

STATE OF TEXAS §
 §
 § **AMENDMENT NO. 1 TO THE ECONOMIC**
 § **DEVELOPMENT INCENTIVE AGREEMENT**
 COUNTY OF DALLAS §

This Amendment No. 1 (“**Amendment**”) to the Infrastructure Incentive Agreement (“**Agreement**”), by and between the City of Lancaster (the “**City**”) and Argent Development GP, L.L.C, as assigned to Prologis & Argent LLC, successor by merger and name change to Prologis & Argent LP (“**Developer**”), and the Board of Directors of the Lancaster Economic Development Corporation, Lancaster, Texas (“**LEDC**”), is entered into this 12th day of November, 2012 (the “**Effective Date**”). The City, Developer and LEDC shall hereinafter be collectively referred to herein as, the “**Parties**”).

RECITALS

WHEREAS, on or about December 3rd, 2004, the Parties hereto entered into the Agreement, wherein the City made economic development grants to Developer for the purposes of building, constructing and operating an industrial and retail business park within the City; and

WHEREAS, the Parties desire to amend the Agreement to remove a sixty seven (67) acre ± tract (the “**Removed Property**”) from such Agreement, to allow for its future development and occupancy as a distribution center on such property, pursuant to separate economic development incentives set forth in that certain Economic Development Agreement dated of even date herewith, between the City and Quaker Sales & Distribution, Inc., a Delaware corporation (the “**Replacement Agreement**”);

NOW THEREFORE, in consideration of the foregoing, and on the terms and conditions hereinafter set forth, the Parties agree as follows:

Section 1. Article I, “Definitions,” of the Agreement is hereby amended by deleting the following definitions set forth therein, and replacing them in their entirety as follows:

(a) **1.2** “**Act**” shall mean the Development Corporation Act, Chapter 501, Texas Local Government Code, as amended.

(b) **1.13** “**Project Area**” shall mean the property legally described on Exhibit B to this Agreement.

(c) **1.15** “**Project Costs**” shall mean the sum of: (a) the actual costs incurred by **DEVELOPER** to plan, design, permit, and construct the Infrastructure Improvements (excluding any Project-related costs expressly excluded from Project Costs by this Agreement), together with interest imputed or accrued at the rate of seven percent (7%) per annum, calculated from the Project Commencement to Completion, plus (b) interest on the amount in item (a) after Completion at the rate of seven percent (7%) per annum, compounded annually, until the cost estimates on Exhibit B are composed of cost estimates only, the parties acknowledging that interest shall not be compound on estimated costs that have not been actually

expended. Project Costs shall be calculated to include the actual costs incurred by or on behalf of **DEVELOPER** to plan, design, permit, and construct the Infrastructural Improvements as required by **CITY**.

(d) **1.22 “Serviced Area”** shall mean the tract of land north of Cedardale Drive and east of Houston School Road containing property defined herein, including the Project Area and the approximately 50 acre area planned for potential retail development north of and adjacent to the Project Area abutting Interstate Highway 20. The Serviced Area boundaries are shown on the site plan attached to this Agreement as Exhibit D.

Section 2. Section 22.1 of the Agreement is hereby amended by deleting the addresses set forth therein in their entirety, and replacing them with the following addresses:

CITY

City of Lancaster
211 North Henry Street
Lancaster, Texas 75146
Fax: (972) 227-4032
Attn: City Manager

With copy to:

Robert E. Hager
Nichols, Jackson, Dillard
Hager & Smith, L.L.P
1800 Lincoln Plaza
500 North Akard
Dallas, Texas 75201

LEDC

P.O. Box 940
211 N. Henry Street
Lancaster, Texas 75146
Fax: (972) 218-3684
Attn: Director

DEVELOPER

Prologis & Argent LLC
Attn: Ross Matthews
2501 N. Harwood Street
Ste 2450
Dallas, Texas 75201

With copy to:

Prologis, Inc.
Attn: Legal Department
4545 Airport Way
Denver, CO 80239

Section 4. The Agreement is hereby amended by deleting Exhibits B and D in their entirety, and replacing them with Exhibits 1 and 2, as designated below:

Exhibit 1: “EXHIBIT B - PROJECT PLAN”

Exhibit 2: “EXHIBIT D - SERVICED AREA BOUNDARIES”

Section 5. The outstanding balances of repayment or costs subject to the Agreement, as amended, on the effective date shall be reduced by \$1,209,526.00 [balance of payment is in Section 6]. In the event that Developer requests future economic development incentives with regard to an expansion of the building to be developed on the Removed Property, the parties will

Section 6. That the rest and remainder of the Agreement, except as amended herein, is hereby republished and ratified. This Amendment may be executed in facsimile or original counterparts, which taken together shall constitute one agreement. The Parties acknowledge and agree that as of the Effective Date, the outstanding balances of repayment or costs subject to the Agreement is \$5,118,196.00.

Section 7. The City acknowledges and agrees that the Replacement Agreement shall be freely assignable to Developer, its affiliates, successors and/or assigns, and shall be effective after five (5) business days written notice to the City. Furthermore, the City acknowledges and agrees that in the event the City terminates the Replacement Agreement prior to the expiration of its 10-year term, for any reason whatsoever, it shall deliver written notice of such termination to Developer, and, upon Developer's request, shall enter into an Economic Development Agreement for the Removed Property with Developer, or its successor or assign, on the same terms and conditions currently set forth therein, for the remaining term of the Replacement Agreement.

EXECUTED in single or multiple originals this the 12th day of November, 2012.

CITY OF LANCASTER

By: 
Name: Opal Mauldin Robertson
Title: City Manager

PROLOGIS & ARGENT LLC

By: 
Name: Reid Dunbar
Title: First Vice President

**BOARD OF DIRECTORS OF THE LANCASTER
ECONOMIC DEVELOPMENT CORPORATION,
LANCASTER, TEXAS**

By: 
Name: Ric Peterson
Title: President

EXHIBIT 1

**EXHIBIT B
To Infrastructure Incentive Agreement**

PROJECT PLAN

**INFRASTRUCTURE IMPROVEMENTS SUMMARY SERVING APPROXIMATELY
206
ACRES OF OFFICE WAREHOUSE DISTRIBUTION AND 50 ACRES OF RETAIL
COMMERCIAL**

Area **Estimated Project Costs**

CITY Water/Sewer/Drainage

Danieldale Drive Extension
(including water/sewer, street
Lighting, landscaping, irrigation,
Signalization)

Engineering Fees/Design Surveys

Total Project Costs (excl. contingency)

Maximum amount to be reimbursed by **LEDC**

* See attached itemization prepared by Half Associates, Inc.

* See Attached Legal Description of the Project Area

EXHIBIT 2

**EXHIBIT D
To Infrastructure Incentive Agreement**

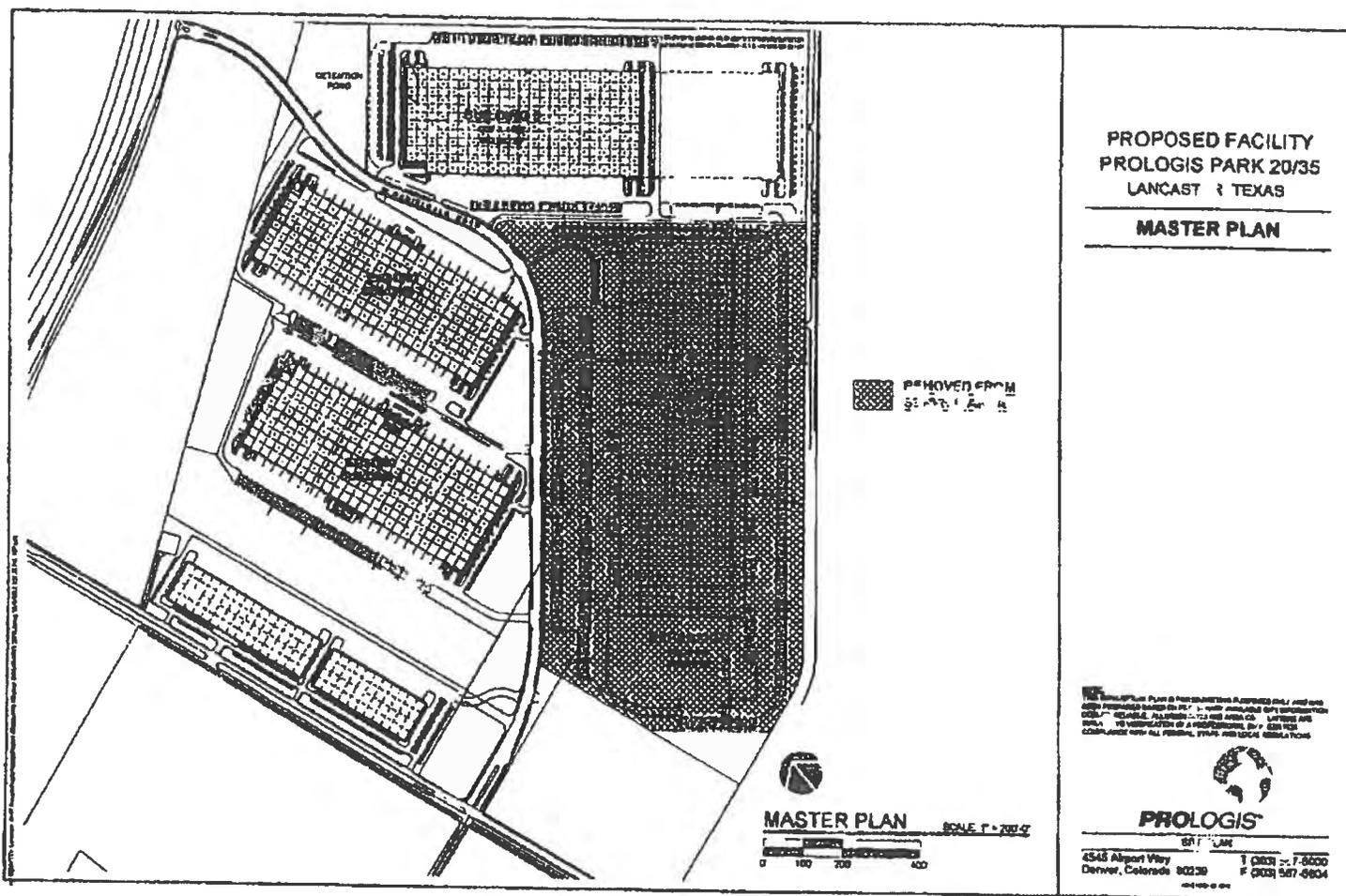
SERVICE AREA BOUNDARIES

[See Attached]

EXHIBIT 2

**EXHIBIT D
To Infrastructure Incentive Agreement**

SERVICE AREA BOUNDARIES



RESOLUTION NO. 2012-11-94

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, TEXAS, APPROVING AN AMENDMENT TO THE ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT AND AUTHORIZING THE CITY MANAGER TO SIGN AN AMENDMENT TO THE INFRASTRUCTURE INCENTIVE AGREEMENT BETWEEN THE CITY OF LANCASTER, LEDC AND ARGENT-PROLOGIS, LLC; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Lancaster recognizes how important business and community development is to the vitality and growth of Lancaster; and

WHEREAS, in December of 2004, the City of Lancaster, the Lancaster Economic Development Corporation and Argent Development entered into an Infrastructure Incentive Agreement to allow for the development of an industrial park; and

WHEREAS, later, Argent Development assigned the agreement to its ProLogis-Argent, LLC (hereinafter "PROLOGIS"); and

WHEREAS, during the placement of an economic development client as Quaker Sales & Distribution, Inc., the original Economic Development Agreement with ProLogis require an amendment; and

WHEREAS, upon full review and consideration of the Agreement, and all matters related thereto, the City Council has determined that it is in the best interest of the City to amend such Agreement, which is attached hereto and incorporated herein by reference as Exhibit "A," under the terms and conditions provided therein.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANCASTER, TEXAS THAT.

