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10-0688

TAX ABATEMENT AND CHAPTER 380 ECONOMIC DEVELOPMENT AGREEMENT

This **TAX ABATEMENT AGREEMENT** ("Agreement") is made by and between the **CITY OF HOUSTON, TEXAS**, a municipal corporation and home-rule city (the "City"), and **SOUTHERN FOODS GROUP, LLC**, a foreign limited liability company and wholly-owned subsidiary of Dean Foods Company (the "Owner"), authorized to transact business in the State of Texas and owner of interest in real property located within the Zone (defined in Section 1 below). The City and the Owner may be referred to singularly as "Party" and collectively as the "Parties."

W I T N E S S E T H:

WHEREAS, the creation and retention of job opportunities in the City is paramount to the City's continued economic development; and

WHEREAS, the Owner desires to continue to operate, and expand and construct a "manufacturing facility," as defined in Section 44-121 of the Code of Ordinances, Houston, Texas, to be used by the Owner as a principal manufacturing facility for the purpose of producing and distributing dairy and other products; and

WHEREAS, the Owner filed a written application for tax abatement dated as of April 7, 2010, in accordance with Section 44-123 of the Code of Ordinances; and

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

WHEREAS, the City Council finds that the Improvements (defined in Section 1 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 facility will be designed and constructed to meet all applicable federal, state, and local environmental regulations, and that the construction and operation of the facility will not result in environmental degradation or hazard; and

WHEREAS, the City Council finds that the planned use of the Improvements, when constructed and operated in accordance with applicable environmental standards, will not constitute a hazard to public health, safety, or morals; and

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

WHEREAS, Section 44-120(a) of the Code contemplates that the City may offer incentives other than tax abatement, such as "beneficial land exchanges and right-of-way abandonment," that could provide "mutual benefit to the [C]ity and the proposed development"; and

WHEREAS, pursuant to Article III, Section 52-a of the Texas Constitution and Chapter 380, Texas Local Government Code, as amended ("Chapter 380"), the City is authorized to establish and provide for the administration of one or more programs, including programs for making loans and grants of public money, to promote state or local economic development and to stimulate business and commercial activity in the City; and

WHEREAS, by Ordinance No. 99-674 adopted by City Council on June 20, 1999 ("Ordinance No. 99-674"), the City established the City of Houston Chapter 380 Program, pursuant to the provisions of Chapter 380, and adopted criteria for Chapter 380 assistance; and

WHEREAS, Section 2 of Ordinance No. 99-674 provides that the Director of the City's Planning and Development Department or such Director's designee shall administer the Chapter 380 Program (the "Program Administrator" or "Director") and may propose an application for Chapter 380 assistance that does not meet all of the criteria if, in the opinion of the Program Administrator, the application is otherwise meritorious; and

WHEREAS, the Director of the Planning and Development Department has designated the Deputy Director of Economic Development and TIRZ in the Department of Finance as Program Administrator; and

WHEREAS, to construct the new manufacturing facility, the Owner has acquired private property contiguous to its current site and desires to create a consolidated "campus" for its facility; and

WHEREAS, several public streets that terminate into the proposed campus and that do not provide for traffic through the facility prevent the creation of the facility campus; and

WHEREAS, the Owner has formally requested the City to abandon certain street rights-of-way, and the City Council desires to approve the abandonment of the street rights-of-way, subject to certain conditions that the Owner must satisfy, including providing the City a Letter of Credit, payment of the fair market value of the street rights-of-way, net of easements or other land conveyed to the City, fees related to the

abandonment of the street rights-of-way, and payment of the depreciated value of any sanitary sewer lines, manholes, water lines, and fire hydrants being abandoned, as described in EXHIBIT 4 attached hereto; and

WHEREAS, the Owner has offered to exchange with the City certain other land owned by the Owner for a portion of the street rights-of-way; and

WHEREAS, to give the City the opportunity to conduct due diligence on the land, the Owner will give the City a period of ninety (90) days from the Effective Date of this Agreement to exercise an option to acquire all or a portion of the land at no cost to the City as described in EXHIBIT 5 attached hereto; and

WHEREAS, to induce the Owner to make the Improvements, the City Council desires to grant to the Owner, pursuant to Chapter 380, the value of the street rights-of-way that the Owner would otherwise be required to pay upon the City's abandonment of the street rights-of-way; and

WHEREAS, it is the Program Administrator's opinion and recommendation that, even though the Project proposed to be developed by the Owner does not meet all of the criteria for Chapter 380 assistance, the Project is otherwise meritorious as contemplated by Ordinance No. 99-674; and

WHEREAS, the City Council finds that the incentives offered to the Owner will advance the Project which, in turn, will diversify the economy, develop and expand business and commercial activity in the City, and, to the extent that the Project does not meet all of the criteria for Chapter 380 assistance, it is otherwise meritorious; **NOW, THEREFORE**, for and in consideration of the premises and mutual promises stated herein, the Parties agree as follows:

1. Definitions

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 to the Real Property of the Owner, as more fully described in Section 3(a) below.

