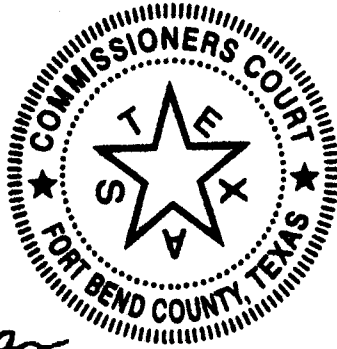
WHEREAS, the parties agree that the terms and conditions as set out in the Agreement, attached hereto as Exhibit "A" and incorporated by referenced, remains in full force and effect and is a part hereof for all purposes as if same were fully and completely set out in this document.

NOW THEREFORE, pursuant to and in accordance with the Property Redevelopment and Tax Abatement Act, Chapter 312, TEXAS TAX CODE, and the 'Guidelines and Criteria for Granting Tax Abatements in Reinvestment Zones Created in Fort Bend County, Texas,' the Agreement is hereby amended as follows:

1. Page 3, Section 4(e) is hereby replaced with the following:
 "That Owner employ at least thirty (30) full-time persons beginning January 1, 2007 through December 21, 2015, and use commercially reasonable efforts to continuously maintain a total employment of 350 full-time persons beginning January 1, 2007 through December 21, 2015 in Reinvestment Zone No. 5. Owner shall provide Tax Assessor/Collector a statement of the number of full-time employees employed each September 1 throughout the term of this agreement."
2. Except as modified herein, the above referenced Agreement remains in full force and effect and has not been modified or amended.
3. All future amendments of the rights of the parties described in said Agreement shall require written consent of the Fort Bend County Commissioners Court.
4. The original Tax Abatement Agreement executed by and between Fort Bend County and Frito-Lay, Inc. on June 14, 2005, is hereby adopted and incorporated by reference the same as if fully set forth verbatim herein, subject only to the above described

amendments.

IN TESTIMONY OF WHICH, THIS AMENDMENT shall be effective upon execution of the County.



ATTEST:

Dianne Wilson

Dianne Wilson, County Clerk

FORT BEND COUNTY

By:

Robert E. Hebert

Robert E. Hebert, County Judge

Date:

1-4-2011

FRITO-LAY, INC.

By:

Leslie Starr Keating

Leslie Starr Keating, SVP, Operations

Date:

December 8, 2010

ATTEST:

Kathy Alfano

Kathy Alfano, Group Manager, Frito-Lay, Inc.

Attachments: Exhibit A – June 14, 2005 Agreement



Exhibit A

[attached]

FULLY EXECUTED

STATE OF TEXAS §
 §
COUNTY OF FORT BEND §

**TAX ABATEMENT AGREEMENT BETWEEN FORT BEND COUNTY
AND FRITO-LAY, INC.**

This Tax Abatement Agreement, hereinafter referred to as "Agreement," is executed by and between **FORT BEND COUNTY, TEXAS**, hereinafter referred to as "County," acting by and through its Commissioners' Court, **FRITO-LAY, INC.**, hereinafter referred to as "Owner" of the tract of land comprising Reinvestment Zone No. 5 created by Fort Bend County and Owner of the personal property within such improvements.

1. **Authorization:**

- a. This Agreement is authorized by the Property Redevelopment and Tax Abatement Act, Chapter 312 of the TEXAS TAX CODE (the "Tax Code") as it exists on the effective date of this Agreement, and;
- b. The Amended Guidelines and Criteria for Granting Tax Abatement in Reinvestment Zones created by Fort Bend County, Texas, which was approved by the County's Commissioners Court on November 4, 2003. The County has determined that the request for Tax Abatement presented by Owner conforms with the criteria established in the Guidelines for Tax Abatement.
- c. No official of the County has an interest in the property subject to this Agreement.

2. **Definition:**

As used in this Agreement, the following terms shall have the meanings set forth below:

- a. "**Certified Appraised Value**" or "**Value**" means the value certified as of January 1 of each year of this Agreement regarding the property within Fort Bend County Reinvestment Zone No. 5 by the Fort Bend County Central Appraisal District.