SECTION 1. That the City of Lancaster approves the 1st Amendment to the Infrastructure Incentive Agreement which is attached hereto and incorporated herein as Exhibit A and the City Manager is hereby authorized to execute such amendment.

SECTION 2. That this resolution shall take effect immediately from and after its passage and it is so duly resolved.

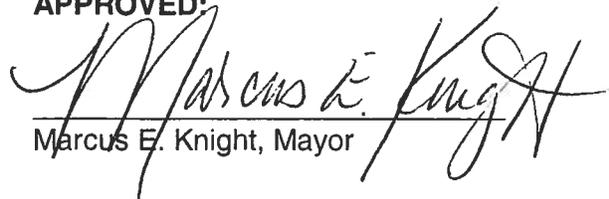
DULY PASSED and approved by the City Council of the City of Lancaster, Texas, on this the 12th day of November 2012.

ATTEST:



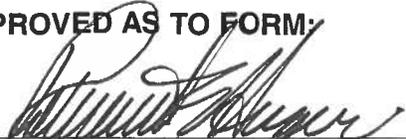
Dolle K. Downe, City Secretary

APPROVED:



Marcus E. Knight, Mayor

APPROVED AS TO FORM:



Robert E. Hager, City Attorney

RESOLUTION NO. 2012-03

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LANCASTER ECONOMIC DEVELOPMENT CORPORATION OF LANCASTER, TEXAS, IN SUPPORT OF AN AMENDMENT TO THE ECONOMIC DEVELOPMENT AGREEMENT BETWEEN THE CITY OF LANCASTER, LEDC AND ARGENT-PROLOGIS, LLC FOR THE PROMOTION AND DEVELOPMENT OF NEW AND EXPANDED BUSINESS ENTERPRISES, AS AUTHORIZED BY STATE LAW; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Lancaster Economic Development Corporation recognizes how important business and community development is to the vitality and growth of Lancaster; and

WHEREAS, in December of 2004, the City of Lancaster, the Lancaster Economic Development Corporation and Argent Development entered into an Infrastructure Incentive Agreement (hereinafter "PROLOGIS") to allow for the development of an industrial park; and

WHEREAS, later, Argent Development assigned the agreement to its ProLogis-Argent, LLC; and

WHEREAS, during the placement of an economic development client as Quaker Sales & Distribution, Inc., the original Economic Development Agreement with ProLogis require an amendment; and

WHEREAS, LEDC was a signature to the original.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LANCASTER ECONOMIC DEVELOPMENT CORPORATION, THAT:

SECTION 1. That the Board of Directors of the Lancaster Economic Development Corporation approves the resolution and amendment which is attached hereto as Exhibit A.

SECTION 2. That this resolution shall take effect immediately from and after its passage and it is so duly resolved.

DULY PASSED AND ADOPTED ON THIS 8TH DAY OF NOVEMBER, 2012.

ATTEST:



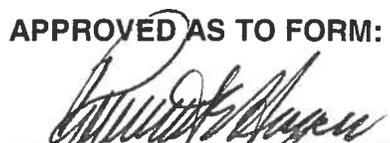
Angie Arenas, Executive Secretary

APPROVED:



Ric Peterson, President

APPROVED AS TO FORM:



Robert E. Hager, City Attorney

RESOLUTION NO. 2012-11-95

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF LANCASTER, TEXAS, RATIFYING THE ACTIONS OF THE BOARD OF DIRECTORS OF THE LANCASTER ECONOMIC DEVELOPMENT CORPORATION APPROVING AN INCENTIVE GRANT TO QUAKER SALES & DISTRIBUTION, INC. AND AUTHORIZING LEDC TO ENTER INTO A FORMAL INCENTIVE AGREEMENT WITH COMPANY.

WHEREAS, pursuant to LEDC Resolution 2012-02, which was passed and approved on the 7th of November, 2012 by the Board of Directors of the Lancaster Economic Development Corporation (LEDC), offering an incentive grant to Quaker Sales & Distribution, Inc.. (Company); and

WHEREAS, Company has contracted to lease approximately 1,200,000 square feet of space in the ProLogis Building located in ProLogis 20/35 Park in the City of Lancaster; and

WHEREAS, the City of Lancaster and LEDC recognize the importance of their continued role in economic development in the community of Lancaster; and

WHEREAS, the City may provide incentives promoting economic development pursuant to Chapter 380 of the Texas Local Government Code, which authorizes loans and grants of a city's general funds pursuant to a "program" to stimulate business and commercial activity in the municipality; and

WHEREAS, pursuant to Texas Local Government Code, Chapter 501, et seq, as amended, LEDC, as a non-profit corporation, in accordance with the Act, shall promote development and redevelopment within the municipality and its vicinity and create new manufacturing and industrial facilities, distribution centers, warehouse facilities and related facilities, through the use of a sales tax, which development and redevelopment would not otherwise occur solely through private investment in the reasonably foreseeable future; and

WHEREAS, pursuant to the City's Charter, the Act and applicable Texas Statutes, the City has the authority to enter into agreements as the City considers necessary or convenient to implement economic development in Lancaster, Texas; and

WHEREAS, pursuant to the Act and the bylaws of the Lancaster Economic Development Corporation, LEDC has authority to enter into agreements as LEDC considers necessary or convenient to implement economic development in Lancaster, Texas; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANCASTER, TEXAS, THAT:

SECTION 1. The City Council ratifies the November 7, 2012 actions of the Board of Directors of the LEDC approving an incentive grant to Quaker Sales & Distribution, Inc.

SECTION 2. The City Council authorizes LEDC to enter into an incentive agreement with Company.

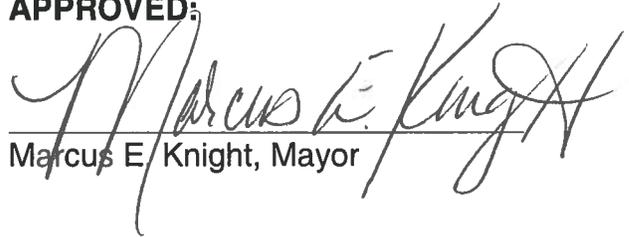
DULY PASSED and approved by the City Council of the City of Lancaster, Texas, on this the 12th day of November 2012.

ATTEST:



Dolle K. Downe, City Secretary

APPROVED:



Marcus E. Knight, Mayor

APPROVED AS TO FORM:



Robert E. Hager, City Attorney

RESOLUTION NO. 2012-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LANCASTER ECONOMIC DEVELOPMENT CORPORATION OF LANCASTER, TEXAS, IN SUPPORT OF A GRANT TO QUAKER SALES & DISTRIBUTION, INC FROM FUNDS COLLECTED FROM ¼ OF 1 PERCENT ADDITIONAL SALES AND USE TAX FOR THE PROMOTION AND DEVELOPMENT OF NEW AND EXPANDED BUSINESS ENTERPRISES, AS AUTHORIZED BY STATE LAW; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Lancaster Economic Development Corporation recognizes how important business and community development is to the vitality and growth of Lancaster; and

WHEREAS, Quaker Sales & Distribution, Inc has selected Lancaster as the location for their newest distribution facility; and

WHEREAS, Quaker Sales & Distribution, Inc. has requested a cash grant for reimbursement of 25% of permit fees not to exceed \$15,000 associated with the finish out of their lease space in their building in the ProLogis 20/35 Park ; and

WHEREAS, the Board of Directors of the Lancaster Economic Development Corporation (LEDC) are responsible for the review and evaluation of Type A incentive applications; and

WHEREAS, the board of LEDC is also responsible for recommending Type A Incentive Grants to the Lancaster City Council for review and approval;

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LANCASTER ECONOMIC DEVELOPMENT CORPORATION, THAT:

SECTION 1: That the Board of Directors of the Lancaster Economic Development Corporation approves the resolution and Incentive Agreement which is attached hereto.

SECTION 2: That this resolution shall take effect immediately from and after its passage and it is so duly resolved.

DULY PASSED AND ADOPTED ON THIS 7th DAY OF NOVEMBER, 2012.

ATTEST:

APPROVED:

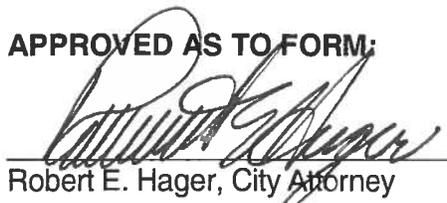


Angie Arenas, Executive Secretary



Ric Peterson, President

APPROVED AS TO FORM:



Robert E. Hager, City Attorney

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

Incentive Agreement

This Incentive Agreement (the "Agreement") is entered into by and between the Lancaster Economic Development Corporation, a non-profit corporation chartered by the State of Texas, acting by and through its Board of Directors (hereinafter referred to as the "LEDC") and Quaker Sales & Distribution, Inc., a Delaware corporation, acting by and through its authorized officer, Jeff Randolph (hereinafter referred to as "Company").

W I T N E S S E T H :

WHEREAS, the LEDC was established to promote enhanced business opportunities within the corporate limits of the City of Lancaster, Texas; and

WHEREAS, the LEDC recognizes the need to offer business incentives to develop real property within the City of Lancaster; and

WHEREAS, in order to maintain and enhance the economic and employment base within the City of Lancaster, it is in the best interests of the LEDC to enter into this Agreement in accordance with the terms provided herein; and

WHEREAS, Company, wishes to expand its operations as a viable economic project within the City; and

WHEREAS, the Board of Directors of LEDC finds that the intended scope of the Project, hereinafter defined, is to lease for ten years approximately 1,200,000 square feet of warehouse distribution space and the associated infrastructure (collectively, the "Facility") from ProLogis in their building to be constructed located in their Prologis 20/35 Park.

NOW THEREFORE, in consideration of the mutual benefits and promises contained herein and for other good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, including the attraction of major investment within the City which contributes to the economic development of Lancaster, and to the enhancement of the tax base for the City, the parties agree as follows:

**I.
EFFECTIVE DATE; TERM OF AGREEMENT**

This Agreement shall become effective upon the approval of the LEDC Board of Directors and consent by the City Council of the City of Lancaster authorizing the LEDC to enter into an agreement with Company, and on the last date of execution of this Agreement by the LEDC and Company, and shall continue for a period of one year (12 months) following the issuance of a Certificate of Occupancy for the Facility.

II. DEFINITIONS

Whenever used in this Agreement, the following term shall have the meaning ascribed to it:

"Premises" shall mean the property described in Exhibit A, attached hereto and made a part hereof for all purposes, including any improvements made thereto.

"Project" shall mean activities associated with the location of Company's operations in Lancaster, Texas.

"Improvements" shall mean the construction and finish out work necessary to commence company operations in the approximately 1.2 million square foot building located in ProLogis 20/35 Park, Lancaster, Texas.