"Abatement Period" means that period which commences on the first day of the Effective Date of Abatement and ends four (4) years thereafter.

"Base Year Value" means the assessed value of eligible property on January 1st preceding the execution of the Agreement plus the agreed upon value of eligible property improvements made after January 1st, but before the execution of the Agreement.

"Chapter 44" means Article IV, Tax Abatement, of the Code, as amended.

"Chapter 380" means Chapter 380 of the Texas Local Government Code, as amended, authorizing economic development programs.

"City" means the City of Houston, Texas.

"City Council" means the City Council of the City of Houston, Texas.

"Code of Ordinances" means the Code of the City of Houston, Texas, as amended.

"Department" means the City's Finance Department or its successor.

"Director" means the director of the Department or his or her designee, or any person who may be designated in writing by the Mayor 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 last certificate of occupancy for the Improvements is issued by the City.

"Facility" means the manufacturing facility defined in Section 44-121 of the Code.

"HCAD" means the Harris County Appraisal District.

"Improvements" means the improvements to the Real Property made by the Owner, more fully described in Section 5, below, constituting the Abated Property.

"Ordinance" means City Ordinance No. 2010-_____ creating the Zone.

"Ordinance No. 99-674" means the ordinance adopted by City Council on June 20, 1999 establishing the City of Houston Chapter 380 Program, pursuant to the provisions of Chapter 380 of the Texas Local Government Code, and adopting criteria for Chapter 380 assistance.

"Owner" means Southern Foods Group, LLC, a foreign limited liability company authorized to transact business in the State of Texas, and a wholly-owned subsidiary of Dean Foods Company.

"Permanent employee" means an individual who works for, and is an employee of, the Owner and works a minimum of thirty-five (35) hours in a seven-day period, and reports to work in the Zone, excluding any contract employee, seasonal employee, or part-time employee.

"Program Administrator" means the Deputy Director of Economic Development and TIRZ in the Department of Finance who shall administer the Chapter 380 program portion of this Agreement.

"Project" means the facility to be used by the Owner on the Real Property as more fully described in Section 5(c) below.

"Real Property" means the land to be improved, as more fully described in Section 3(a) below.

"RTU" means refrigerated transport unit.

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

"Zone" means the Dean Foods d/b/a Southern Foods Group, LLC Reinvestment Zone, which is more particularly described in Exhibit "B" of the Ordinance.

2. Authorization

This Agreement is authorized by Chapter 44, Article IV of the Code, which establishes the property tax abatement program for properties in designated reinvestment zones, by the Ordinance, and by Chapter 380, which authorizes the City to establish a program to promote economic development and to stimulate business and commercial development in the City.

3. Property

The street addresses and HCAD tax account numbers of the Real Property to be improved under this Agreement are set forth on EXHIBIT 1A attached hereto. The Real Property is described more fully in EXHIBIT 1 attached hereto.

4. Representations and Warranties

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

(b) The Owner represents that it is authorized to execute this Agreement and is authorized to complete the Improvements described in Section 5 below and in EXHIBIT 2 attached hereto.

(c) The Owner represents and warrants that construction of the Improvements described in EXHIBIT 2 will begin after the effective date of this

Agreement (as defined in Section 13 below). The Owner represents that the Real Property comprises approximately 14.64 acres of land.

(d) The Owner represents that no interest in the Real Property or personal property is held or leased by a member of the City Council or a member of the City's Planning Commission.

(e) The Owner represents and warrants that it will invest a minimum of Twenty-One Million Dollars ($21,000,000) in making improvements to the Real Property by the Effective Date of Abatement, and therefore expects that the HCAD will determine that the value of the Real Property will increase by at least Twenty-One Million Dollars ($21,000,000) by the January 1st following the Effective Date of Abatement.