FULLY EXECUTED

- b. **“Improvements”** means the buildings (or portions thereof) and other improvements used for commercial or industrial purposes which are erected or expanded by the Owner in Reinvestment Zone No. 5 after the date of this Agreement.
- c. **“Abatement”** means the full or partial exemption from ad valorem taxes of certain property in the Fort Bend County Reinvestment Zone No. 5 designated for economic development purposes.
- d. **“Facility”** means that certain facility with a mailing address of 3310 Hwy 36 N, Rosenberg, Texas 77471 which is located within Reinvestment Zone No. 5.
- e. **“Ineligible Property”** means land, inventories, supplies, raw material and other forms of movable personal property which are not integral to the operation of the Facility, and all improvements and personal property previously subject to a tax abatement.
- f. **“Real Property”** means the 386 acres of land located within Reinvestment Zone No. 5, described in Exhibit A attached hereto and incorporated by reference herein for all purposes.
- g. **“Personal Property”** means any property classified as tangible personal property by the District, other than inventory, supplies and any Ineligible Property, that is located within the building(s) to be erected or expanded as a part of the Improvements.
- g. **“Owner”** means **Frito-Lay, Inc.**, the Owner of the real property and personal property subject to this Agreement, or other person or entity to which this Agreement is assigned, with prior approval of the Fort Bend County Commissioners’ Court.
- h. **“County”** means the County of Fort Bend, Texas.
- i. **“District”** means Fort Bend County Central Appraisal District.

3. **Subject Property**

Fort Bend County Reinvestment Zone No. 5 is an area located in Fort Bend County, Texas, being legally described in Exhibit A attached hereto and incorporated herein for all purposes.

The Fort Bend County Appraisal District has established the base year values for the subject

property as of January 1, 2005.

4. Responsibility of Owner

In consideration of receiving the tax abatement granted herein, the Owner represents and agrees:

- (a) That construction of the Improvements shall be completed on or before January 1, 2007. Owner shall provide Fort Bend County Tax Assessor/Collector ("Tax Assessor/Collector") a statement evidencing a minimum of \$20,000,000 project costs with respect to the Improvements, such amount including a minimum of \$18,000,000 project costs with respect to Personal Property only, within thirty (30) days after completion of the Improvements to be constructed by Owner.
- (b) That the Certified Appraised Value of the Improvements on January 1, 2007, and on each and every January 1 thereafter during the term of this Agreement will not be less than \$1,000,000.
- (c) That the Certified Appraised Value of Personal Property, excluding inventory, on January 1, 2007, and on each and every January 1 thereafter during the term of this Agreement will not be less than \$5,000,000.
- (d) That Owner will continuously occupy and use the Improvements as described in the Economic Impact Statement from January 1, 2007 through December 31, 2015.
- (e) That Owner employ at least thirty (30) full-time persons beginning January 1, 2007 through December 21, 2015, and use commercially reasonable efforts to continuously maintain a total employment of 450 full-time persons beginning January 1, 2007 through December 21, 2015 in Reinvestment Zone No. 5. Owner shall provide Tax Assessor/Collector a statement of the number of full-time employees employed each September 1 throughout the term of this agreement.
- (f) That Owner shall file a separate rendition statement for any improvements and personal property eligible for exemption under this Agreement. Failure

of Owner to file a separate rendition statement shall nullify any abatement for the year Owner fails to comply with this section.

- (g) That the Owner, as of the effective date of this Agreement, the financial resources to implement the above representations.
- (h) That the Owner will participate in the continuing economic development process in Fort Bend County by becoming a trustee member of the Greater Fort Bend Economic Development Council for a minimum period coinciding with the term of this Agreement.
- (i) **THE OWNER SHALL BE RESPONSIBLE FOR NOTIFYING THE DISTRICT OF THE ABATEMENT, INCLUDING FILING WITH THE DISTRICT ANY APPLICATION OR OTHER FORMS NECESSARY TO QUALIFY FOR OR RECEIVE THE ABATEMENT GRANTED.**
- (j) **THE OWNER SHALL BE RESPONSIBLE FOR REQUESTING AN ASSIGNMENT OF THIS AGREEMENT IN THE EVENT THE REAL PROPERTY THE SUBJECT OF THIS AGREEMENT IS SOLD. FAILURE TO NOTIFY THE TAX ASSESSOR/COLLECTOR OF ANY SALE OF THE REAL PROPERTY THE SUBJECT OF THIS AGREEMENT SHALL RESULT IN IMMEDIATE DEFAULT OF THIS AGREEMENT.**

5. Value and Term of Abatement

This Agreement shall be effective on the date executed by the County or Owner, whichever is later, and shall terminate (unless earlier terminated in accordance with the terms hereof) on December 31, 2015. In no event shall this agreement extend beyond December 31, 2015. This Agreement shall terminate on the completion of the abatement, unless earlier termination as provided elsewhere herein. Owner's obligation upon default to pay to the County any taxes abated under this Agreement shall not terminate until the abated taxes are paid.

In each year that this Agreement is in effect, the amount of abatement shall be an amount

equal to the percentage indicated below of the taxes assessed upon the Improvements and the Personal Property. This Agreement shall not be applied retroactively.