III. PROVISIONS RELATING TO INCENTIVE AGREEMENT

COMPANY Obligations:

- A. Company will occupy approximately 1.2 million square feet of space in the building located in the ProLogis 20/35 Park and will maintain twenty million dollars (\$20,000,000) in annual inventory at their facility in Lancaster, Texas, as reported by Company to the City on an annual basis.
- B. The Premises and improvements constructed thereon at all times shall be used in a manner that is consistent with the City of Lancaster's Comprehensive Zoning Ordinance, as amended and other applicable ordinances.
- C. Company agrees to provide any and all reasonable documentation necessary to confirm data required to implement provisions of the incentive grant.

LEDC's Obligations:

- A. LEDC agrees to pay a grant to Company for reimbursement of 25% of permit fees paid by Company to the City of Lancaster not to exceed a grand total of \$15,000 associated with the preparation of their lease space in the ProLogis 20/35 Park for their business operations. Company will present to LEDC copies of paid receipts for aforementioned fees. LEDC will issue a reimbursement payment for 25% of those receipts submitted not to exceed a grand total of \$15,000, within 30 days of submittal.
- B. All grant of funds shall be made from available sales tax proceeds from the LEDC and, any grant made herein, is not pledged against future sales tax proceeds or the full faith and credit of the City of Lancaster.

IV.

DEFAULT; RECAPTURE OF GRANT FUNDS

- A. In the event Company (i) fails to commence project and improvements on property located in Lancaster, Texas on or before the Commencement Date (as such term is defined in that certain Lease Agreement dated 11 2, 2012 between Prologis and Argent LLC, as Landlord and Company, as Tenant (the "Lease") (ii) fails to complete the Project in accordance with this Agreement; or (iii) materially breaches any of the terms or conditions of this Agreement, then Company, after the expiration of the notice and cure periods described in Paragraph IV (B) below, shall be in default of this Agreement. As liquidated damages in the event of such non-cured default, Company, shall refund to LEDC all grants previously paid by LEDC under this Agreement not to exceed \$15,000. The parties acknowledge that actual damages in the event of default termination would be speculative and difficult to determine. The parties further agree that the recapture of grant funds due LEDC as a result of Company's default under this Agreement, shall be recoverable against Company, its successors and assigns.
- B. Upon breach by Company of any obligations under this Agreement, the LEDC shall notify Company, in writing of same. Company shall have ninety (90) days from receipt of the notice in which to cure any such default.
- C. If Company fails to cure the default within the time provided as specified in Paragraph IV(B) above, or, as such time period may be extended by written agreement of the parties, then the LEDC at its sole option shall have the right to demand repayment of the grant it has made hereunder in accordance with this Section IV(A).
- D. Upon the LEDC's election under the preceding paragraph, all incentives shall be repaid as set forth in Paragraph IV(A), and shall become due and payable ninety (90) days after notice to Company of a non-cured default. The LEDC shall have all remedies provided by law for the collection of the grant funds. The LEDC at its sole discretion has the option to provide a repayment schedule. The obligation of Company, to repay the grant funds to LEDC in the event of default shall survive the termination of this Agreement.

V.

SUCCESSORS AND ASSIGNS

This Agreement shall be binding on and inure to the benefit of the parties to it and their respective heirs, executors, administrators, legal representatives, successors, and assigns. This Agreement may be assigned only with the consent of the LEDC.

VI.

NOTICES

All notices required by this Agreement shall be addressed to the following, or other

such other party or address as either party designates in writing, by certified mail, postage prepaid or by hand delivery:

Company to:

Quaker Sales & Distribution, Inc.
c/o PepsiCo Americas Beverages
One PepsiCo Way
Somers, New York 10589
Attn: General Counsel

LEDC to:

Ed Brady
Lancaster Economic Development Corporation
P.O. Box 940
Lancaster, Texas 75146

VII. LEDC AUTHORIZATION

This Agreement was authorized by resolution of the LEDC, approved by its Board of Directors, authorizing its officer to execute this Agreement on behalf of the LEDC.

VIII. SEVERABILITY

In the event any section, subsection, paragraph, sentence, phrase or word herein is held invalid, illegal or unconstitutional, the balance of this Agreement shall be enforceable and shall be enforced as if the parties intended at all times to delete said invalid section, subsection, paragraph, sentence, phrase or word.

IX. APPLICABLE LAW

THIS AGREEMENT SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF TEXAS. Venue for any action under this Agreement shall be the State District Court of Dallas County, Texas. This Agreement is performable in Dallas County, Texas.

X. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument.

**XI.
ENTIRE AGREEMENT**

This Agreement embodies the complete agreement between the parties and relating to the matters in this Agreement, and except as otherwise provided herein cannot be modified without written agreement of the parties to be attached to and made a part of this Agreement. The provisions of this Agreement are hereby declared covenants running with the Premises and are fully binding on all successors, heirs, and assigns of Company who acquire any right, title, or interest in or to the Premises, or any part hereof, thereby agrees and covenants to abide by and fully perform the provisions of this Agreement. While there is no obligation for the LEDC to fund future expansion, nothing herein precludes Company from requesting further assistance on future projects.

**XII.
RECORDATION OF AGREEMENT**

A certified copy of this Agreement may be recorded in the Deed Records of Dallas County, Texas.

**XIII.
INCORPORATION OF RECITALS**

The determinations recited and declared in the preambles to this Agreement are hereby incorporated herein a part of this Agreement.

**XIV.
EXHIBITS**

All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

[SIGNATURES ON FOLLOWING PAGE]

EXECUTED in duplicate originals this the 1st day of Nov, 2012.

LANCASTER ECONOMIC
DEVELOPMENT CORPORATION

By: 
Ric Peterson, President

QUAKER SALES & DISTRIBUTION, INC.

By: 
Jeff Randolph
Vice President

EXHIBIT A

LEGAL DESCRIPTION

BEING a 78.52 acre tract of land situated in the Nathan P. Pierce Survey, Abstract Number 1132, City of Lancaster, Dallas County, Texas, and being part of Lot 3, Block 1 of PROLOGIS PARK 20/35, an addition to the City of Lancaster recorded in Instrument Number 20080048828 of the Deed Records of Dallas County, Texas (D.R.D.C.T.) and being part of that called 17.50 acre tract of land described as "Tract No. 2" and being part of that called 49.741 acre tract of land described as "Tract No. 3" in Partition Deed to Leila Edith Penn, as recorded in Volume 88010, Page 1250, D.R.D.C.T., as affected by Revocation of Trust and Reconveyance to Trustors Deed, as recorded in Volume 88023, Page 4372, D.R.D.C.T., and being more particularly described as follows:

COMMENCING at a 1/2-inch iron rod with yellow plastic cap stamped "HALFF" (hereinafter referred to as "with cap") found for the intersection of the east right-of-way line of Houston School Road (a called 100-foot wide right-of-way) with the south right-of-way line of Daniieldale Road (a variable width right-of-way at this point) as described in Exhibit "A" of Cause No. cc-02-10579-E of the County Court Records of Dallas County, Texas, said corner also being on the common north line of said "Tract No. 3" and the south line of said "Tract No. 2", same being the common northeast corner of that tract of land described in Right-of-Way Deed to the County of Dallas, as recorded in Volume 96048, Page 4943, D.R.D.C.T. and southeast corner of that tract of land described in Right-of-Way Deed to the County of Dallas, as recorded in Volume 96048, Page 4968, D.R.D.C.T.;

THENCE North 88 degrees 15 minutes 58 seconds East, along said common line and said south right-of-way line of Daniieldale Road, a distance of 13.35 feet to a 1/2-inch iron rod with cap found for corner;

THENCE departing said common line and over and across said "Tract No. 2" and along the said south right-of-way line of Daniieldale Road the following bearing and distances:

North 43 degrees 47 minutes 08 seconds East, a distance of 16.48 feet to a 1/2-inch iron rod with cap found for corner;

North 88 degrees 47 minutes 26 seconds East, a distance of 296.84 feet to a 1/2-inch iron rod with cap found for the point of curvature of a non-tangent circular curve to the left having a radius of 300.00 feet, whose chord bears North 81 degrees 13 minutes 50 seconds East, a distance of 95.13 feet;

Northeasterly, along said curve, through a central angle of 18 degrees 14 minutes 43 seconds, an arc distance of 95.53 feet to a 1/2-inch iron rod with cap found for the point of curvature of a tangent circular curve to the right having a radius of 500.00 feet, whose chord bears North 75 degrees 44 minutes 01 seconds East, a distance of 63.24 feet;

Northeasterly, along said curve, through a central angle of 07 degrees 15 minutes 05 seconds, an arc distance of 63.28 feet to a 1/2-inch iron rod with cap found for the point of curvature of a tangent circular curve to the left having a radius of 1,465.00 feet, whose chord bears North 72 degrees 51 minutes 15 seconds East, a distance of 331.96 feet;

Northeasterly, along said curve, through a central angle of 13 degrees 00 minutes 39 seconds, an arc distance of 332.67 feet to a point for the point of curvature of a non-tangent circular curve to the left having a radius of 1,465.00 feet, whose chord bears North 62 degrees 36 minutes 38 seconds East, a distance of 191.03 feet said point also being the POINT OF BEGINNING of the herein described tract;

Northeasterly, along said curve, through a central angle of 07 degrees 28 minutes 35 seconds, an arc distance of 191.17 feet to a 1/2-inch iron rod with cap found for corner;

North 58 degrees 52 minutes 20 seconds East, a distance of 359.50 feet to 1/2-inch iron rod with cap found on the north line of said "Tract No. 2", and for the northeast corner of said Cause No. cc-02-10579-E;

THENCE North 88 degrees 45 minutes 41 seconds East, departing said common line and along the said north line of "Tract No. 2", a distance of 0.20 feet to a point for most westerly northwest corner of said Lot 3 on the south right-of-way line of said Danieldale Road as shown on said plat of Prologis Park 20/35;

THENCE North 58 degrees 47 minutes 02 seconds East, along the common north line of said Lot 3 and said south right-of-way line of Danieldale Road, a distance of 1,179.33 feet to 1/2-inch iron rod found for the point of curvature of a tangent circular curve to the left having a radius of 635.00 feet, whose chord bears North 30 degrees 50 minutes 23 seconds East, a distance of 595.14 feet;

THENCE Northeasterly, continuing along said common line and along said curve, through a central angle of 55 degrees 53 minutes 19 seconds, an arc distance of 619.40 feet to a 1/2-inch iron rod with cap found for corner;

THENCE South 88 degrees 44 minutes 26 seconds East, departing said common line and over and across said Lot 3, a distance of 54.27 feet to a point for corner;

THENCE South 31 degrees 09 minutes 03 seconds East, continuing over and across said Lot 3, a distance of 1,578.12 feet to a point on the north right-of-way line of Cedardale Drive same being the north line of a 22-foot right-of-way dedication as shown on said plat of Prologis Park 20/35, said corner also being on the south line of said Lot 3;

THENCE South 59 degrees 06 minutes 19 seconds West, along the common said north right-of way line of said Cedardale Drive and said south line of Lot 3, a distance of 404.51 feet to a 1/2-inch iron rod with cap found for corner;

THENCE South 58 degrees 53 minutes 07 seconds West, continuing along said common

line, a distance of 1,055.41 feet to a 1/2-inch iron rod with cap found for the southwest corner of said Lot 3, said corner also being on the east line of said "Tract No. 3";

THENCE over and across said "Tract No. 3" and along the north line of a proposed 22-foot wide dedication for Cedardale Drive right-of-way the following bearings and distances:

South 58 degrees 44 minutes 48 seconds West, a distance of 770.34 feet to a point for the point of curvature of a tangent circular curve to the right having a radius of 352.08 feet, whose chord bears South 73 degrees 42 minutes 48 seconds West, a distance of 181.85 feet;

Southwesterly, along said curve, through a central angle of 29 degrees 56 minutes 00 seconds, an arc distance of 183.94 feet to a point for corner;

South 88 degrees 40 minutes 48 seconds West, a distance of 249.55 feet to a point for corner;

THENCE North 31 degrees 09 minutes 03 seconds West, departing said proposed north line and continuing over and across said "Tract No. 3", a distance of 608.89 feet to a point for corner;

THENCE North 01 degree 12 minutes 33 seconds West, continuing over and across said "Tract No. 3", a distance of 644.39 feet to the POINT OF BEGINNING AND CONTAINING 3,420,430 square feet or 78.52 acres of land, more or less.