(f) The Owner represents and warrants that it will retain employment in the Zone of five hundred thirty-eight (538) permanent employees through the term of this Agreement.

(g) The Owner represents that the Improvements are necessary because its existing facility cannot efficiently and economically provide the required capacity when reasonable allowance is made for necessary improvements.

(h) The Owner represents and warrants that it will operate the Project as described in EXHIBIT 3 attached hereto.

(i) The Owner represents and warrants that the Improvements will be designed, constructed, and operated in accordance with all applicable federal, state, and local environmental regulations. The Owner represents that the Project will not cause environmental degradation or hazard to the Real Property or the environs of the City of Houston.

(j) The Owner represents and warrants that it will comply with the following environmental obligations, some of which were previously set out in the Environmental Compliance Agreement effective July 12, 2007 between Southern Foods Group, L.P. d/b/a Oak Farms Dairy and the City, regardless of whether that agreement terminates:

(1) Continue to enforce the no-idling policy developed under the Environmental Compliance Agreement;

(2) Assure that new construction will provide that no industrial process water will enter into the City's municipal storm water system;

(3) Continue to inspect, and mop and sweep, as necessary, the parking lots;

(4) Stencil all new storm drains at the Facility that were added as a result of the construction with the bilingual warning "No dumping. Drains to Galveston Bay" and replace any stencils that were damaged by the construction;

(5) Develop and implement a preventive maintenance program for the electric RTUs; and

(6) Expand the Facility from its current infrastructure of ninety-four (94) electric outlets to a total of one hundred eighty (180) outlets to enable the refrigeration units to operate on electricity when parked at the Facility. The additional electrical outlets will further reduce diesel engine exhaust and noise from the engines of the parked vehicles at the Facility.

(7) Expand the Facility to contain the entire operation in a single "campus," including relocating the diesel fuel tanks and the case dock, thereby diverting access routes away from the neighborhood surrounding Dodson Elementary School.

(k) The Owner represents and warrants that it will reimburse the City the cost of relocating the elevated surface vent pipe on top of the 60-inch water line, the work of

which must be performed by City personnel, as provided in EXHIBIT 4 hereto, not later than thirty (30) days after receiving an invoice from the City for the relocation.

(l) The Owner represents and warrants that it will pay the City, not later than thirty (30) days after the effective date of this Agreement, the amount of twelve thousand dollars ($12,000), which is the cost paid by the City for all appraisals of the value of the rights-of-way, easements, and other property to be abandoned or exchanged.

5. Terms of the Agreement

(a) The Owner shall have the Improvements constructed substantially in conformity with the description, plans, and specifications described in EXHIBIT 2 hereto.

(b) The Owner shall complete or cause the Improvements to be completed in accordance with the provisions of EXHIBIT 2 hereto and the City of Houston Building Code. In case of any conflict, the Building Code shall prevail. In addition, the Owner shall comply with Chapter 42 of the Code, if applicable (platting regulations), and all other applicable laws and regulations.

(c) Upon completion of the Improvements, the Owner shall use the Improvements for the proposed use specified in this paragraph during the Abatement Period specified in Section 6 of this Agreement. However, the Director may approve a change from the proposed use, in writing, 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 specified in Section 6 of this Agreement. The proposed use of the Improvements (unless the Director approves a change in use) is for the production and distribution of dairy and other products, pursuant to and to the extent described in EXHIBIT 3 hereto.

(d) The Owner shall maintain the Improvements in good repair and condition during the Abatement Period specified in Section 6 of this Agreement.

(e) The Owner shall allow City employees to have access to the Real and Abated Property for the purpose of inspecting the Improvements to ensure that the Improvements were completed and maintained in accordance with the terms of this Agreement. All inspections will be made only after giving the Owner at least twenty-four (24) hours' advance notice, and will be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the Project. All inspections will be made with one (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 perform any inspections or enter the affected property pursuant to the Code, the Building Code, or otherwise.

(f) The Owner shall provide City employees reasonable access to any relevant records requested and necessary for the purpose of conducting an audit of the Project to ensure compliance with this Agreement. Any such audit shall be made only after giving the Owner at least seven (7) days' advance notice, and will be conducted in such a manner as to not unreasonably interfere with the operation of the Project. Documents and information provided by the Owner to the City in connection with any audit or other inspections under this Agreement which are confidential or proprietary to Owner shall not 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.