Subject to the limitations imposed by law and conditioned upon the representations outlined in Section 4 herein above, there shall be granted and allowed hereunder a property tax abatement for the following years and in the following amounts on the Value of the Improvements and the Personal Property:

<u>Tax Year</u>	<u>Percentage Abatement</u>
2006	75%
2007	75%
2008	75%
2009	75%
2010	75%
2011	75%
2012	75%
2013	75%
2014	75%
2015	75%

TOTAL = 750%

- (a) The abatement granted shall not apply to the Value of the Land, increases in the Value of the Land, inventory or supplies, and any other property previously subject to tax abatement.
- (b) All Improvements shall be completed in accordance with applicable laws, ordinances, rules or regulations in effect at the time such Improvements are erected.
- (c) The Fort Bend Central Appraisal District's determination of values shall be used to determine the value of the property subject to this Agreement. If the Owner protests the District's valuation of the property, the valuation placed

on the property after the protest is resolved under State law shall be used.

- (d) On or before September 1 of each year of this Agreement, the Owner shall deliver to the Tax Assessor/Collector a statement that Owner is in compliance with each term of this Agreement.

6. Taxability

During the period that this tax abatement is effective, taxes shall be payable as follows:

- a. The Value of Ineligible Property shall be fully taxable, including inventory;
- b. The Value of existing Improvements and Personal Property shall be fully taxable SUBJECT to any existing abatement and determined annually by the Central Appraisal District.

7. Event of Default

- (a) The County may declare the Owner in default of this Agreement if the Owner (1) fails to comply with any term of this Agreement; (2) allows County ad valorem taxes on the Land, or any property located thereon, to become delinquent; (3) vacates any of the Improvements before any termination of the abatement as provided herein.
- (b) The County shall notify the Owner of any default in writing specifying the default. The Owner shall have thirty (30) days from the date of the notice to cure any default. If after such time, the Owner fails to cure the default, the County may terminate this Agreement by written notice to Owner.
- (c) If this Agreement is terminated by the County in accordance with subsection (b) immediately above, the Owner agrees that the it is liable for and will pay to the County within thirty (30) days of the delivery of notice of termination pursuant hereto:
 - (1) The amount of all property taxes abated under this Agreement;
 - (2) Interest on the abated amount at the rate provided for in the Tax Code for delinquent taxes; and

(3) Penalties on the amount abated in the year of default, at the rate provided for in the Tax Code for delinquent taxes.

(d) The County shall have a lien against the Owner's real property and improvements for the taxes and interest owed because of the recapture of taxes under this section.

8. Administration and Inspection

This Agreement shall be administered on behalf of the Assessor/Collector or her designee. The Owner shall allow employees or other representatives of the County who have been designated by the Tax Assessor/Collector to have access to the reinvestment zone during the term of the Agreement, provided that all such access shall be made only after twenty-four (24) hours prior notice and will be conducted in such a manner as not to unreasonably interfere with the construction and/or operation of the Facility or any other building under the control of Owner located within Reinvestment Zone No. 5 . A representative of the Owner may at all times accompany such designated person.

Upon completion of the contemplated construction, the County shall annually evaluate the Facility to ensure compliance with the terms and provisions of this Agreement and shall promptly report possible defaults to the Owner in accordance with this Agreement.

The Chief Appraiser of the Fort Bend County Appraisal District shall annually determine (1) the taxable value under the terms of this abatement of the Real Property and (2) the full taxable value without abatement of the Real Property and other property otherwise located at or about the Facility.

The Chief Appraiser shall record both abatement taxable value and full taxable value in the appraisal records. The full taxable value figure listed in the appraisal records shall be used to compute the amount of abated taxes that is terminated in a manner that results in recapture.

The Owner shall furnish the Chief Appraiser annually such information as provided for under Chapter 22 of the Tax Code as may be necessary for the administration of the abatement. Such information shall also be provided to the County Tax Assessor/Collector in preparation of its annual evaluation for compliance with the terms and provisions of this Agreement, including Owner's payroll records. Owner shall be allowed to redact any personal, confidential employee information from payroll records submitted to County Tax Assessor/Collector.

9. Assignment

This Agreement may not be assigned without prior written consent of the County. No assignment shall be effective or approved if either the County has declared a default hereunder which has not been cured or the new Owner is delinquent in the payment of ad valorem taxes owed to the County. Approval shall not be unreasonably withheld.

Any and all assignments shall contain the same terms and conditions as set out in this Agreement and shall be granted for the remaining term of this Agreement only.