The Basis of Bearings is the most southerly west line of Prologis Park 20/35, an addition to the City of Lancaster, as recorded in Document Number 20080048828 of the Official Public Records of Dallas County, Texas.

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared Ric Peterson, President of the Lancaster Economic Development Corporation, a Texas non-profit corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said corporation, and that he executed the same as the act of said corporation for the purpose and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND SEAL OF OFFICE this the 7th day of November, 2012.



Notary Public, State of Texas

My Commission Expires:



RESOLUTION NO. 2012-11-96

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, TEXAS, AUTHORIZING THE CITY MANAGER TO EXECUTE ECONOMIC DEVELOPMENT AGREEMENT(S) WHICH IS ATTACHED HERETO AS EXHIBIT A PURSUANT TO CHAPTER 380, TEXAS LOCAL GOVERNMENT CODE, BY AND BETWEEN THE CITY OF LANCASTER AND QUAKER SALES & DISTRIBUTION, INC. (“QUAKER”); PROVIDING A REPEALING CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Quaker is a leading distributor of food and beverage products; and

WHEREAS, Quaker desires to lease certain real property and improvements located in the ProLogis 20/35 Park, in the City of Lancaster, Texas (hereinafter defined as the “Premises”), and construct improvements thereon for distribution uses for a period of at least ten (10) years; and

WHEREAS, Quaker’s development of the Premises will provide employment opportunities within the City; and

WHEREAS, the location of Quaker on the Premises will result in a significant capital investment, and Quaker will maintain Tangible Personal Property on the Premises with an estimated minimum value of at least \$20,000,000.00 during the term of this Agreement; and

WHEREAS, Quaker has advised the City that a contributing factor that would induce Quaker to lease a location in the Premises would be an agreement by the City to provide an economic development grant to Quaker; and

WHEREAS, the City has adopted programs for promoting economic development, and this Agreement and the economic development incentives set forth herein are given and provided by the City pursuant to and in accordance with those programs; and

WHEREAS, the City is authorized by Article III, Section 52-a of the Texas Constitution and Texas Local Government Code Chapter 380 to provide economic development grants to promote local economic development and to stimulate business and commercial activity in the City; and

WHEREAS, the City has determined that making an economic development grant to Quaker in accordance with this Agreement is in accordance with the City Economic Development Program and will: (i) further the objectives of the City; (ii) benefit the City and the City’s inhabitants; and (iii) will promote local economic development and stimulate business and commercial activity in the City; and

WHEREAS, City desires to authorize the City Manager to negotiate and enter into an Economic Development Agreement with Quaker pursuant to Chapter 380 of the Texas Local Government Code.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANCASTER, TEXAS:

SECTION 1. That the City Manager is hereby authorized to execute an Economic Development Agreement, which is attached hereto and incorporated herein as Exhibit A, pursuant to Chapter 380 of the Texas Local Government Code (and any amendments thereto, including any related instruments), on behalf of the City of Lancaster, Texas, with Quaker Sales & Distribution, Inc. (and its affiliated and related entities).

SECTION 2. That all provisions of the resolutions of the City of Lancaster, Texas, in conflict with the provisions of this resolution be, and the same are hereby, repealed, and all other provisions not in conflict with the provisions of this resolution shall remain in full force and effect.

SECTION 3. That should any word, sentence, paragraph, subdivision, clause, phrase or section of this resolution be adjudged or held to be void or unconstitutional, the same shall not affect the validity of the remaining portions of said resolution which shall remain in full force and effect.

SECTION 4. This resolution shall take effect immediately from and after its passage, as the law and charter in such cases provide.

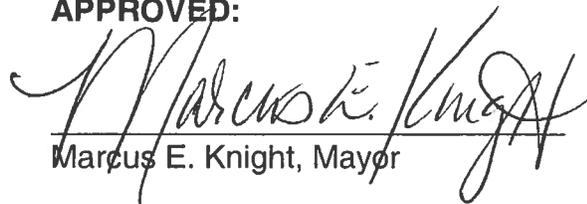
DULY PASSED and approved by the City Council of the City of Lancaster, Texas, on this the 12th day of November 2012.

ATTEST:



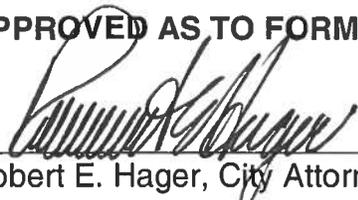
Dolle K. Downe, City Secretary

APPROVED:



Marcus E. Knight, Mayor

APPROVED AS TO FORM:



Robert E. Hager, City Attorney

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

Economic Development Agreement

This Economic Development Agreement (“Agreement”) is made by and between the City of Lancaster, Texas (“City”), and Quaker Sales & Distribution, Inc., a Delaware corporation, (the “Company”), acting by and through their respective authorized representatives.

WITNESSETH:

WHEREAS, the Company is under contract to lease certain real property and improvements located in the ProLogis 20/35 Park, in the City of Lancaster, Texas, and being more particularly described in Exhibit “A” (the “Property”); and

WHEREAS, the Company intends to lease the Premises, renovate one or more of the existing improvements located on the Premises and construct new improvements and related facilities and infrastructure for a food and beverage distribution center (the “Project”); and

WHEREAS, the Company has advised the City that a contributing factor that would induce the Company to undertake the Project would be an agreement by the City to provide an economic development grant to the Company to defray a portion of the costs of acquisition, installation and maintenance of certain Tangible Personal Property (hereinafter defined); and

WHEREAS, the City desires to encourage business expansions within the City that will add property tax base and generate additional sales tax and other revenue for the City; and

WHEREAS, the promoting the expansion of new or existing businesses within the City will promote economic development, stimulate commercial activity, generate additional sales tax and will enhance the Premises tax base and economic vitality of the City; and

WHEREAS, the City has adopted programs for promoting economic development, and this Agreement and the economic development incentives set forth herein are given and provided by the City pursuant to and in accordance with those programs; and

WHEREAS, the City is authorized by Article III, Section 52-a of the Texas Constitution and Texas Local Government Code Chapter 380 to provide economic development grants to promote local economic development and to stimulate business and commercial activity in the City; and

WHEREAS, the City has determined that making an economic development grant to the Company in accordance with this Agreement is in accordance with the City Economic Development Program and will: (i) further the objectives of the City; (ii) benefit the City and the City’s inhabitants; and (iii) will promote local economic development and stimulate business and commercial activity in the City.

NOW THEREFORE, in consideration of the foregoing, and on the terms and conditions hereinafter set forth, and other valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Article I Definitions

For purposes of this Agreement, each of the following terms shall have the meaning set forth herein unless the context clearly indicates otherwise:

“Annual Grant(s)” shall mean annual economic development grants to be provided by the City in an amount equivalent to fifty percent (50%) ad valorem taxes assessed against the Tangible Personal Property for a given tax year for a period of ten (10) consecutive tax years beginning with the first calendar year following the Commencement Date, to be paid as set forth herein.

“Casualty” shall mean the Improvements are wholly or partially destroyed by fire, tornado, hurricane, earthquake, flood or similar casualty that renders the Improvements unfit for the intended purpose.

“City” shall mean the City of Lancaster, Texas.

“Commencement Date” shall mean the later of (a) January 1 of the calendar year immediately following the date a certificate of occupancy is issued by the City for the Company’s occupancy of the improvements; and (b) January 1, 2014.

“Company” shall mean Quaker Sales & Distribution, Inc., a Delaware corporation.

“Company Affiliate” shall mean any parent of Company or any wholly-owned subsidiary of either Company or of Company’s parent.

“Effective Date” shall mean the last date of execution hereof.

“Event of Bankruptcy or Insolvency” shall mean the dissolution or termination of a party’s existence as a going business, insolvency, appointment of receiver for any part of such party’s property and such appointment is not terminated within ninety (90) days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against such party and such proceeding is not dismissed within ninety (90) days after the filing thereof.

“Event of Force Majeure” shall mean any contingency or cause beyond the reasonable control of a party including, without limitation, acts of God or the public enemy, war, terrorist act, or threat thereof, riot, civil commotion, insurrection, government action or

inaction (unless caused by the intentionally wrongful acts or omissions of the party), fires, earthquake, tornado, hurricane, explosions, floods, strikes, slowdowns or work stoppages.

“Expiration Date” shall mean ninth (9th) year after the payment of the first Annual Grant.

“Freeport Goods” shall have the same meaning as assigned by Section 11.251 of the Tax Code and Article VIII, Section 1-j of the Texas Constitution and located on the Premises. Freeport Goods does not include “Goods in Transit” as defined by Tax Code, Section 11.253.

“Goods in Transit” shall have the same meaning assigned by Tax Code, Section 11.253.

“Impositions” shall mean all taxes, assessments, use and occupancy taxes, charges, excises, license and permit fees, and other charges by public or governmental authority, general and special, ordinary and extraordinary, foreseen and unforeseen, which are or may be assessed, charged, levied, or imposed by any public or governmental authority on the Company or any property or any business owned by Company within the City.

“Premises” shall mean the real property described on Exhibit “A.”

“Payment Request” shall mean a written request from Company to the City for payment of an Annual Grant.

“Project” shall mean the development of the Premises, renovation of existing improvements located on the Premises and the construction of new improvements and related facilities and infrastructure for the operation of a product distribution center.

“Required Use” shall mean Company’s continuous occupancy of the Improvements and the Company’s continuous operation of a product distribution center on the Premises.

“Tangible Personal Property” shall have the same meaning assigned by Tax Code, Section 1.04 and shall mean all tangible personal property, equipment, fixtures, and machinery, including inventory and supplies, owned or leased by the Company and located on the Premises at the Project on January 1 of each applicable tax year, as reported to the City by Company on an annual basis.

“Taxable Value” shall mean the assessed value of Tangible Personal Property as certified by the appraisal district, or its successor, for a given year.

Article II Term

The term of this Agreement shall begin on the last date of execution hereof (the "Effective Date") and end on the tenth (10th) anniversary of the date of issuance by the City of a final certificate of occupancy for the Project.