(g) The Owner shall not assign this Agreement without the written approval of the City Council, which approval shall not be unreasonably withheld; provided that the

Director may consent to the assignment of this Agreement if the assignment is to an affiliated entity of the Owner and the Owner is in compliance with all terms of this Agreement. In addition, any assignment must comply with the provisions of Section 44-134 of the Code.

(h) Not later than February 1st of each year during the Abatement Period, the Owner shall submit to the Director and the Chief Appraiser of HCAD an employee count for the Project. The employee count submitted shall correspond to the employee count reported by 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 subsection (h) of Section 44-133 of the Code. The Owner, if requested by the Director, shall have an independent audit prepared of the employment/employee count documentation and shall submit the audit to the Director for use in complying with the requirements of this subsection. The Director shall certify to the Chief Appraiser of HCAD whether the Owner is in compliance with the employment requirements of this Agreement.

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

(j) The Owner shall annually file the appropriate form with HCAD to qualify for tax abatement. In addition, the Owner shall annually render with HCAD the value of all personal property located at 3430 Leeland, Houston, Texas, 77003, during the Abatement Period.

(k) On or before January 1st of each year the Agreement is in effect, the Owner shall provide the Director a sworn statement that includes a delineation of the

number of permanent employees, contract employees and part-time employees of the Owner as of the immediately preceding December 1st, who report to work in the Zone at each site covered by the Agreement.

(l) 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 who work on the Project within the Zone.

(m) On or before January 1st of each year that the Agreement is in effect, the chief financial officer of the Owner shall provide the Director a sworn statement that the Owner is and has been in compliance in the prior year with all Agreement provisions.

(n) A chief financial officer of the Owner who cannot make the sworn statement required by paragraph (m) above on any January 1st 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.

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

6. **Tax Abatement**

(a) The estimated value to be abated is Twenty-One Million Two Hundred Seventy-Five Thousand Dollars ($21,275,000). The Base Year Value is Twenty-Five Million Five Hundred Ninety-Nine Thousand Five Hundred Eighteen Dollars ($25,599,518).

(b) Abatement on the Improvements specifically listed in EXHIBIT 2 hereto shall be permitted only for the value of new "eligible property" constructed or added after the effective date of this Agreement as provided in Section 44-127 (b) and (d) of the Code, subject to the limitation stated in Section 5 of this Agreement. Abatement shall not be permitted for the value of eligible new improvements exceeding the amount of Twenty-One Million Dollars ($21,000,000). In addition, this exemption from taxation is specifically subject to the rights of the holders of outstanding bonds of the City. This abatement shall be granted effective January 1st immediately following the date the final certificate of occupancy for the Improvements is issued by the City (the "Effective Date of Abatement"). The portion of the value of new eligible Improvements subject to the abatement shall be fifty percent (50%) per year for a period of four (4) years (the "Abatement Period") from the Effective Date of Abatement. In no case shall the Abatement Period, inclusive of the construction period, exceed four (4) years from the Effective Date of Abatement.

(c) 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 defined in Section 44-127(e) of the Code, including the value of the Real Property, shall be fully taxable;

(2) The Base Year Value of eligible property shall be fully taxable. All ineligible property shall be fully taxable. All property except for the value up to Twenty-One Million Dollars ($21,000,000) of the Abated Property, as described in Section 44-127(a)-(d) of the Code, shall be fully taxable.

(3) The additional value of the Improvements constructed or installed after the effective date of this Agreement, as determined each year, shall be taxable in accordance with Section 6(b) of this Agreement.

(d) The City shall enter into only one tax abatement agreement for the Project described in this Agreement during the existence of the Zone.

7. Economic Development Incentives

(a) To create the Facility, the Owner must acquire the rights-of-way of and close certain existing City streets which will become part of the Owner's expanded and improved site. The City agrees to abandon the rights-of-way of the streets described in EXHIBIT 4 hereto, subject to the Owner's having fulfilled the conditions listed in EXHIBIT 4 hereto, and having provided a Letter of Credit, paid the fair market value of the street rights-of-way, net of easements or other land conveyed to the City, paid the three hundred dollar ($300) per parcel fee for abandonment, and paid the depreciated value of any sanitary sewer lines, manholes, water lines, and fire hydrants being abandoned. As an incentive, the City agrees to make a Chapter 380 grant to the Owner of the amount that the Owner would otherwise be required to pay the City for abandoning the street rights-of-way, including fees related to the abandonment, and for the depreciated value of sanitary sewer lines, manholes, water lines, and fire hydrants.