10. Indemnity

It is understood and agreed between the parties that Frito-Lay, Inc., in performing its obligations hereunder, is acting independently, and the County assumes no responsibilities or liabilities in connection therewith to third parties. **FRITO-LAY, INC. AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS THE COUNTY AND THE CENTRAL APPRIASAL DISTRICT FROM ANY AND ALL CLAIMS, SUITS, AND CAUSES OF ACTION OF ANY NATURE WHATSOEVER ARISING OUT OF FRITO-LAY, INC.'s OBLIGATIONS HEREUNDER EXCEPT THAT THE INDEMNITY SHALL NOT APPLY TO THAT PORTION OF LIABILITIES RESULTING FROM THE NEGLIGENCE OF THE COUNTY,**

THE CENTRAL APPRAISAL DISTRICT, OR TAXING UNITS, THEIR RESPECTIVE OFFICERS, AGENTS OR EMPLOYEES. FRITO-LAY, INC.'s INDEMNIFICATION OBLIGATIONS INCLUDE THE PAYMENT OF REASONABLE ATTORNEY'S FEES AND EXPENSES INCURRED IN THE DEFENSE OF ANY SUCH CLAIMS, SUITS, AND CAUSES OF ACTION. FRITO-LAY, INC. SHALL BE RESPONSIBLE FOR ALL FEES INCURRED BY THE COUNTY IN THE DEFENSE OF ANY SUCH CLAIMS, SUITS, OR CAUSES OF ACTION SO LONG AS DEFENSE COUNSEL AND COURSES OF ACTION ARE DETERMINED SOLEY BY FRITO-LAY, INC. NOTHING IN THIS AGREEMENT SHALL BE INTERPRETED TO PROHIBIT COUNTY FROM INCURRING REPRESENTATION OF ANY SUCH CLAIM, SUIT OR CAUSE OF ACTION AND FRITO-LAY, INC. SHALL NOT BE RESPONSIBLE FOR ANY SUCH COSTS AND OR FEES SO INCURRED.

11. Force Majeure

If by reason of force majeure, the Owner is unable to perform any obligation of this Agreement, it shall give notice of the force majeure to the County in writing within ten (10) calendar days of the occurrence relied upon. The obligation of Owner, to the extent and for the period of time affected by the force majeure, shall be suspended. The Owner shall endeavor to remove or overcome the inability with all reasonable effort. For purposes of this provision, "force majeure" shall mean acts of God, landslides, lightning, earthquakes, hurricanes, storms, floods, or other natural occurrences; strikes, lockouts, insurrections, riots, wars or other civil or industrial disturbances; orders of any kind of the Federal or State government or of any civil or military authority; explosions, fires, breakage or accidents to machinery, lines, or equipment, or the failure of the

system or water supply system; or any other cause not reasonably within the control of the.

12. Commissioners Court Approval

This Agreement is conditioned entirely upon the approval of the Commissioners' Court by the affirmative vote of a majority of the members present at a duly scheduled meeting of the Commissioner's Court.

13. Compliance with State and Local Regulations

This Agreement shall not be construed to alter or affect the obligations of Owner to comply with any City ordinance or Federal or State law or regulation.

14. Changes in Tax Laws

The tax abatement provided in this Agreement is conditioned upon and subject to any changes in the state tax laws during the term of this Agreement.

15. Miscellaneous

(a) This Agreement shall be construed under and in accord with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Fort Bend County, Texas.

(b) In the event of one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

(c) The waiver by either party of a breach of any provision of this Agreement shall not operate as or be construed as a waiver of any subsequent breach.

(d) Any amendments of this Agreement shall be of no effect unless in writing and

signed by both parties hereto.

16. Notices

Any notice required to be given under the provisions of this Agreement shall be in writing and shall be duly served when it shall have been deposited, enclosed in a wrapper with the proper postage prepaid thereon, and duly registered or certified, return receipt requested, in a United States Post Office, addressed to the Owner at the mailing address as hereinafter set out. If mailed, any notice of communication shall be deemed to be received three (3) days after the date of deposit in the United States Mail. Unless otherwise provided in this Agreement, all notices shall be delivered to the following parties at the following addresses:

To the **Tax Assessor/Collector:** Ms. Patsy Schultz
Fort Bend County Tax Assessor-Collector
500 Liberty, Suite 101
Richmond, Texas 77469

To Owner: Frito-Lay, Inc.
c/o Economic Development
7701 Legacy Drive
Plano, Texas 75024
Attention: Kyle Ballard

Copy to: General Counsel
Legal Department
Frito-Lay, Inc.
7701 Legacy Drive
Plano, Texas 75024