Article III Economic Development Grants

3.1 **Annual Grants.** Subject to the Company's continued satisfaction of all the terms and conditions of this Agreement, the City agrees to provide the Company with the Annual Grants to be paid on March 1 of each calendar year, (or the immediately following business day if March 1 is not a business day), beginning with March 1 of the first full calendar year following the Commencement Date, provided the City has timely received the ad valorem taxes assessed against the Tangible Personal Property in full for the respective tax year (i.e., the tax year immediately preceding the year in which an Annual Grant is made; and such ad valorem taxes with respect to that immediately preceding tax year are used to determine the amount of each Annual Grant). For illustration purposes only, assume that the ad valorem taxes assessed against the Tangible Personal Property for tax year 2013 is \$10,000.00 then the amount of the first Annual Grant for the Tangible Personal Property for Tax Year 2013 would be, \$5,000.00 (\$10,000.00 x 50%), and would be paid on March 1, 2014.

3.2 **Grant Limitations.** Under no circumstances shall City obligations hereunder be deemed to create any debt within the meaning of any constitutional or statutory provision. Further, City shall not be obligated to pay any commercial bank, lender or similar institution for any loan or credit agreement made by the Company. None of the City's obligations under this Agreement shall be pledged or otherwise encumbered in favor of any commercial lender and/or similar financial institution.

3.3 **Current Revenue.** The Annual Grants made hereunder shall be paid solely from lawfully available funds that have been appropriated by the City; provided however the City agrees during the term of this Agreement to make a good faith effort to appropriate funds each year to pay the Annual Grant for the then ensuing fiscal year. Consequently, notwithstanding any other provision of this Agreement, the City shall have no obligation or liability to pay any Grants except as allowed by law. The City shall not be required to pay any Annual Grants if prohibited under federal or state legislation or a decision of a court of competent jurisdiction.

3.4 **Tax Protest.** In the event the Company timely and properly protests or contests (including any motion to correct the appraisal roll) the Taxable Value and/or the taxation of the Tangible Personal Property, or any portion thereof, with the applicable appraisal district (or its successor), and such protest and/or contest results in a final determination that changes the appraised value and/or the Taxable Value of the Tangible Personal Property or the amount of ad valorem taxes assessed and due for the Tangible Personal Property, or portion thereof, after an Annual Grant has been paid for such Tangible Personal Property for such tax year, the Annual

Grant for such tax year shall be adjusted (increased or decreased as the case may be) accordingly on the date of payment of the next Annual Grant payment date, or within sixty (60) business days after such determination in the event no further Annual Grant payments are due under the Agreement.

3.5 **Refunds.** In the event the City determines in its sole discretion that the amount of an Annual Grant paid by the City to the Company was incorrect, the Company shall, within sixty (60) days after receipt of written notification thereof from the City specifying the amount by which such Annual Grant exceeded the correct amount to which the Company was entitled (together with such records, reports and other information necessary to support such determination), pay such amount to the City. If the City determines that the amount by which such Annual Grant was less than the correct amount to which the Company was entitled (together with such records, reports and other information necessary to support such determination), the City shall, within sixty (60) days, pay the adjustment to the Company. If the Company disputes the City's determination, the parties shall seek to amicably resolve the matter, subject to either party's right to pursue any available rights or remedies in connection therewith.

Article IV Conditions to the Economic Development Grant

The obligation of the City to provide the Grants shall be conditioned upon the Company's continued compliance with and satisfaction of each of the terms and conditions of this Agreement and each of the conditions set forth below:

4.1 During the term of this Agreement following the Commencement Date and continuing thereafter until the Expiration Date, or earlier termination, the Company agrees to continuously lease and occupy the Improvements and shall not allow the operation of the Improvements in conformance with the Required Use to cease for more than sixty (60) days except in connection with, and to the extent of a Casualty or an Event of Force Majeure.

4.2 The Company shall maintain the lease of the Premises.

4.3 The Company shall not have an uncured breach or default of this Agreement.

4.4 The Company shall comply with all the terms and conditions of this Agreement.

4.5 The Company shall, for each year under this Agreement, maintain a minimum of \$twenty million dollars (\$20,000,000) of Tangible Personal Property at the Premises.

4.6 The Company shall be in good standing by being current in payment of any and all outstanding impositions to the City.

**Article V
Termination**

5.1 This Agreement terminates on the Expiration Date, and may prior to the Expiration Date, be terminated upon any one or more of the following:

- (a) by mutual written agreement of the parties;
- (b) by either party, if the other party defaults or breaches any of the terms or conditions of this Agreement and such default or breach is not cured within thirty (30) days after written notice thereof;
- (c) by City, if any Impositions owed to the City or the State of Texas by Company shall have become delinquent (provided, however, Company retains the right to timely and properly protest and contest any such taxes or Impositions);
- (d) by City, if Company suffers an Event of Bankruptcy or Insolvency; or
- (e) by either party if any subsequent Federal or State legislation or any decision of a court of competent jurisdiction declares or renders this Agreement invalid, illegal or unenforceable.

5.2 In the event the Agreement is terminated by the City pursuant to Section 5.1(b), (c), or (d), the Company shall not be entitled to receive any subsequent Annual Grants under this Agreement but shall have no obligation to refund to the City any Annual Grants (or portion thereof or interest accrued thereon) previously paid by the City to the Company.

5.3 In the event the Agreement is terminated by the City pursuant to Section 5.1(e), the Company shall, only if such legislation or court decision requires, immediately refund to the City an amount equal to the annual Grant(s) paid by the City to the Company immediately preceding the date of such termination. The repayment obligation of Company set forth in this section 5.3 hereof shall survive termination.

**Article VI
Miscellaneous**

6.1 **Binding Agreement.** The terms and conditions of this Agreement are binding upon the successors and permitted assigns of the parties hereto.

6.2 **Limitation on Liability.** It is understood and agreed between the parties that the Company and City, in satisfying the conditions of this Agreement, have acted independently, and the City assumes no responsibilities or liabilities to third parties in connection with these actions.

6.3 **No Joint Venture.** It is acknowledged and agreed by the parties that the terms hereof are not intended to and shall not be deemed to create a partnership or joint venture among the parties.

6.4 **Authorization.** Each party represents that it has full capacity and authority to grant all rights and assume all obligations that are granted and assumed under this Agreement.

The undersigned officers and/or agents of the parties hereto are the properly authorized officials and have the necessary authority to execute this Agreement on behalf of the parties hereto.

6.5 **Notice.** Any notice required or permitted to be delivered hereunder shall be deemed received three (3) days thereafter sent by United States Mail, postage prepaid, certified mail, return receipt requested, addressed to the party at the address set forth below (or such other address as such party may subsequently designate in writing) or on the day actually received if sent by courier or otherwise hand delivered.

If intended for City, to:

City of Lancaster
Attn: Opal Mauldin Robertson
City Manager
P. O. Box 940
211 North Henry Street
Lancaster, Texas 75146-0946

With a copy to:

Robert E. Hager
Nichols, Jackson, Dillard,
Hager & Smith, L.L.P
1800 Lincoln Plaza
500 North Akard
Dallas, Texas 75201

If intended for Company:

Quaker Sales & Distribution, Inc.
c/o PepsiCo Americas Beverages
One Pepsi Way
Somers, New York 10589
Attn: General Counsel

6.6 **Entire Agreement.** This Agreement is the entire Agreement between the parties with respect to the subject matter covered in this Agreement. There is no other collateral oral or written Agreement between the parties that in any manner relates to the subject matter of this Agreement, except as provided in any Exhibits attached hereto.

6.7 **Governing Law.** The Agreement shall be governed by the laws of the State of Texas, without giving effect to any conflicts of law rule or principle that might result in the application of the laws of another jurisdiction; and exclusive venue for any action concerning this Agreement shall be in the State District Court of Dallas County, Texas. The parties agree to submit to the personal and subject matter jurisdiction of said court.

6.8 **Amendment.** This Agreement may only be amended by the mutual written agreement of the parties.

6.9 **Legal Construction.** In the event any 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 other provisions, and it is the intention of the parties to this Agreement that in lieu of each provision that is found to be illegal, invalid, or unenforceable, a provision shall be added to this Agreement which is legal, valid and enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or

unenforceable.

6.10 **Exhibits**. All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

6.11 **Successors and Assigns**. This Agreement may not be assigned without the City's prior written consent, except to a Company Affiliate. Neither the Company nor its legal representatives or successors in interest shall, by operation of law or otherwise, assign, mortgage, pledge, encumber or otherwise transfer this Agreement or any part hereof, or the interest of the Company under this Agreement in either case except to a Company Affiliate, without obtaining the City's prior written consent, which may be given or withheld in the City's sole discretion. Any attempted assignment by the Company, except to a Company Affiliate, in violation of the terms and provisions of this Agreement shall be void and shall constitute a material breach of this Agreement.

6.12 **Recitals**. The recitals to this Agreement are incorporated herein.

6.13 **Counterparts**. This Agreement may be executed in counterparts. Each of the counterparts shall be deemed an original instrument, but all of the counterparts shall constitute one and the same instrument.

6.14 **Survival of Covenants**. Any of the representations, warranties, covenants, and obligations of the parties, as well as any rights and benefits of the parties, pertaining to a period of time following the termination of this Agreement shall survive termination.

6.15 **Conditions Precedent**. This Agreement is subject to and conditioned upon the following conditions which are conditions precedent to the obligations of the parties: (i) Company shall diligently and faithfully, in a good and workmanlike manner, make or cause its landlord to make finish out improvements to the Premises in accordance with all applicable state and local laws and regulations or a valid waiver thereof; (ii) Company shall execute a minimum ten (10) year lease agreement; and (iii) Company shall obtain a Certificate of Occupancy for the Premises.

Signature page to follow

EXECUTED on this 12th day of November, 2012.

CITY OF LANCASTER, TEXAS

By: Opal Mauldin Robertson
Opal Mauldin Robertson, City Manager

Attest:

By: Dolle K. Downe
Dolle Downe, City Secretary

Approved as to Form:

By: Robert E. Hager
Robert E. Hager, City Attorney

EXECUTED on this 1st day of Nov, 2012.

QUAKER SALES & DISTRIBUTION, INC.