(b) The Owner has offered to exchange with the City certain other land owned by the Owner, described in EXHIBIT 5 and EXHIBIT 5A attached hereto (the "Land"), for a portion of the street rights-of-way and, to provide the City an opportunity to conduct due diligence, the Owner will allow the City a period of ninety (90) days from the effective date of this Agreement to exercise an option to acquire all or a portion of the Land at no cost to the City.

8. **Default and Recapture**

(a) Events of Default

The Owner shall be in default of this Agreement if any of the following occur at any time during the term of this Agreement:

(1) The Facility is completed and begins producing or providing the product or service described in this Agreement, but subsequently discontinues producing or providing the product or service for any reason excepting fire, explosion, or other casualty or accident or natural disaster;

(2) The Owner fails to comply timely with job creation, investment or payment requirements pursuant to this Agreement;

(3) The Owner fails to comply timely with any material term of this Agreement;

(4) The Owner fails to file any required report or statement or to give any required notice pursuant to this Agreement; or

(5) Employees or designated representatives of the City determine pursuant to an inspection under Section 44-132 of the Code that the Owner has not complied with this Agreement.

(b) Notice

(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 sixty (60) 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(d) of this Agreement. Provided, however, that the City shall only be required to give a sixty (60) day notice of default for failure to comply with job creation or investment requirements. The Owner's failure to comply with job creation or investment

requirements is an "incurable default." Within such sixty (60) day notice period, 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 sixty (60) 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(d) of this Agreement.

(2) If the Owner is in default under Section 8(a) of this Agreement, the Owner shall notify the City within ninety (90) days of the default and if the default is one that can be cured hereunder, the default shall be cured within sixty (60) days following the date of the notice of default. If the Owner fails to cure the curable default within such sixty (60) day period, then the City may pursue any one or more of the remedies listed in Section 8(d) of this Agreement.

(c) 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 sixty (60) 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.

(d) City Remedies for Default

(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, 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; pursue any and all remedies allowed under the Agreement; and pursue any and all remedies allowed 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, the City, in its sole discretion, may recover all or any part of the taxes abated at any time under the Agreement and the value of any economic incentive granted to the Owner pursuant to this Agreement. The Owner shall pay all such taxes and economic incentives to the City within thirty (30) days of the City's written demand therefor. Any taxes or economic incentive not paid timely shall bear interest at the rate of twelve percent (12%) annually; and

(3) 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. 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.

(e) The City's right and authority to pursue any default and to recover abated taxes and economic incentives granted under this Section 8 shall survive the amendment, revision, expiration, or termination of this Agreement.

9. Administration

(a) The Chief Appraiser of HCAD shall annually determine the value of the Improvements listed in EXHIBIT 2 hereto. Each year, the Owner shall furnish the City with such information as may be necessary for calculating the amount of abatement. Once the value of the Improvements has been established and the amount of the abatement calculated, the Chief Appraiser of HCAD shall notify the affected jurisdictions that levy taxes of the amount of assessment.

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

10. 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 and the United States.

11. 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.

12. 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: Southern Foods Group, LLC
Attn: Shaun Young
Vice President, Operations
2711 N. Haskell Ave., Suite 3400
Dallas, Texas 75204

with a copy to:

Dean Foods Company
2711 N. Haskell Ave., Suite 3400
Dallas, Texas 75204
Attn: Legal Department

To the City: Mailing Address:
Director
Finance Department
P. O. Box 1562
Houston, Texas 77251

Physical Address:

Director
Finance Department
611 Walker, 10th 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.

13. Effective Date

The effective date of this Agreement is the date the Agreement is approved by the Mayor and City Council.

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

[Execution page to follow]

SOUTHERN FOODS GROUP, LLC
(a foreign limited liability company)

By: _____
Shaun Young,
Vice President, Operations

ATTEST:

By: _____
Name: C. Shay Braun
Title: Vice President

CITY OF HOUSTON, TEXAS

_____
Mayor

ATTEST/SEAL:

_____
City Secretary

COUNTERSIGNED:

_____
City Controller

DATE COUNTERSIGNED:

9-10-10

APPROVED:

_____
Director, Finance Department

APPROVED AS TO FORM:

_____
Assistant City Attorney
L.D. File No. 0611000124001

EXHIBIT 1

LEGAL DESCRIPTION OF PROPERTY

Metes and Bounds Oak Farms Dairy Survey dated August 22, 2010 and

Boundary Map dated August 22, 2010