To County: Fort Bend County
301 Jackson, Suite 719
Richmond, Texas 77469
Attention: County Judge

Copy to: Mr. Ben W. "Bud" Childers
Fort Bend County Attorney
301 Jackson, Suite 621

Richmond, Texas 77469

Either party may designate a different address by giving the other party ten (10) days written notice thereof. **Failure of Owner to provide the County Tax Assessor/Collector thirty (30) days notice of a change of address may result in termination of this Agreement.**


17. Entire Agreement and Economic Impact Statement

This Agreement contains the entire Agreement among the parties and supercedes all other negotiations and agreements, whether written or oral. Attached hereto are Exhibit B – Renewal of Reinvestment Zone No. 5 and Exhibit C – Economic Impact Statement/Application for Value Added Tax Abatement, which are made part of this Agreement.

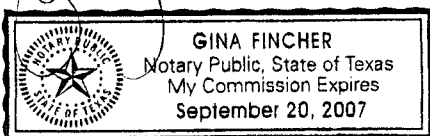
18. Execution

IN TESTIMONY OF WHICH, THIS AGREEMENT has been executed by the County and Owner as of the dates below stated. Owner warrants and represents that the individuals executing this agreement on behalf of Frito-Lay, Inc. have full authority to execute this Agreement and bind Frito-Lay, Inc. to the same.

ATTEST:

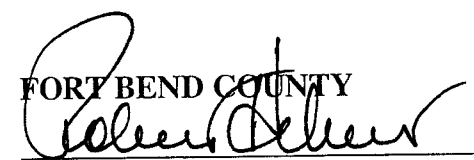

Dianne Wilson, County Clerk

ATTEST:



FORT BEND COUNTY

By:


Robert E. Hebert, County Judge

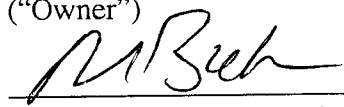
Date:

6-14-05

FRITO-LAY, INC.

("Owner")

By:


Rich Beck, Senior Vice President
FLNA Operations

Date:

6/9/05

Attachments: Exhibit A – Real Property
Exhibit B – Renewal of Reinvestment Zone No. 5
Exhibit C – Economic Impact Statement/Application for Value Added Tax
Abatement

mer\Frito-Lay, Inc. Expansion -3195-33 (060705)

HENRY STEINKAMP, JR., INC.

Land Boundary & Topographic Surveying

904 FIFTH STREET

P.O. DRAWER 162

ROSENBERG, TEXAS 77471

713/342-2241

FRANKLIN R. SCHOOK
REGISTERED PROFESSIONAL LAND SURVEYORJAMES L. EYPTAK, SR.
REGISTERED PROFESSIONAL LAND SURVEYOR

February 27, 1996

A Field Note Description of the Frito-Lay, Inc. 362.382 Acre Tract, being the remainder of the call 363.632 Acre Tract described in deed to Frito-Lay, Inc. dated March 24, 1980 and recorded in Volume 933, Page 860 of the Deed Records of Fort Bend County, Texas; PLUS the 3.791 Acre Tract described in deed to Frito-Lay, Inc. dated September 12, 1989 and recorded in Volume 2164, Page 1710 of the Official Records of Fort Bend County, Texas; and LESS the 7.041 Acre Tract described in deed to R.A. Seale, Jr., Trustee, dated September 12, 1989 and recorded in Volume 2164, Page 1703 of the Official Records of Fort Bend County, Texas; being 49.854 Acres in the Yandell Ferris Survey, Abstract #377; 146.274 Acres in the Yandell Ferris Survey, Abstract #375 and 166.254 Acres in the John Foster Survey, Abstract 27; Fort Bend County, Texas.

Begin at a 1-1/2 inch iron pipe found marking the Southeast corner of the Nancy Spencer Survey, Abstract #88 and the most Northerly Northeast corner of the Yandell Ferris Survey, Abstract #377; said corner being in the West line of and being the Place of beginning for this tract;

THENCE, North 00deg.17'03" West, along said Survey Line, 6524.39 feet to the Northwest corner of this tract on the Top South Bank of the Brazos River;

THENCE, Southeasterly along said Top South Bank of the Brazos River with the following courses and distances:

South 52deg.38'28" East, 121.61 feet to angle point;
 South 42deg.07'45" East, 184.14 feet to angle point;
 South 71deg.33'36" East, 414.85 feet to angle point;
 South 59deg.57'37" East, 456.67 feet to angle point;
 South 52deg.20'17" East, 286.52 feet to angle point;
 South 67deg.18'16" East, 1070.95 feet to angle point;
 South 71deg.33'23" East, 393.27 feet to a point marking the Northeast corner of this tract;