By: Jeff Randolph
Jeff Randolph
Vice President

EXHIBIT A

LEGAL DESCRIPTION

BEING a 78.52 acre tract of land situated in the Nathan P. Pierce Survey, Abstract Number 1132, City of Lancaster, Dallas County, Texas, and being part of Lot 3, Block 1 of PROLOGIS PARK 20/35, an addition to the City of Lancaster recorded in Instrument Number 20080048828 of the Deed Records of Dallas County, Texas (D.R.D.C.T.) and being part of that called 17.50 acre tract of land described as "Tract No. 2" and being part of that called 49.741 acre tract of land described as "Tract No. 3" in Partition Deed to Leila Edith Penn, as recorded in Volume 88010, Page 1250, D.R.D.C.T., as affected by Revocation of Trust and Reconveyance to Trustors Deed, as recorded in Volume 88023, Page 4372, D.R.D.C.T., and being more particularly described as follows:

COMMENCING at a 1/2-inch iron rod with yellow plastic cap stamped "HALFF" (hereinafter referred to as "with cap") found for the intersection of the east right-of-way line of Houston School Road (a called 100-foot wide right-of-way) with the south right-of-way line of Danieldale Road (a variable width right-of-way at this point) as described in Exhibit "A" of Cause No. cc-02-10579-E of the County Court Records of Dallas County, Texas, said corner also being on the common north line of said "Tract No. 3" and the south line of said "Tract No. 2", same being the common northeast corner of that tract of land described in Right-of-Way Deed to the County of Dallas, as recorded in Volume 96048, Page 4943, D.R.D.C.T. and southeast corner of that tract of land described in Right-of-Way Deed to the County of Dallas, as recorded in Volume 96048, Page 4968, D.R.D.C.T.;

THENCE North 88 degrees 15 minutes 58 seconds East, along said common line and said south right-of-way line of Danieldale Road, a distance of 13.35 feet to a 1/2-inch iron rod with cap found for corner;

THENCE departing said common line and over and across said "Tract No. 2" and along the said south right-of-way line of Danieldale Road the following bearing and distances:

North 43 degrees 47 minutes 08 seconds East, a distance of 16.48 feet to a 1/2-inch iron rod with cap found for corner;

North 88 degrees 47 minutes 26 seconds East, a distance of 296.84 feet to a 1/2-inch iron rod with cap found for the point of curvature of a non-tangent circular curve to the left having a radius of 300.00 feet, whose chord bears North 81 degrees 13 minutes 50 seconds East, a distance of 95.13 feet;

Northeasterly, along said curve, through a central angle of 18 degrees 14 minutes 43 seconds, an arc distance of 95.53 feet to a 1/2-inch iron rod with cap found for the point of curvature of a tangent circular curve to the right having a

radius of 500.00 feet, whose chord bears North 75 degrees 44 minutes 01 seconds East, a distance of 63.24 feet;

Northeasterly, along said curve, through a central angle of 07 degrees 15 minutes 05 seconds, an arc distance of 63.28 feet to a 1/2-inch iron rod with cap found for the point of curvature of a tangent circular curve to the left having a radius of 1,465.00 feet, whose chord bears North 72 degrees 51 minutes 15 seconds East, a distance of 331.96 feet;

Northeasterly, along said curve, through a central angle of 13 degrees 00 minutes 39 seconds, an arc distance of 332.67 feet to a point for the point of curvature of a non-tangent circular curve to the left having a radius of 1,465.00 feet, whose chord bears North 62 degrees 36 minutes 38 seconds East, a distance of 191.03 feet said point also being the POINT OF BEGINNING of the herein described tract;

Northeasterly, along said curve, through a central angle of 07 degrees 28 minutes 35 seconds, an arc distance of 191.17 feet to a 1/2-inch iron rod with cap found for corner;

North 58 degrees 52 minutes 20 seconds East, a distance of 359.50 feet to 1/2-inch iron rod with cap found on the north line of said "Tract No. 2", and for the northeast corner of said Cause No. cc-02-10579-E;

THENCE North 88 degrees 45 minutes 41 seconds East, departing said common line and along the said north line of "Tract No. 2", a distance of 0.20 feet to a point for most westerly northwest corner of said Lot 3 on the south right-of-way line of said Danieldale Road as shown on said plat of Prologis Park 20/35;

THENCE North 58 degrees 47 minutes 02 seconds East, along the common north line of said Lot 3 and said south right-of-way line of Danieldale Road, a distance of 1,179.33 feet to 1/2-inch iron rod found for the point of curvature of a tangent circular curve to the left having a radius of 635.00 feet, whose chord bears North 30 degrees 50 minutes 23 seconds East, a distance of 595.14 feet;

THENCE Northeasterly, continuing along said common line and along said curve, through a central angle of 55 degrees 53 minutes 19 seconds, an arc distance of 619.40 feet to a 1/2-inch iron rod with cap found for corner;

THENCE South 88 degrees 44 minutes 26 seconds East, departing said common line and over and across said Lot 3, a distance of 54.27 feet to a point for corner;

THENCE South 31 degrees 09 minutes 03 seconds East, continuing over and across said Lot 3, a distance of 1,578.12 feet to a point on the north right-of-way line of Cedardale Drive same being the north line of a 22-foot right-of-way dedication as shown

on said plat of Prologis Park 20/35, said corner also being on the south line of said Lot 3;

THENCE South 59 degrees 06 minutes 19 seconds West, along the common said north right-of way line of said Cedardale Drive and said south line of Lot 3, a distance of 404.51 feet to a 1/2-inch iron rod with cap found for corner;

THENCE South 58 degrees 53 minutes 07 seconds West, continuing along said common line, a distance of 1,055.41 feet to a 1/2-inch iron rod with cap found for the southwest corner of said Lot 3, said corner also being on the east line of said "Tract No. 3";

THENCE over and across said "Tract No. 3" and along the north line of a proposed 22-foot wide dedication for Cedardale Drive right-of-way the following bearings and distances:

South 58 degrees 44 minutes 48 seconds West, a distance of 770.34 feet to a point for the point of curvature of a tangent circular curve to the right having a radius of 352.08 feet, whose chord bears South 73 degrees 42 minutes 48 seconds West, a distance of 181.85 feet;

Southwesterly, along said curve, through a central angle of 29 degrees 56 minutes 00 seconds, an arc distance of 183.94 feet to a point for corner;

South 88 degrees 40 minutes 48 seconds West, a distance of 249.55 feet to a point for corner;

THENCE North 31 degrees 09 minutes 03 seconds West, departing said proposed north line and continuing over and across said "Tract No. 3", a distance of 608.89 feet to a point for corner;

THENCE North 01 degree 12 minutes 33 seconds West, continuing over and across said "Tract No. 3", a distance of 644.39 feet to the POINT OF BEGINNING AND CONTAINING 3,420,430 square feet or 78.52 acres of land, more or less.

The Basis of Bearings is the most southerly west line of Prologis Park 20/35, an addition to the City of Lancaster, as recorded in Document Number 20080048828 of the Official Public Records of Dallas County, Texas.

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

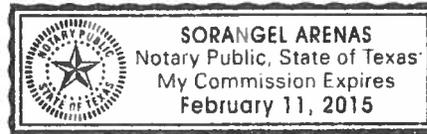
BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared Opal Mauldin Robertson City Manager of the City of Lancaster, a Texas non-profit corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said corporation, and that he executed the same as the act of said corporation for the purpose and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND SEAL OF OFFICE this the 12th day of November, 2012.

Sorangel Arenas

Notary Public, State of Texas

My Commission Expires:
2-11-15



ACKNOWLEDGMENT

STATE OF NY
COUNTY OF Westchester

BEFORE ME, the undersigned authority, a Notary Public in and for the State of New York, on this day personally appeared Jeff Randolph, Vice President of Quaker Sales & Distribution, Inc., a Delaware corporation, known to me to be the person and agent whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said corporation, and that he executed the same as the act of said corporation for the purpose and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND SEAL OF OFFICE this the 1st day of November, 2012.

[Signature]
Notary Public, State of ~~Texas~~ New York

My Commission Expires:

LUCREZIA CASABIANCA
Notary Public, State of New York
No: 01CA6225497
Qualified in Putnam County
Commission Expires July 19, 2014

RESOLUTION NO. 2012-11-97

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, TEXAS, AUTHORIZING THE CITY MANAGER TO EXECUTE ECONOMIC DEVELOPMENT AGREEMENT(S) WHICH IS ATTACHED HERETO AS EXHIBIT A PURSUANT TO CHAPTER 380, TEXAS LOCAL GOVERNMENT CODE, BY AND BETWEEN THE CITY OF LANCASTER AND QUAKER SALES & DISTRIBUTION, INC. (“QUAKER”); PROVIDING A REPEALING CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Quaker is a leading distributor of food and beverage products; and

WHEREAS, Quaker desires to lease certain real property and improvements located in the ProLogis 20/35 Park, in the City of Lancaster, Texas (hereinafter defined as the “Premises”), and construct improvements thereon for distribution uses for a period of at least ten (10) years; and

WHEREAS, Quaker’s development of the Premises will provide employment opportunities within the City; and

WHEREAS, the location of Quaker on the Premises will result in a significant capital investment, and Quaker will make improvements on the Premises; and

WHEREAS, Quaker has advised the City that a contributing factor that would induce Quaker to lease a location in the Premises would be an agreement by the City to provide an economic development grant to Quaker; and

WHEREAS, the City has adopted programs for promoting economic development, and this Agreement and the economic development incentives set forth herein are given and provided by the City pursuant to and in accordance with those programs; and

WHEREAS, the City is authorized by Article III, Section 52-a of the Texas Constitution and Texas Local Government Code Chapter 380 to provide economic development grants to promote local economic development and to stimulate business and commercial activity in the City; and

WHEREAS, the City has determined that making an economic development grant to Quaker in accordance with this Agreement is in accordance with the City Economic Development Program and will: (i) further the objectives of the City; (ii) benefit the City and the City’s inhabitants; and (iii) will promote local economic development and stimulate business and commercial activity in the City; and

WHEREAS, City desires to authorize the City Manager to negotiate and enter into an Economic Development Agreement with Quaker pursuant to Chapter 380 of the Texas Local Government Code.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANCASTER, TEXAS:

SECTION 1. That the City Manager is hereby authorized to execute an Economic Development Agreement, which is attached hereto and incorporated herein as Exhibit A, pursuant to Chapter 380 of the Texas Local Government Code (and any amendments thereto, including any related instruments), on behalf of the City of Lancaster, Texas, with Quaker Sales & Distribution, Inc. (and its affiliated and related entities).

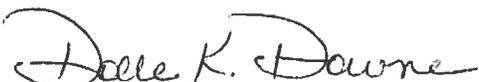
SECTION 2. That all provisions of the resolutions of the City of Lancaster, Texas, in conflict with the provisions of this resolution be, and the same are hereby, repealed, and all other provisions not in conflict with the provisions of this resolution shall remain in full force and effect.

SECTION 3. That should any word, sentence, paragraph, subdivision, clause, phrase or section of this resolution be adjudged or held to be void or unconstitutional, the same shall not affect the validity of the remaining portions of said resolution which shall remain in full force and effect.

SECTION 4. This resolution shall take effect immediately from and after its passage, as the law and charter in such cases provide.

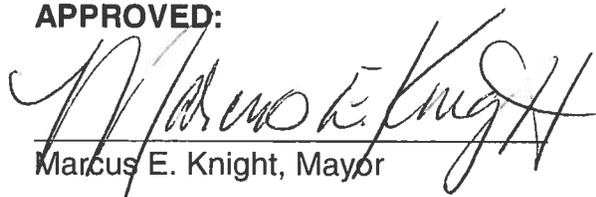
DULY PASSED and approved by the City Council of the City of Lancaster, Texas, on this the 12th day of November 2012.

ATTEST:



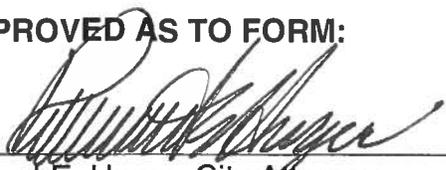
Dolle K. Downe, City Secretary

APPROVED:



Marcus E. Knight, Mayor

APPROVED AS TO FORM:



Robert E. Hager, City Attorney

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

Economic Development Agreement

This Economic Development Agreement (“Agreement”) is made by and between the City of Lancaster, Texas (“City”), and Quaker Sales & Distribution, Inc., a Delaware corporation, (the “Company”), acting by and through their respective authorized representatives.