THENCE, Leaving the Brazos River, South 25deg.59' West, 1001.04 feet to iron pipe for corner;

T/362.382

Exhibit "A"

EXHIBIT

A

PAGE 2.
362.382 Acre Tract
Frito-Lay, Inc.
Rosenberg, Texas

THENCE, North 79deg.22'20" West, 380.89 feet to iron pipe marking re-entrant corner of this tract and being the Northeast corner of said call 5.044 Acre Tract;

THENCE, South 00deg.03'40" East, 5803.48 feet to iron pipe for corner;

THENCE, South 33deg.20'20" West, 368.54 feet to an iron pipe for re-entrant corner of this tract; said corner being the Northwest corner of said call R.A. Seale, Trustee 7.041 Acre Tract;

THENCE, South 00deg.04' East, 2156.38 feet to an iron pipe marking the Southeast corner of this tract; said corner being the Southwest corner of said R.A. Seale, Trustee 7.041 Acre Tract;

THENCE, North 73deg.39'54" West, along a line 50 feet northeast of and parallel to the centerline of the C.C. & S.F. Railroad, 1609.04 feet to an iron pipe marking the Southwest corner of this tract;

THENCE, North 00deg.17'03" West, at 1181.58 feet pass a 1-1/2 inch iron pipe found marking the Southwest corner of said Vandell Ferris Survey, Abstract #378, then along Survey line, in all 3601.4 feet to the place of beginning and containing 362.382 Acres of Land.

Signed: Philip R. Schall
Registered Professional Land Surveyor 1635

NOTE: Not a field survey this date, prepared from field surveys by our firm dated January 15, 1980 and February, 1989.

EXHIBIT "A"

THE STATE OF TEXAS §

COUNTY OF FORT BEND §

**ORDER RENEWING FORT BEND COUNTY
REINVESTMENT ZONE NO. 5**

The Commissioners Court of Fort Bend County, Texas (the "Commissioners Court"), acting for and on behalf of Fort Bend County convened in regular session at a regular term of said Court, open to the public, on the 14th day of June, 2005, at the Travis Building, 7th Floor, Richmond, Texas.

WHEREAS, the County Commissioners Court passed and approved Amended Guidelines and Criteria for Granting Tax Abatement in Reinvestment Zones created in Fort Bend County, Texas, on November 4, 2003;

WHEREAS, pursuant to Section 312.203 of the Property Tax Code, the County has received a request to renew Reinvestment Zone No. 5 for tax abatement purposes;

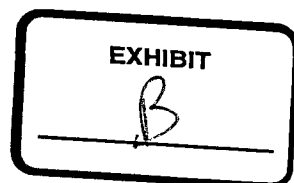
WHEREAS, the County Commissioners Court has determined, based on evidence gathered, that the improvements and personal property sought to be located Reinvestment Zone No. 5 are feasible and practical and should be included in Reinvestment Zone No. 5; and

WHEREAS, the renewal of Reinvestment Zone No. 5 will reasonably likely contribute to the increase of business opportunities in Fort Bend County and contribute to the economic development of both the property in Reinvestment Zone No. 5 and to Fort Bend County;

**NOW THEREFORE, BE IT ORDERED BY THE COUNTY COMMISSIONERS
COURT OF FORT BEND COUNTY:**

SECTION ONE

That the findings and provisions set out in the preamble of this Order are hereby found to be true and correct, and are made a part of this Order for all purposes.



SECTION TWO

That Fort Bend County Reinvestment Zone No. 5 is hereby renewed pursuant to Section 312.203 of the Property Tax Code, for the purpose of encouraging economic development in Fort Bend County through tax abatement. A description of the Zone is attached hereto as Exhibit "A" and is made a part hereof for all purposes.

SECTION THREE

This renewal shall be effective for five (5) years from the date of final passage of this Order and may be renewed for five (5) year periods thereafter.

PASSED AND APPROVED this the ____ day of June, 2005.

FORT BEND COUNTY, TEXAS

By: _____
Robert E. Hebert, County Judge

ATTEST:

Dianne Wilson, County Clerk

ECONOMIC IMPACT STATEMENT

FRITO-LAY, INC.

Application for Value Added Tax Abatement to Lamar Consolidated Independent School District and Fort Bend County.

Frito-Lay, Inc., a wholly owned subsidiary of PepsiCo, Inc, is proposing a significant expansion of their Rosenberg facility. The company's 386-acre Rosenberg facility has been in operation since 1982 and currently employs 463 people, which has increased from 325 in a little over a year, and the company is planning another expansion.

The planned expansion would add new production lines for new products. Only a small building expansion is required as space is available in the current facility. However, the major investment would be approximately \$18 million in new equipment and \$2 million in building expansion to build the new production lines and to accommodate the addition of another 30 employees.

In addition, the company's business continues to grow along with the growth of the Greater Houston Region and the company is confident that additional expansion(s) in amounts greater than this project are realistic to expect within the next 5 years.

Criteria For Consideration Of Value Added Tax Abatement

1) Legal Name of Proposed Owner of Real and Personal Property:

Frito-Lay, Inc.

Current Contact Data:

Address: Frito Lay, Inc., 7701 Legacy Dr., 3A-306, Plano, Tx 75024

Telephone: 972-334-2969

Email: Kyle.L.Ballard@fritolay.com

Name of Contact Person: Kyle Ballard, Economic Development

2) Type of Business: Food Manufacturing and Distribution; SIC 2096

3) Site Information

a) Exact Size of Site: 386 acres

b) Location: 3310 Hwy 36 North, Ft. Bend County, Tx., on the North side of SH 36, northwest of Rosenberg City Limits, just east of Spur 10.

4) Has the Company received or is it currently receiving tax abatement: Yes; expires at end of 2006 with terms of 75% abatement on \$55 million of Improvements & Equipment.

EXHIBIT

C

5) Value of Land, Existing Improvements, and Inventory:

- a) Land: N/A There is room to create the new production lines within the existing facility, and no additional land will be required.
- b) Existing Land & Improvements as per Ft. Bend CAD 2005: \$39,069,820.
- c) Current abatement which started in 1997 specified a initial "cost" of \$55 million for improvements and equipment/personal property. Actual cost for these items actually was right at \$60 million.
- d) Depreciation of equipment and the difference between "cost" and "assessed value" is the cause of the difference in these two amounts.
- e) Anticipated Start of construction on this project: April 1, 2005
- f) Is the land currently under Agriculture Exemption? No
- g) Type and Value of Proposed Improvements:
 - i. Improvements: \$ 2,000,000
 - ii. Productive Life of Proposed Improvements: 30 years
 - h) Estimated Cost of Equipment/Personal Property: \$18,000,000
- h) Value of Inventory: \$500,000
- i) Percent of Inventory qualified for Freeport Exemption: 35%

6) Description of activity:

- a) New Processing /production lines for increased capacity and to bring in new products. The new production line(s) will be operating 3 shifts per day, six days a week, at full capacity; full capacity anticipated to be attained within 3 years.
- b) Existing jobs to be retained in Ft. Bend County: N/A
- c) New jobs to be created in Ft. Bend County: 30

7) Number and types of new jobs to be created by proposed improvements:

- a) Mechanics & Maintenance Resources-6
- b) Processing Operators & Quality Control Techs-4
- c) Packaging Tecdhncians-15
- d) Warehouse Employees & Drivers-5

8) New Local payroll to be created/r: Approximately \$900,000 annually, not including benefits. Payroll would average approximately \$14/hr per new employee.

9) Will Fort Bend residents have the opportunity to fill the newly created positions:
Yes, Fort Bend residents will have the opportunity for employment when new positions are made available.

10) Local Sales tax to be generated: The developer/construction manager will the construction site as situs for building materials during construction. Declaring Situs will

not result in Double Taxation. An estimated \$41,000 new Sales Tax will be generated from this project.

- 11) **Property tax base valuation increase and amount of taxes to be paid to the taxing entities during the period of abatement:** Typically, the assessed/appraised value on the tax roles for new improvements is approximately 80% of the estimated construction cost. Thus, it is expected that this project will create a total increase in tax base valuation of approximately \$ 19,600,000 comprised of \$1,600,000 ($\$2,000,000 \times .80$) in building improvements and \$18,000,000 in equipment/personal property. See attached VAT spreadsheet for tax revenue.
- 12) **Any extraordinary costs incurred by local government to provide facilities or services:** None.
- 13) **Water/Wastewater, Processes, Hazardous Substances, Chemicals, Materials, etc.:**
 - a) The new production line(s) will utilize the existing process and facilities for such items which have been described in detail in previous abatement applications.
 - b) The new process/production line will discharge into the current land application system.
- 14) **Population growth as a direct result of improvements:** Unknown.
- 15) **Public improvements to be made by the Company:** None
- 16) **Competition with existing businesses:** None.
- 17) **Impact on local business opportunities:** Local businesses have the opportunity to provide typical vendor supplies and products. The project will have a positive impact on the local construction industry.
- 18) **Attraction of other new businesses:** Unknown.
- 19) **Compatibility with zoning ordinances and comprehensive plans:** The proposed facility will be in compliance with the zoning ordinances and comprehensive plan.
- 20) **Environmental compatibility:** The project is to be in compliance with existing government and environmental regulations.