WITNESSETH:

WHEREAS, the Company is under contract to lease certain real property and improvements located in the ProLogis 20/35 Park, in the City of Lancaster, Texas, and being more particularly described in Exhibit “A” (the “Property”); and

WHEREAS, the Company intends to lease the Premises, renovate one or more of the existing improvements located on the Premises and construct new improvements and related facilities and infrastructure for a food and beverage distribution center (the “Project”); and

WHEREAS, the Company has advised the City that a contributing factor that would induce the Company to undertake the Project would be an agreement by the City to provide an economic development grant to the Company to reimburse it for a portion of the Real Estate Taxes (hereinafter defined); and

WHEREAS, the City desires to encourage business expansions within the City that will add property tax base and generate additional sales tax and other revenue for the City; and

WHEREAS, the promoting the expansion of new or existing businesses within the City will promote economic development, stimulate commercial activity, generate additional sales tax and will enhance the Premises tax base and economic vitality of the City; and

WHEREAS, the City has adopted programs for promoting economic development, and this Agreement and the economic development incentives set forth herein are given and provided by the City pursuant to and in accordance with those programs; and

WHEREAS, the City is authorized by Article III, Section 52-a of the Texas Constitution and Texas Local Government Code Chapter 380 to provide economic development grants to promote local economic development and to stimulate business and commercial activity in the City; and

WHEREAS, the City has determined that making an economic development grant to the Company in accordance with this Agreement is in accordance with the City Economic Development Program and will: (i) further the objectives of the City; (ii) benefit the City and the City’s inhabitants; and (iii) will promote local economic development and stimulate business and commercial activity in the City.

NOW THEREFORE, in consideration of the foregoing, and on the terms and conditions hereinafter set forth, and other valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Article I
Definitions

For purposes of this Agreement, each of the following terms shall have the meaning set forth herein unless the context clearly indicates otherwise:

“Annual Grant(s)” shall mean annual economic development grants to be provided by the City in an amount equivalent to ninety percent (90%) of the ad valorem Taxes assessed against the real property and Premises for a given tax year for a period of ten (10) consecutive tax years beginning with the first calendar year following the Commencement Date, to be paid as set forth herein.

“Casualty” shall mean the Improvements are wholly or partially destroyed by fire, tornado, hurricane, earthquake, flood or similar casualty that renders the Improvements unfit for the intended purpose.

“City” shall mean the City of Lancaster, Texas.

“Commencement Date” shall mean the later of (a) January 1 of the calendar year immediately following the date a certificate of occupancy is issued by the City for the Company’s occupancy of the improvements; and (b) January 1, 2014.

“Company” shall mean Quaker Sales & Distribution, Inc., a Delaware corporation.

“Company Affiliate” shall mean any parent of Company or any wholly-owned subsidiary of either Company or of Company’s parent.

“Effective Date” shall mean the last date of execution hereof.

“Event of Bankruptcy or Insolvency” shall mean the dissolution or termination of a party’s existence as a going business, insolvency, appointment of receiver for any part of such party’s property and such appointment is not terminated within ninety (90) days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against such party and such proceeding is not dismissed within ninety (90) days after the filing thereof.

“Event of Force Majeure” shall mean any contingency or cause beyond the reasonable control of a party including, without limitation, acts of God or the public enemy, war, terrorist act, or threat thereof, riot, civil commotion, insurrection, government action or

inaction (unless caused by the intentionally wrongful acts or omissions of the party), fires, earthquake, tornado, hurricane, explosions, floods, strikes, slowdowns or work stoppages.

“Expiration Date” shall mean ninth (9th) year after the payment of the first Annual Grant.

“Impositions” shall mean all taxes, assessments, use and occupancy taxes, charges, excises, license and permit fees, and other charges by public or governmental authority, general and special, ordinary and extraordinary, foreseen and unforeseen, which are or may be assessed, charged, levied, or imposed by any public or governmental authority on the Company or any property or any business owned by Company within the City.

“Premises” shall mean the real property and improvements described on Exhibit “A.”

“Payment Request” shall mean a written request from Company to the City for payment of an Annual Grant.

“Project” shall mean the development of the Premises, renovation of existing improvements located on the Premises and the construction of new improvements and related facilities and infrastructure for the operation of a product distribution center.

“Real Estate Taxes” shall mean all real estate ad valorem taxes assessed by the City on the Property against the land and the improvements on the premises.

“Required Use” shall mean Company’s continuous occupancy of the Improvements and the Company’s continuous operation of a product distribution center on the Premises.

“Taxable Value” shall mean the assessed value of the Premises as certified by the appraisal district, or its successor, for a given year.

Article II Term

The term of this Agreement shall begin on the last date of execution hereof (the “Effective Date”) and end on the tenth (10th) anniversary of the date of issuance by the City of a final certificate of occupancy for the Project.

Article III Economic Development Grants

3.1 **Annual Grants.** Subject to the Company’s continued satisfaction of all the terms and conditions of this Agreement, the City agrees to provide the Company with the Annual

Grants to be paid on March 1 of each calendar year, (or the immediately following business day if March 1 is not a business day), beginning with March 1 of the first full calendar year following the Commencement Date, provided the City has timely received the Real Estate Taxes assessed against the Premises in full for the respective tax year (i.e., the tax year immediately preceding the year in which an Annual Grant is made; and such Real Estate Taxes with respect to that immediately preceding tax year are used to determine the amount of each Annual Grant). For illustration purposes only, assume that the Real Estate taxes assessed against the Premises for tax year 2013 is \$100,000.00 then the amount of the first Annual Grant for the Premises for Tax Year 2013 would be, \$90,000.00 ($\$100,000.00 \times 90\%$), and would be paid on March 1, 2014.

3.2 **Grant Limitations.** Under no circumstances shall City obligations hereunder be deemed to create any debt within the meaning of any constitutional or statutory provision. Further, City shall not be obligated to pay any commercial bank, lender or similar institution for any loan or credit agreement made by the Company. None of the City's obligations under this Agreement shall be pledged or otherwise encumbered in favor of any commercial lender and/or similar financial institution.

3.3 **Current Revenue.** The Annual Grants made hereunder shall be paid solely from lawfully available funds that have been appropriated by the City; provided however the City agrees during the term of this Agreement to make a good faith effort to appropriate funds each year to pay the Annual Grant for the then ensuing fiscal year. Consequently, notwithstanding any other provision of this Agreement, the City shall have no obligation or liability to pay any Grants except as allowed by law. The City shall not be required to pay any Annual Grants if prohibited under federal or state legislation or a decision of a court of competent jurisdiction.

3.4 **Tax Protest.** In the event the Company or the owner of the Premises timely and properly protests or contests (including any motion to correct the appraisal roll) the Taxable Value and/or the taxation of the Premises, or any portion thereof, with the applicable appraisal district (or its successor), and such protest and/or contest results in a final determination that changes the appraised value and/or the Taxable Value of the Premises or the amount of ad valorem taxes assessed and due for the Premises, or portion thereof, after an Annual Grant has been paid for such Premises for such tax year, the Annual Grant for such tax year shall be adjusted (increased or decreased as the case may be) accordingly on the date of payment of the next Annual Grant payment date, or within sixty (60) business days after such determination in the event no further Annual Grant payments are due under the Agreement.

3.5 **Refunds.** In the event the City determines in its sole discretion that the amount of an Annual Grant paid by the City to the Company was incorrect, the Company shall, within sixty (60) days after receipt of written notification thereof from the City specifying the amount by which such Annual Grant exceeded the correct amount to which the Company was entitled (together with such records, reports and other information necessary to support such determination), pay such amount to the City. If the City determines that the amount by which such Annual Grant was less than the correct amount to which the Company was entitled (together with such records, reports and other information necessary to support such determination), the City shall, within sixty (60) days, pay the adjustment to the Company. If the Company disputes the City's determination, the parties

shall seek to amicably resolve the matter, subject to either party's right to pursue any available rights or remedies in connection therewith.

Article IV Conditions to the Economic Development Grant

The obligation of the City to provide the Grants shall be conditioned upon the Company's continued compliance with and satisfaction of each of the terms and conditions of this Agreement and each of the conditions set forth below:

4.1 During the term of this Agreement following the Commencement Date and continuing thereafter until the Expiration Date, or earlier termination, the Company agrees to continuously lease and occupy the Improvements and shall not allow the operation of the Improvements in conformance with the Required Use to cease for more than sixty (60) days except in connection with, and to the extent of a Casualty or an Event of Force Majeure.

4.2 The Company shall maintain the lease on the Premises.

4.3 The Company shall not have an uncured breach or default of this Agreement.

4.4 The Company shall comply with all the terms and conditions of this Agreement.

4.5 The Company shall be in good standing by being current in payment of any and all outstanding impositions to the City.

4.6 The Company shall not have created any hazardous environmental conditions on the Premises.

Article V Termination

5.1 This Agreement terminates on the Expiration Date, and may prior to the Expiration Date, be terminated upon any one or more of the following:

- (a) by mutual written agreement of the parties;
- (b) by either party, if the other party defaults or breaches any of the terms or conditions of this Agreement and such default or breach is not cured within thirty (30) days after written notice thereof;
- (c) by City, if any Impositions owed to the City or the State of Texas by Company shall have become delinquent (provided, however, Company retains the right to timely and properly protest and contest any such taxes or Impositions);
- (d) by City, if Company suffers an Event of Bankruptcy or Insolvency; or
- (e) by either party if any subsequent Federal or State legislation or any decision of a court of competent jurisdiction declares or renders this Agreement invalid, illegal or unenforceable.

5.2 In the event the Agreement is terminated by the City pursuant to Section 5.1(b), (c), or (d), the Company shall not be entitled to receive any subsequent Annual Grants under this Agreement but shall have no obligation to refund to the City any Annual Grants (or portion thereof or interest accrued thereon) previously paid by the City to the Company.

5.3 In the event the Agreement is terminated by the City pursuant to Section 5.1(e), the Company shall, only if such legislation or court decision requires, immediately refund to the City an amount equal to the annual Grant(s) paid by the City to the Company immediately preceding the date of such termination. The repayment obligation of Company set forth in this section 5.3 hereof shall survive termination.

**Article VI
Miscellaneous**

6.1 **Binding Agreement.** The terms and conditions of this Agreement are binding upon the successors and permitted assigns of the parties hereto.

6.2 **Limitation on Liability.** It is understood and agreed between the parties that the Company and City, in satisfying the conditions of this Agreement, have acted independently, and the City assumes no responsibilities or liabilities to third parties in connection with these actions.

6.3 **No Joint Venture.** It is acknowledged and agreed by the parties that the terms hereof are not intended to and shall not be deemed to create a partnership or joint venture among the parties.

6.4 **Authorization.** Each party represents that it has full capacity and authority to grant all rights and assume all obligations that are granted and assumed under this Agreement. The undersigned officers and/or agents of the parties hereto are the properly authorized officials and have the necessary authority to execute this Agreement on behalf of the parties hereto.

6.5 **Notice.** Any notice required or permitted to be delivered hereunder shall be deemed received three (3) days thereafter sent by United States Mail, postage prepaid, certified mail, return receipt requested, addressed to the party at the address set forth below (or such other address as such party may subsequently designate in writing) or on the day actually received if sent by courier or otherwise hand delivered.

If intended for City, to:

City of Lancaster
Attn: Opal Mauldin Robertson
City Manager
P. O. Box 940
211 North Henry Street
Lancaster, Texas 75146-0946

With a copy to:

Robert E. Hager
Nichols, Jackson, Dillard,
Hager & Smith, L.L.P
1800 Lincoln Plaza
500 North Akard
Dallas, Texas 75201

If intended for Company:

Quaker Sales & Distribution, Inc.
c/o PepsiCo Americas Beverages
One Pepsi Way
Somers, New York 10589
Attn: General Counsel

6.6 **Entire Agreement.** This Agreement is the entire Agreement between the parties with respect to the subject matter covered in this Agreement. There is no other collateral oral or written Agreement between the parties that in any manner relates to the subject matter of this Agreement, except as provided in any Exhibits attached hereto.