21) Community organizations in which the Company plans or is currently participating in: Frito-Lay has always demonstrated that they are a good and valued corporate citizen and will continue to do so.

22) Has the company agreed to participate in the continuing economic development process in Fort Bend County by becoming a Trustee member of the GFBEDC for a minimum period coinciding with the term of any abatement granted by the County of Fort Bend: Yes.

CERTIFICATION:

1. Frito-Lay, Inc. hereby certifies that all statements and representations made herein are accurate to the best of their knowledge, and agree to comply with these terms.

Kyle Ballard
Signature

3/16/05
Date

Print Name: Kyle Ballard
Title/Division: Economic Development Mgr. - FLNA

2. The Greater Fort Bend Economic Development Council certifies Frito-Lay, Inc. has met the standard requirements and is qualified for value added tax abatement in Fort Bend County.

Herbert W. Appel, Jr.
Herbert W. Appel, Jr., President
Greater Fort Bend Economic Development Council

4/1/05
Date

FRITO LAY

4:36 PM

Fort Bend County Tax Comparison Over Abatement Term											
Term: 10 yrs. 2006-2015											
Tax Rate = \$0.52374/\$100 Valuation											
Abatement Percentage: 50%											
Item	Value	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Land**											
Improvements	\$ 1,600,000	\$ 8,380	\$ 8,380	\$ 8,380	\$ 8,380	\$ 8,380	\$ 8,380	\$ 8,380	\$ 8,380	\$ 8,380	\$ 8,380
Personal Property	\$ 18,000,000	\$ 94,273	\$ 84,846	\$ 75,419	\$ 65,991	\$ 56,564	\$ 47,137	\$ 37,709	\$ 28,282	\$ 18,855	\$ 9,427
Inventory	\$ 500,000	\$ 2,619	\$ 2,619	\$ 2,619	\$ 2,619	\$ 2,619	\$ 2,619	\$ 2,619	\$ 2,619	\$ 2,619	\$ 2,619
Total Taxable Value	\$ 20,100,000	\$ 105,272	\$ 95,844	\$ 86,417	\$ 76,990	\$ 67,562	\$ 58,135	\$ 48,708	\$ 39,281	\$ 29,853	\$ 20,426
Avg. Annual Tax Revenue after abatement expires:											\$ 82,849
Average Annual Tax Revenue during abatement term based on taxable value assumptions: \$ 31,424											
Average Annual Tax Savings to Company during abatement term based on assumptions: \$ 31,424											
Total Tax Savings to Company over term of abatement: \$ 314,244											
Total Tax Revenue from this project over term of abatement: \$ 314,244											

** No new land will be acquired for this project, thus current taxes on the site (land only) for this project will not result in any new land taxes.

LCISD Comparison Over Abatement Term											
Term: 10 yrs. 2006-2015											
Tax Rate = \$1.69760/\$100 Valuation											
Abatement Percentage: 0%											
Year	Value	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Land											
Improvements	\$ 1,600,000	\$ 27,162	\$ 27,162	\$ 27,162	\$ 27,162	\$ 27,162	\$ 27,162	\$ 27,162	\$ 27,162	\$ 27,162	\$ 27,162
Personal Property	\$ 18,000,000	\$ 305,588	\$ 275,011	\$ 244,454	\$ 213,898	\$ 183,341	\$ 152,784	\$ 122,227	\$ 91,670	\$ 61,114	\$ 30,557
FP un-Qualified Inventory	\$ 325,000	\$ 5,517	\$ 5,517	\$ 5,517	\$ 5,517	\$ 5,517	\$ 5,517	\$ 5,517	\$ 5,517	\$ 5,517	\$ 5,517
Total Taxable Value	\$ 19,925,000	\$ 338,247	\$ 307,690	\$ 277,133	\$ 246,576	\$ 216,020	\$ 185,463	\$ 154,906	\$ 124,349	\$ 93,792	\$ 63,236
Total											\$ 2,007,412

The above chart assumes values of Improvements, personal property and inventory at initial occupancy of the facility, that real property values are constant over the term of the abatement; and, that equipment/personal property is depreciated, straight-line, over a 10 year life, with a residual value thereafter of 10%.

This analysis is for illustrative purposes only and was prepared by the Greater Ft. Bend Economic Development Council.

The tax abatement terms and conditions must be approved by each taxing jurisdiction; no guarantees can be made prior to these approvals.