6.7 **Governing Law.** The Agreement shall be governed by the laws of the State of Texas, without giving effect to any conflicts of law rule or principle that might result in the application of the laws of another jurisdiction; and exclusive venue for any action concerning this Agreement shall be in the State District Court of Dallas County, Texas. The parties agree to submit to the personal and subject matter jurisdiction of said court.

6.8 **Amendment.** This Agreement may only be amended by the mutual written agreement of the parties.

6.9 **Legal Construction.** In the event any 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 other provisions, and it is the intention of the parties to this Agreement that in lieu of each provision that is found to be illegal, invalid, or unenforceable, a provision shall be added to this Agreement which is legal, valid and enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

6.10 **Exhibits.** All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

6.11 **Successors and Assigns.** This Agreement may not be assigned without the City's prior written consent, except to a Company Affiliate. Neither the Company nor its legal representatives or successors in interest shall, by operation of law or otherwise, assign, mortgage, pledge, encumber or otherwise transfer this Agreement or any part hereof, or the interest of the Company under this Agreement in either case except to a Company Affiliate, without obtaining the City's prior written consent, which may be given or withheld in the City's sole discretion. Any attempted assignment by the Company, except to a Company Affiliate, in violation of the terms and provisions of this Agreement shall be void and shall constitute a material breach of this Agreement. Notwithstanding the foregoing, in the event that the Company ceases to lease the Property prior to the end of the Term of this Agreement, Company may assign this Agreement to the then-current owner of the Property.

6.12 **Recitals.** The recitals to this Agreement are incorporated herein.

6.13 **Counterparts.** This Agreement may be executed in counterparts. Each of the counterparts shall be deemed an original instrument, but all of the counterparts shall constitute one and the same instrument.

6.14 **Survival of Covenants.** Any of the representations, warranties, covenants, and obligations of the parties, as well as any rights and benefits of the parties, pertaining to a period of time following the termination of this Agreement shall survive termination.

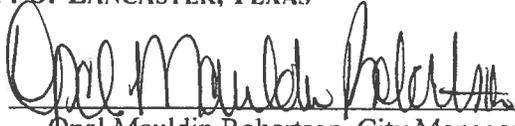
6.15 **Conditions Precedent.** This Agreement is subject to and conditioned upon the following conditions which are conditions precedent to the obligations of the parties: (i) Company shall diligently and faithfully, in a good and workmanlike manner, make or cause its landlord to make finish out improvements to the Premises in accordance with all applicable state and local laws and regulations or a valid waiver thereof; (ii) Company shall execute a minimum ten (10) year lease agreement; and (iii) Company shall obtain a Certificate of Occupancy for the Premises.

6.16 **Lease Renewal.** The City and Company agree to consider any additional agreements (or modify/extend existing agreements) with Company relating to the Premises.

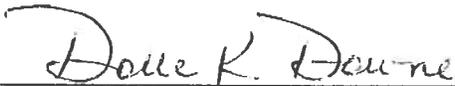
Signature page to follow

EXECUTED on this 12th day of November, 2012.

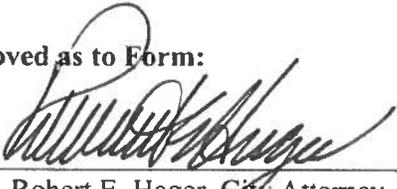
CITY OF LANCASTER, TEXAS

By: 
Opal Mauldin Robertson, City Manager

Attest:

By: 
Dolle Downe, City Secretary

Approved as to Form:

By: 
Robert E. Hager, City Attorney

EXECUTED on this 1st day of Nov, 2012.

QUAKER SALES & DISTRIBUTION, INC.

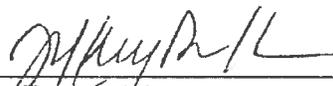
By: 
Jeff Randolph
Vice President

EXHIBIT A

LEGAL DESCRIPTION

BEING a 78.52 acre tract of land situated in the Nathan P. Pierce Survey, Abstract Number 1132, City of Lancaster, Dallas County, Texas, and being part of Lot 3, Block 1 of PROLOGIS PARK 20/35, an addition to the City of Lancaster recorded in Instrument Number 20080048828 of the Deed Records of Dallas County, Texas (D.R.D.C.T.) and being part of that called 17.50 acre tract of land described as "Tract No. 2" and being part of that called 49.741 acre tract of land described as "Tract No. 3" in Partition Deed to Leila Edith Penn, as recorded in Volume 88010, Page 1250, D.R.D.C.T., as affected by Revocation of Trust and Reconveyance to Trustors Deed, as recorded in Volume 88023, Page 4372, D.R.D.C.T., and being more particularly described as follows:

COMMENCING at a 1/2-inch iron rod with yellow plastic cap stamped "HALFF" (hereinafter referred to as "with cap") found for the intersection of the east right-of-way line of Houston School Road (a called 100-foot wide right-of-way) with the south right-of-way line of Daniieldale Road (a variable width right-of-way at this point) as described in Exhibit "A" of Cause No. cc-02-10579-E of the County Court Records of Dallas County, Texas, said corner also being on the common north line of said "Tract No. 3" and the south line of said "Tract No. 2", same being the common northeast corner of that tract of land described in Right-of-Way Deed to the County of Dallas, as recorded in Volume 96048, Page 4943, D.R.D.C.T. and southeast corner of that tract of land described in Right-of-Way Deed to the County of Dallas, as recorded in Volume 96048, Page 4968, D.R.D.C.T.;

THENCE North 88 degrees 15 minutes 58 seconds East, along said common line and said south right-of-way line of Daniieldale Road, a distance of 13.35 feet to a 1/2-inch iron rod with cap found for corner;

THENCE departing said common line and over and across said "Tract No. 2" and along the said south right-of-way line of Daniieldale Road the following bearing and distances:

North 43 degrees 47 minutes 08 seconds East, a distance of 16.48 feet to a 1/2-inch iron rod with cap found for corner;

North 88 degrees 47 minutes 26 seconds East, a distance of 296.84 feet to a 1/2-inch iron rod with cap found for the point of curvature of a non-tangent circular curve to the left having a radius of 300.00 feet, whose chord bears North 81 degrees 13 minutes 50 seconds East, a distance of 95.13 feet;

Northeasterly, along said curve, through a central angle of 18 degrees 14 minutes 43 seconds, an arc distance of 95.53 feet to a 1/2-inch iron rod with cap found for the point of curvature of a tangent circular curve to the right having a

radius of 500.00 feet, whose chord bears North 75 degrees 44 minutes 01 seconds East, a distance of 63.24 feet;

Northeasterly, along said curve, through a central angle of 07 degrees 15 minutes 05 seconds, an arc distance of 63.28 feet to a 1/2-inch iron rod with cap found for the point of curvature of a tangent circular curve to the left having a radius of 1,465.00 feet, whose chord bears North 72 degrees 51 minutes 15 seconds East, a distance of 331.96 feet;

Northeasterly, along said curve, through a central angle of 13 degrees 00 minutes 39 seconds, an arc distance of 332.67 feet to a point for the point of curvature of a non-tangent circular curve to the left having a radius of 1,465.00 feet, whose chord bears North 62 degrees 36 minutes 38 seconds East, a distance of 191.03 feet said point also being the POINT OF BEGINNING of the herein described tract;

Northeasterly, along said curve, through a central angle of 07 degrees 28 minutes 35 seconds, an arc distance of 191.17 feet to a 1/2-inch iron rod with cap found for corner;

North 58 degrees 52 minutes 20 seconds East, a distance of 359.50 feet to 1/2-inch iron rod with cap found on the north line of said "Tract No. 2", and for the northeast corner of said Cause No. cc-02-10579-E;

THENCE North 88 degrees 45 minutes 41 seconds East, departing said common line and along the said north line of "Tract No. 2", a distance of 0.20 feet to a point for most westerly northwest corner of said Lot 3 on the south right-of-way line of said Danieldale Road as shown on said plat of Prologis Park 20/35;

THENCE North 58 degrees 47 minutes 02 seconds East, along the common north line of said Lot 3 and said south right-of-way line of Danieldale Road, a distance of 1,179.33 feet to 1/2-inch iron rod found for the point of curvature of a tangent circular curve to the left having a radius of 635.00 feet, whose chord bears North 30 degrees 50 minutes 23 seconds East, a distance of 595.14 feet;

THENCE Northeasterly, continuing along said common line and along said curve, through a central angle of 55 degrees 53 minutes 19 seconds, an arc distance of 619.40 feet to a 1/2-inch iron rod with cap found for corner;

THENCE South 88 degrees 44 minutes 26 seconds East, departing said common line and over and across said Lot 3, a distance of 54.27 feet to a point for corner;

THENCE South 31 degrees 09 minutes 03 seconds East, continuing over and across said Lot 3, a distance of 1,578.12 feet to a point on the north right-of-way line of Cedardale Drive same being the north line of a 22-foot right-of-way dedication as shown

on said plat of Prologis Park 20/35, said corner also being on the south line of said Lot 3;

THENCE South 59 degrees 06 minutes 19 seconds West, along the common said north right-of way line of said Cedardale Drive and said south line of Lot 3, a distance of 404.51 feet to a 1/2-inch iron rod with cap found for corner;

THENCE South 58 degrees 53 minutes 07 seconds West, continuing along said common line, a distance of 1,055.41 feet to a 1/2-inch iron rod with cap found for the southwest corner of said Lot 3, said corner also being on the east line of said "Tract No. 3";

THENCE over and across said "Tract No. 3" and along the north line of a proposed 22-foot wide dedication for Cedardale Drive right-of-way the following bearings and distances:

South 58 degrees 44 minutes 48 seconds West, a distance of 770.34 feet to a point for the point of curvature of a tangent circular curve to the right having a radius of 352.08 feet, whose chord bears South 73 degrees 42 minutes 48 seconds West, a distance of 181.85 feet;

Southwesterly, along said curve, through a central angle of 29 degrees 56 minutes 00 seconds, an arc distance of 183.94 feet to a point for corner;

South 88 degrees 40 minutes 48 seconds West, a distance of 249.55 feet to a point for corner;

THENCE North 31 degrees 09 minutes 03 seconds West, departing said proposed north line and continuing over and across said "Tract No. 3", a distance of 608.89 feet to a point for corner;

THENCE North 01 degree 12 minutes 33 seconds West, continuing over and across said "Tract No. 3", a distance of 644.39 feet to the POINT OF BEGINNING AND CONTAINING 3,420,430 square feet or 78.52 acres of land, more or less.

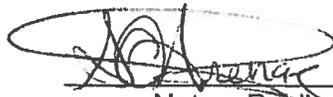
The Basis of Bearings is the most southerly west line of Prologis Park 20/35, an addition to the City of Lancaster, as recorded in Document Number 20080048828 of the Official Public Records of Dallas County, Texas.

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared Opal Mauldin Roberts, City Manager of the City of Lancaster, a Texas non-profit corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said corporation, and that he executed the same as the act of said corporation for the purpose and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND SEAL OF OFFICE this the 12th day of November, 2012.



Notary Public, State of Texas

My Commission Expires:

