Item #1
12-18-2013

# ORDER FOR DESIGNATION OF REINVESTMENT ZONE

**WHEREAS,** the Commissioners' Court of Orange County, Texas, has determined that the economic well-being of the Orange community is a primary concern of the Court; and

**WHEREAS,** Chapter 312, Tax Code, V.A.C.S. known as the Texas Property Redevelopment and Tax Abatement Act provides that Orange County has authority to create reinvestment zones within the County for the purpose of economic development; and

**WHEREAS,** on November 18, 2013, the Orange County Commissioners' Court established certain guidelines and criteria governing tax abatement agreements and indicated the desire of Orange County to become eligible to participate in tax abatement; and

**WHEREAS,** Jefferson Refining, Inc. has indicated a desire to create a reinvestment zone comprised of real property belonging to Port of Beaumont, for the purposes of economic development as defined under the Texas Redevelopment and Tax Abatement Act; and

**WHEREAS,** on the 11th day of December, 2013, notice was published in the Orange Leader, a newspaper of general circulation in Orange County, Texas, stating that a public hearing would be conducted by the Orange County Commissioners' Court on December 18th, 2013, to consider the application of Jefferson Refining, to have property herein described as Exhibit "A", designated as a reinvestment zone; and

**WHEREAS,** it is the finding of the Commissioners' Court of Orange County, that the terms of the agreement and the property would be a benefit to the said property and the development anticipated to occur in the proposed zone would contribute to the economic development of Orange County, Texas; and

**WHEREAS,** it is the finding of the Commissioners' Court of Orange County, that the designation of the reinvestment zone would contribute to the retention or expansion of primary employment within Orange County; and

**WHEREAS,** it is the finding of the Commissioners' Court of Orange County, that the terms of the agreement and the property described as Exhibit "A", meet the applicable guidelines and criteria adopted by Orange County; and

**BE IT THEREFORE ORDERED,** that the Commissioner's Court of Orange County, hereby designates as a reinvestment zone property herein described as Exhibit "A", pursuant to the authority of Section 312.401 of the Texas Property Redevelopment and Tax Abatement Act.

**ENTERED INTO** on this the 18th day of December, 2013.

Carl K. Thibodeaux, County Judge

David Dubose, Commissioner, Pct. 1

Owen Burton, Commissioner, Pct. 2

John Banken, Commissioner, Pct. 3

Jody Crump, Commissioner, Pct. 4

Attest:

By: Karen Berry, Deputy
Karen Jo Vance, County Clerk

STATE OF TEXAS §
§
COUNTY OF ORANGE §

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Exhibit "B"

**CHAPTER 381**
**ECONOMIC DEVELOPMENT AGREEMENT**

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**between**

**ORANGE COUNTY, TEXAS**

**and**

**JEFFERSON REFINERY, LLC**

This CHAPTER 381 ECONOMIC DEVELOPMENT AGREEMENT (the "AGREEMENT") is made, entered, and executed in duplicate originals by and between **ORANGE COUNTY, TEXAS**, acting through its Commissioners Court ("COUNTY") and **JEFFERSON REFINERY, LLC**, ("JEFFERSON"), as authorized by Chapter 381, Texas Local Government Code.

WHEREAS, Article 3, Section 52A, Texas Constitution, authorizes the Legislature to enable cities and counties to implement programs for the public purposes of economic development under which counties may provide financial incentives for the purposes of stimulating local economic development and business and commercial activity in the COUNTY; and

WHEREAS, Section 381.004, Texas Local Government Code, authorizes the Commissioners Court of a county to establish and provide for the administration of one or more programs in order to stimulate business and commercial activity in the COUNTY, including programs for making loans and grants of public money to promote local economic development; and

WHEREAS, COUNTY has established a program of economic development for the purposes of creation and retention of jobs for the citizens of the COUNTY and region, to promote economic expansion, and to add to the tax base of the COUNTY; and

WHEREAS, COUNTY wishes to encourage JEFFERSON to select Orange County as the site for the proposed expansion in the Gulf Coast by JEFFERSON and the Jefferson Affiliates (as defined below); and

WHEREAS, the proposed expansion by JEFFERSON and the Jefferson Affiliates will result in new economic development in the COUNTY, including creating new jobs, increasing sales tax revenues to the COUNTY and increasing ad valorem taxes within the COUNTY; and

WHEREAS, the proposed expansion by JEFFERSON and the Jefferson Affiliates will have a direct position and measurable economic benefit to the COUNTY; and

WHEREAS, the COUNTY recognizes the positive economic impact the proposed expansion will have on the COUNTY and wishes to provide incentives to JEFFERSON to assist in the proposed expansion by JEFFERSON and the Jefferson Affiliates, thereby contributing toward the further economic development and growth of the COUNTY; and

WHEREAS, the COUNTY finds that this AGREEMENT embodies an eligible "program" and clearly promotes economic development in Orange County, Texas, and, as such, meets the requisites under Chapter 381 of the Texas Local Government Code and further is in the best interests of the COUNTY.

NOW, THEREFORE, for the mutual consideration set out below, the Parties hereto agree as follows:

## I. AUTHORIZATION

COUNTY's execution and performance of this AGREEMENT is authorized by Section 381.004, Texas Local Government Code, and constitutes the valid and binding obligation of the COUNTY from and after execution hereof by all Parties. JEFFERSON's execution and performance of this AGREEMENT has been duly authorized and constitutes the valid and binding obligation of JEFFERSON from and after execution hereof by all Parties.

## II. DEFINITIONS

1. "Ad Valorem Taxes" means with respect to any property tax year, all *ad valorem* property taxes collected by the COUNTY on the Eligible Property for that tax year. For the purposes of this AGREEMENT, Ad Valorem Taxes collected by the COUNTY shall not include penalties, interest, or attorneys' fees.

2. "Affiliate" of any specified person or entity means any other person or entity, which, (i) directly or indirectly, through one or more intermediaries, controls, or is controlled by, or (ii) is under direct or indirect common control with such specified person or entity. For the purposes of this definition, "control" when used with respect to any person or entity means (a) the ownership, directly or indirectly, of fifty (50%) or more of the voting securities of such person or entity; or (b) the right to direct the management and operations of such person or entity, directly or indirectly, whether through the ownership of (directly or indirectly) of securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

3. "Commercially Reasonable Efforts" means, as to a Party hereto, an undertaking by such Party to perform or satisfy an obligation or duty or otherwise act in a manner reasonably calculated to obtain the intended result by action or expenditure not disproportionate or unduly burdensome under the circumstances, which means, among other things, that such Party shall not be required to (i) expend funds other than for payment of the reasonable and customary costs and expenses of employees, contractors, counsel, consultants, representatives or agents of such Party in connection with the performance or satisfaction of such obligation, duty or other action or (ii) institute or settle any litigation or arbitration as a part of its reasonable efforts.

4. "Eligible Property" means the buildings, structures, fixed machinery and equipment, process units including all integral components necessary for operations, site improvements, infrastructure, and that office space and related fixed improvements necessary to the operations and administration of the Project. During the construction phase of the Eligible Property, JEFFERSON and/or the applicable Jefferson Affiliates may make such Change Orders to the Eligible Property as are reasonably necessary to accomplish its intended use.

5. "Jefferson Affiliates" means those Affiliates of JEFFERSON that own the portions of the Project and/or the Property that are not owned by JEFFERSON.

6. "Force Majeure" means an event or occurrence caused by (a) provisions of law, or the operation or effect of rules, regulations or orders promulgated by any governmental authority having jurisdiction over JEFFERSON, the applicable Jefferson Affiliates, or the Project; (b) any demand or requisition, arrest, order, request, directive, restraint or requirement of any government or governmental agency whether federal, state, military, local or otherwise; (c) the action, judgment or decree of any court; (d) floods, storms, hurricanes, evacuation due to threats of hurricanes, lightning, earthquakes, washouts, high water, fires, acts of God or public enemies, wars (declared

or undeclared), blockades, epidemics, riots or civil disturbances, insurrections, strikes, labor disputes (it being understood that nothing contained in this AGREEMENT shall require JEFFERSON or the applicable Jefferson Affiliates to settle any such strike or labor dispute), explosions, breakdown or failure of plant, machinery, equipment, lines of pipe or electric power lines (or unplanned or forced outages or shutdowns of the foregoing for inspections, repairs or maintenance), inability to obtain, renew or extend franchises, licenses or permits, loss, interruption, curtailment or failure to obtain electricity, gas, steam, water, wastewater disposal, waste disposal or other utilities or utility services, inability to obtain or failure of suppliers to deliver equipment, parts or material, or inability of JEFFERSON or the applicable Jefferson Affiliates receive product into, or to ship or transport product out their respective facilities; or (e) any other cause (except financial), whether similar or dissimilar, over which JEFFERSON or the applicable Jefferson Affiliate(s) have no reasonable control and which forbids or prevents performance.

7. "Parties" means collectively the COUNTY and JEFFERSON, and "Party" means the COUNTY or JEFFERSON, as the case may be.

8. "PILOT Payment" means the amount for each tax year as designated in Exhibit "B" attached hereto, subject to reduction as provided in Section IV.1 and Section VII.4 of this Agreement.

9. "Project" means the new trans-loading facilities to be constructed by JEFFERSON at its Port of Beaumont, Orange County complex, as described in Section IV. 1, below on the Property described in Exhibit A.

10. "Property" means the land on which the Project will be developed as described in the legal description and depicted on the plat attached hereto as Exhibit A.

11. "Term" means the period commencing on the Effective Date and ending on the Termination Date.

12. "Termination Date" means December 31, 2024.

## III. TERM

This AGREEMENT shall be enforceable upon execution and delivery by both Parties (which date is herein referred to as the "Effective Date"). Subject to the provisions of Section 1 of Article IV, should JEFFERSON and the Jefferson Affiliates not undertake

the expansion described in Section 1 of Article IV below, this AGREEMENT shall be null and void.

## IV. JEFFERSON REPRESENTATIONS / OBLIGATIONS

JEFFERSON agrees as a condition of receiving the benefits of this AGREEMENT:

1. Project: To construct, and/or to cause the Jefferson Affiliates to construct the following new trans-loading facilities on the Property described on Exhibit A at the estimated construction costs set forth below:

i) Trans-load and Blending Facility $250 Million

Notwithstanding the foregoing or anything to the contrary in this AGREEMENT, if Jefferson and/or the applicable Jefferson Affiliates are unable or unwilling to construct any of the foregoing manufacturing facilities, JEFFERSON may elect, by written notice ("Exclusion Notice") to the COUNTY at any time prior to the date that is one year after the Effective Date, to exclude such manufacturing facilities ("Excluded Facilities") from coverage under this AGREEMENT; and if JEFFERSON timely delivers an Exclusion Notice, (i) this AGREEMENT shall not terminate; (ii) such failure to construct the Excluded Facilities shall not constitute a default by JEFFERSON under this AGREEMENT; and (iii) this AGREEMENT shall be amended by the Parties to exclude the Excluded Facilities from coverage under this AGREEMENT, including, without limitation, (A) a prospective commensurate reduction in the PILOT Payment amounts from Jefferson to the COUNTY with respect to the Excluded Facilities and (B) a commensurate reduction in the number of full-time employees required under Section 2 below.

2. Employment: To maintain from the date of completion of the Project until the Termination Date an employment level of not less than 75 full-time employees at the new facilities listed in item 1, above.

3. Reporting: To certify annually to the COUNTY and the OCEDC that JEFFERSON is in compliance with each applicable term of the AGREEMENT within 30 days after the end of each calendar year.

4. Local Sourcing: To make Commercially Reasonable Efforts, with respect to any contracts for the purchase of supplies and services in connection with construction of the Project that are let to bid after the Effective Date, to identify and ensure that

qualified Orange County vendors suppliers and sub-contractors are given the opportunity to bid on such contracts.

5. Administration Fee: Beginning on January 31, 2015, and on or before January 31st of each calendar year thereafter during the life of this Agreement, JEFFERSON shall pay to the Orange County Economic Development Corporation (OCEDC) an administration fee of 10% of the PILOT Payment in such calendar year. This fee is considered payment for Chapter 381 administrative services as provided in Section 381.004 (c) of the Texas Local Government Code.

6. PILOT Payments: Commencing January 31, 2015, and continuing through the term of this Agreement, JEFFERSON shall pay to the COUNTY the PILOT Payment amount set forth on Exhibit B less 10% payment made to the OCEDC for the Administration Fee set forth in Section IV.5 of this AGREEMENT.

## V. VALUE AND TERM OF AGREEMENT

1. The Abatement provided for in this Agreement for the Project shall be effective on the January 1, 2014 valuation date as authorized by Sec. 312.007 of the Texas Tax Code and Section 381.004 (g) of the Texas Local Government Code. In each year that this Agreement is in effect, the amount of abatement for this portion of the Project shall be an amount equal to the percentage as indicated in the Tax Abatement Schedule ("Schedule") below. The appraised value, as defined in the Texas Property Tax Code, of Eligible Property must be abated in accordance with the Schedule below:

### TAX ABATEMENT SCHEDULE

| Tax Year Abated | Percentage of Value Abated |
|---|---|
| 2014 | 100% |
| 2015 | 100% |
| 2016 | 100% |
| 2017 | 100% |

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|---|---|
| **2018** | **100%** |
| **2019** | **100%** |
| **2020** | **100%** |
| **2021** | **100%** |
| **2022** | **100%** |
| **2023** | **100%** |

2. In no event shall the abatement period for the Project exceed a period of ten (10) years, in accordance with state law.

## VI. LIABILITY

1. No Assumption: By this AGREEMENT, JEFFERSON assumes no obligation, duty or other responsibility with regard to any governmental function or service for which the COUNTY is responsible that is not otherwise addressed by this AGREEMENT. In addition, JEFFERSON assumes no legal liability for the actions of the COUNTY through the execution of this AGREEMENT. The COUNTY individually assumes no obligation, duty or other responsibility with regard to any duty, right, obligation or responsibility associated with the Project for which JEFFERSON is responsible that is not otherwise addressed by this AGREEMENT. In addition, the COUNTY assumes no legal liability for the actions of JEFFERSON or its successors or assigns by virtue of its execution of this AGREEMENT.

2. Agents: Each Party to this AGREEMENT agrees that it shall have no liability for the actions or omissions of the employees, agents, directors, members, trustees or representatives of any other Party, and each Party is solely responsible for the actions and omissions of its own employees, agents, directors, members, trustees or representatives.

## VII. DEFAULT

1. Events of Default: During the Term, the COUNTY may declare a default hereunder by JEFFERSON if JEFFERSON (i) fails to commence construction of the Project within two (2) years after the Effective Date, (ii) fails to complete construction of the Project within three (3) years, (iii) refuses or neglects to comply with any of the terms of this AGREEMENT, or (iv) if any representation made by JEFFERSON in this AGREEMENT is false or misleading in any material respect.

2. Notice and Cure: If the COUNTY declares JEFFERSON to be in default of this AGREEMENT, the COUNTY shall notify JEFFERSON in writing prior to the end of the abatement period, and if such default is not cured within sixty (60) days from the date of such notice (such sixty (60) day period, or such longer period as is provided for in this Section 2 being referred to as the "Cure Period"), then this AGREEMENT may be terminated or modified; provided, however, that in the case of a default for causes beyond JEFFERSON's reasonable control which cannot with due diligence be cured within such sixty (60) day period, the Cure Period shall be deemed extended if JEFFERSON (i) shall immediately, upon the receipt of such notice, advise the COUNTY of JEFFERSON's intention to institute all steps necessary to cure such default and (ii) shall proceed to cure.

3. Delinquent *Ad Valorem* Taxes: In the event JEFFERSON allows its *ad valorem* taxes on the Project owed the COUNTY to become delinquent and fails to timely and properly follow the legal procedures for their protest and appeal, or if JEFFERSON violates any of the terms and conditions of this AGREEMENT and fails to cure during the Cure Period, this AGREEMENT may then be terminated.

4. Discontinuation: In the event the Project herein is completed and begins producing product or services, but subsequently discontinues producing product or services for any reason excepting fire, explosion or other casualty, accident or natural disaster, or governmental mandate, or other event of Force Majeure, for a period of one (1) year during the Term of the AGREEMENT, then this AGREEMENT shall terminate with respect to the applicable portion of the Project that is no longer producing product or services; and in such event, this AGREEMENT shall be amended to exclude such portion of the Project from coverage under this AGREEMENT, including, without limitation, (A) a commensurate reduction in the PILOT Payment amounts from Jefferson to the COUNTY with respect to such portion of the Project and (B) a commensurate reduction in the number of full-time employees required under Section 2 of Article IV above.

5. Termination: If after notice of default and failure to cure, the COUNTY terminates this Agreement, it shall provide JEFFERSON written notice of such

termination. If JEFFERSON believes that such termination was improper, JEFFERSON may file suit in the Orange County District Court appealing such termination within sixty (60) days after receipt from the COUNTY of written notice of the termination. If such a suit is filed, JEFFERSON shall remit to the COUNTY, within ninety (90) days after receipt of the notice of termination, any additional Ad Valorem Taxes as may be payable during the pendency the litigation pursuant to the payment provisions of Section 42.08, Tax Code. If the final determination of the appeal increases JEFFERSON's tax liability above the amount of tax paid, JEFFERSON shall remit the additional tax to the COUNTY pursuant to Section 42.42, Tax Code. If the final determination of the appeal decreases JEFFERSON's tax liability, the COUNTY shall refund to JEFFERSON the difference between the amount of tax paid and the amount of tax for which JEFFERSON is liable pursuant to Section 42.43, Tax Code.

## VIII. NOTICE

Any notice and/or statement required and permitted to be delivered shall be deemed delivered by deposing by depositing same in the United States mail, certified with return receipt requested, postage prepaid, addressed to the appropriate Party at the following addresses:

Notices to JEFFERSON shall be addressed to:

Alfred Salazar, CEO
JEFFERSON Holdings, LLC
9595 Six Pines Drive, Suite 6370
The Woodlands, Texas 77380

With copies to:

ATTN: General Counsel

JEFFERSON Holdings LLC
9595 Six Pines Drive, Suite 6370
The Woodlands, Texas 7 7 3 8 0

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Notices to ORANGE COUNTY shall be addressed to:

Carl Thibodeaux, County Judge
123 South 6th Street;
Orange, Texas
Fax: 409-882-7079

With copies to:

Orange County Economic Development Corporation
1201 Childers Road
Orange, TX 77630
Fax: (409) 883-7775

Either Party may change its address for receipt of notices under this AGREEMENT from time to time by delivering at least ten (10) days prior written notice of such change to the other Party in the manner prescribed above.

## IX. MISCELLANEOUS PROVISIONS

1. Disclaimer: Nothing herein shall confer upon any person, firm or other entity other than the Parties hereto any benefit or any legal or equitable right, remedy or claim under this AGREEMENT. All obligations hereunder of the Parties hereto shall be binding upon their respective successors and assigns.

2. Assignment. This CONTRACT cannot be assigned by JEFFERSON unless written permission is first granted by COUNTY, which such permission shall not be unreasonably withheld. For the avoidance of doubt, an assignment only occurs in connection with an asset transaction involving JEFFERSON. Upon assignment of this CONTRACT by JEFFERSON, with the consent of COUNTY, JEFFERSON shall be deemed released from this CONTRACT for all purposes with respect to any default hereunder after such assignment, and any JEFFERSON assignee shall be responsible for all obligations, and shall succeed to the benefits, of JEFFERSON hereunder, including, but not limited to those set forth herein. The COUNTY shall be furnished with written evidence of assignment of this CONTRACT by JEFFERSON and of the identity of the assignee. No consent to assignment by the COUNTY shall be deemed to constitute a waiver of any default hereunder arising before such assignment.

3. Amendments to Agreement; Waivers: This AGREEMENT may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties. Waiver of any term, condition or provision of this AGREEMENT by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition or provision, or a waiver of any other term, condition or provision of this AGREEMENT.

4. Approvals or Consents: Approvals or consents required or permitted to be given under this AGREEMENT shall be evidenced by an ordinance, resolution, or minute order adopted by the governing body or board of the appropriate Party or by a certificate executed by a person, firm or entity previously authorized to give such approval or consent on behalf of a Party. Approvals and consents shall be effective

without regard to whether given before or after the time required for giving such approvals or consents.

5. Assignment: This AGREEMENT cannot be assigned by JEFFERSON unless written permission is first granted by COUNTY, which such permission shall not be unreasonably withheld. Upon such assignment, JEFFERSON's assignee will be liable to the COUNTY for outstanding taxes or other obligations arising under this AGREEMENT with respect to the applicable portion of the Property or the Project. The COUNTY shall not assign its rights or obligations under this Agreement to any other person or party.

6. Parties in Interest: This AGREEMENT shall be for the sole and exclusive benefit of the Parties hereto and shall not be construed to confer any rights upon any third parties.

7. Supplementation: In the event any further documentation or information is required for this AGREEMENT to be valid, then the Parties to this AGREEMENT shall provide or cause to be provided such documentation or information. The Parties shall execute and deliver such documentation, including but not limited to any amendments, corrections, deletions or additions as necessary to this AGREEMENT provided however that the Parties shall not be required to do anything that has the effect of changing the essential economic terms of this AGREEMENT or imposing greater liability on the Parties. The Parties further agree that they shall do anything necessary to comply with any requirements to enable the full effect of this AGREEMENT; provided, however, that the Parties shall not be required to do anything that has the effect of changing the essential economic terms of this AGREEMENT or imposing greater liability on the Parties.

8. Merger: This AGREEMENT contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this AGREEMENT.

9. Governing Law: This AGREEMENT and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in Orange County, Texas.

10. Authorization: Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this AGREEMENT for and on behalf of such Party.

11. Severability: If any term, provision or condition of this AGREEMENT, or any application thereof, is held invalid, illegal or unenforceable in any respect under any Law (as hereinafter defined), this AGREEMENT shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision or condition cannot be so reformed, then such term, provision or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this AGREEMENT, as the case may be, and the validity, legality and enforceability of the remaining terms, provisions and conditions contained herein (and any other application such term, provision or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this AGREEMENT in a mutually acceptable manner so as to effect the original intent of the Parties as closely as possible to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

12. Payment of Expenses: Except as otherwise expressly provided in this AGREEMENT, or as covered by the application fee, (i) each of the Parties shall pay its own costs and expenses relating to this AGREEMENT, including, but not limited to, its costs and expenses of the negotiations leading up to this AGREEMENT, and of its performance and compliance with this AGREEMENT, and (ii) in the event of a dispute between the Parties in connection with this AGREEMENT, the prevailing Party in the resolution of any such dispute, whether by litigation or otherwise, shall be entitled to full recovery of all attorneys' fees (including a reasonable hourly fee for in-house legal counsel), costs and expenses incurred in connection therewith, including costs of court, from the non-prevailing Party to the extent allowed by law.

13. Force Majeure: In the event either Party is rendered unable, wholly or in part, by Force Majeure to carry out any of its obligations under this AGREEMENT, except the obligation to pay amounts owed or required to be paid pursuant to the terms of this AGREEMENT, then the obligations of such Party, to the extent affected by such Force Majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused to the extent provided but for no longer period. As soon as reasonably possible after the occurrence of the Force Majeure relied upon, the Party

whose contractual obligations are affected thereby shall give notice and full particulars of such Force Majeure to the other Party. Such cause, as far as possible, shall be remedied with all reasonable diligence.

14. Interpretation: When a reference is made in this AGREEMENT to a Section, Article or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this AGREEMENT unless otherwise indicated. The headings contained in this AGREEMENT are for reference purposes only and shall not affect in any way the meaning or interpretation of this AGREEMENT. The words "include," "includes" and "including" when used in this AGREEMENT shall be deemed in such case to be followed by the phrase "but not limited to" words used in this AGREEMENT, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require. This AGREEMENT is the joint product of the Parties and each provision of this AGREEMENT has been subject to the mutual consultation, negotiation and agreement of each Party and shall not be construed for or against any Party.

15. Execution of Counterparts: This AGREEMENT may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

16. Waiver. Failure of any Party hereto to insist on the strict performance of any of the agreements herein or to exercise any rights or remedies accruing thereunder upon default or failure of performance shall not be considered a waiver of the right to insist on and to enforce by an appropriate remedy, strict compliance with any other obligation hereunder to exercise any right or remedy occurring as a result of any future default or failure of performance.

17. Governmental Immunity; Consent to Suit. Nothing in this AGREEMENT shall constitute a waiver by the COUNTY of its governmental or sovereign immunity. Nothing in this AGREEMENT shall be construed as express or implied consent by the COUNTY to being sued.

Executed in duplicate this the12th day of May , 2014 ORANGE COUNTY:

Judge Carl Thibodeaux
Orange County Judge

JEFFERSON REFINERY, LLC
By: Jefferson Refining, LLC. Its: Sole Manager

By:
Alfred Salazar
Chief Executive Officer

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# EXHIBIT "A"

## Property Description

H. A. PERLSTEIN, ET AL,
TO
EAST BEAUMONT TOWNSITE CO.,
Acceptance.

THE STATE OF TEXAS COUNTY OF JEFFERSON. Whereas we, the undersigned, were on the 15th day of December, 1936 duly elected Trustees of The East Beaumont Townsite Company, a joint stock association, the Declaration of said joint stock association being duly recorded in Volume 11, pages 175-184, et seq., of the Deed Records of Orange County, Texas, to which reference is hereby made; and

Whereas, we, the undersigned, have accepted the office of Trustees of said The East Beaumont Townsite Company, and have qualified as such Trustees under said trust instrument and By-Laws of said Association; now

THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that we, H. A. Perlstein, J. E. Broussard and William Saenger, in accordance with Article 20 of said Declaration of Trust, do hereby signify our acceptance of said trust and the By-Laws contained in said instrument.

WITNESS our hands at Beaumont, Texas, this the 30th day of January, 1937.

H. A. Perlstein
J. E. Broussard
William Saenger

THE STATE OF TEXAS :
:
COUNTY OF JEFFERSON :

Before me, the undersigned authority, a Notary Public in and for the County of Jefferson and State of Texas, on this day personally appeared H. A. Perlstein, J. E. Broussard and William Saenger, known to me to be the persons whose names are subscribed to the foregoing instrument, and severally acknowledged to me that they executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 30th day of January, A. D., 1937.

(SEAL)

S. L. Naquen
Notary Public in and for Jefferson County, Texas.

Filed for record the 26th day of April, A. D., 1937, at 8 o'clock A. M., and duly recorded this the 11th day of May, A. D., 1937, at 9:35 o'clock A. M.

W. A. Gunning, Clerk,
County Court, Orange County, Texas.

By Sadie Stephens Deputy.

EAST BEAUMONT TOWNSITE CO.,
TO
CITY OF BEAUMONT.
Deed.

THE STATE OF TEXAS COUNTY OF JEFFERSON. KNOW ALL MEN BY THESE PRESENTS: That The East Beaumont Townsite Company, a joint stock association, with headquarters at Beaumont, Jefferson County, Texas, and its legally and duly elected and qualified trustees, H. A. Perlstein, J. E. Broussard, and Wm. Saenger, all of Beaumont, Jefferson County, Texas, hereunto duly authorized, for and in consideration of the sum of ONE HUNDRED EIGHTY-SEVEN THOUSAND FIVE HUNDRED DOLLARS ($187,500.00) cash to it in hand paid by the City of Beaumont, a municipal corporation of Jefferson County, Texas, the receipt of which is hereby acknowledged and confessed, has granted, sold, and conveyed, and by these presents does grant, sell, and convey unto the said City of Beaumont, a municipal corporation, of the County of Jefferson, State of Texas, all that certain tract or parcel of land, being two hundred fifty (250) acres of land out of the Gilbert Stephenson and William Stephenson surveys in Orange County, Texas, more specifically described by the following field notes:

"A part of East Beaumont Townsite out of the Wm. Stephenson Survey and the Gilbert Stephenson survey in Orange County, Texas;

Beginning at the intersection of the center line of the K. C. S. Railroad track with the east bank of the Neches River; thence with the meanders of said river as follows: S. 68 deg. 30' E. 433 ft. S. 82 deg. 38' E. 140 ft., N. 74 deg. 29' E. 120 ft., S. 70 deg. 13' E. 780 ft.,

S. 75 deg. 14' E. 350 ft., S. 55 deg. 38' E. 250 ft., S. 39 deg. 56' E. 290 ft., S. 23 deg. 41' E. 430 ft., S. 10 deg. 51' E. 265 ft., S. 34 deg. 31' E. 140 ft., S. 53 deg. 40' E. 310 ft., S. 66 deg. 30' E. 305 ft., S. 87 deg. 41' E. 580 ft., N. 82 deg. 16' E. 950 ft., N. 71 deg. 31' E. 20 ft. to corner; thence north 4465 ft. to center of said K. C. S. Railroad track; thence with same S. 61 deg. 08' W. 4424.4 ft. to corner; thence with same S. 54 deg. 57' W. 269 feet and S. 49 deg. 40' W. 327 ft. to main bridge; thence with same S. 47 deg. 10' W. 200 ft. to place of beginning, containing 250 acres of land, inclusive of offsets to river bank and exclusive of K. C. S. Railway Company's 75 foot right of way on south side of track."

And as shown and delineated upon the blueprint map or plat of said land attached hereto, marked "Exhibit A", and made a part hereof.

TO HAVE AND TO HOLD the above-described premises, together with all and singular the rights and appurtenances thereto in anywise belonging, unto the said City of Beaumont, its successors and assigns forever, provided, however, the grantor reserves unto itself a one-sixteenth (1/16) perpetual royalty upon any minerals produced from said two hundred fifty (250) acres of land herein conveyed.

And The East Beaumont Townsite Company hereby binds itself, its trustees, successors, and assigns to warrant and forever defend all and singular the said premises unto the said City of Beaumont, a municipal corporation, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

And for and in consideration of the premises, The East Beaumont Townsite Company, and its Trustees, hereunto duly authorized, do hereby bargain, grant, sell, and convey unto the said City of Beaumont, a municipal corporation, its successors and assigns, the following right-of-ways and easements, to wit:

A. A right-of-way, the free and uninterrupted use, liberty, and privilege of and passage in and along, for all highway purposes, a certain way over a strip of land sixty (60) feet in width, beginning at the Neches River bank about 2500 feet east of the Southern Pacific Railroad bridge, thence parallel in a northeasterly direction with the Southern Pacific and Kansas City Southern right-of-way, respectively, to a connection with the Old Spanish Trail highway; this was formerly a section of the old Beaumont-Orange Road utilizing the Hickory Street crossing.

B. A right-of-way, the free and uninterrupted use, liberty, and privilege of and passage in and along, for all highway purposes, a certain way over a strip of land sixty (60) feet in width and extending from the 250-acre tract of land conveyed herein at a point about 1250 feet east of the Kansas City Southern Railroad bridge, thence extending in a northeasterly direction along the East Beaumont Townsite Company's levee and parallels the river, to a connection with the right-of-way easement conveyed in article (A) hereof. This is another section of the old Beaumont-Orange Road utilizing the Hickory Street crossing.

C. A right-of-way, the free and uninterrupted use, liberty, and privilege of and passage in and along, for all highway purposes, a certain way over a strip of land sixty (60) feet in width and extending from the 250-acre tract of land conveyed herein by way of the Kansas City Southern Railroad and Southern Pacific Railroad underpasses, respectively, to a connection with the highway easement described in article (A) hereof.

D. A right-of-way for the free and uninterrupted use, liberty and privilege of and passage in and along a certain way, for all highway purposes, for the building of switch track or tracks of railroads connecting with the Southern Pacific Railroad and for the construction of ditches for drainage facilities over a strip of land eighty (80) feet in width beginning at a point on the Southern Pacific Railroad right-of-way about 1000 feet northeast of the "Blocking Tower" and continuing thence due south to a connection with the Neches River.

E. A right-of-way for the free and uninterrupted use, liberty, and privilege for the laying of railroad switch tracks and the use thereof over a strip of land twenty (20) feet in

width, having as its beginning a point on the west side of the land designated in article (D) hereof, about 1250 feet north of the Neches River and continuing westward, more or less, parallel to the River to the 250-acre tract herein conveyed.

F. A right-of-way over the land of the East Beaumont Townsite Company to east of the 250-acre tract of land herein conveyed and the right to lay and construct pipe lines connecting with the present trunk pipe line of the United Gas System (gas) and the Magnolia Petroleum Company (crude oil), respectively, to connect with the 250-acre tract of land herein conveyed.

G. A right-of-way over the East Beaumont Townsite Company's property immediately alongside the Southern Pacific Railroad and the Kansas City Southern Railroad right-of-ways, respectively, and the right to erect poles and construct telephone, telegraph, electric light and electric power lines to a connection with the west terminus of the right-of-way of the Gulf States Utilities Company located along the Old Spanish Trail approximately one mile north of the 250-acre tract of land herein conveyed.

H. A right-of-way of sufficient width as may be required by the Orange County Water Company, Inc., or its successors, and the right to construct a canal thereover for the conveyance of water over and across the lands of the East Beaumont Townsite Company to the east of the 250-acre tract herein conveyed, and along the division line of the Gilbert Stephenson and Wm. Stephenson Leagues of land in Orange County, Texas, to the east boundary of The East Beaumont Townsite Company's land in Orange County, Texas, for a canal connecting with the Orange County Water Company System, said right-of-way being approximately 3-1/3 miles in extent.

I. A right-of-way sixty (60) feet in width for all highway purposes, and the free and uninterrupted use, liberty, and privilege of and passage in and along the same across the land leading from the Old Spanish Trail highway at a point where it crosses the Kansas City Southern Railroad before it turns east to Vidor near the old Hickory Street Road entrance to the property of the East Beaumont Townsite Company, thence to connect with the 250-acre tract of land herein conveyed.

Said easements and right-of-ways being delineated upon the map or plat hereto attached and marked, "Exhibit B", and hereby referred to for a more particular description.

TO HAVE AND TO HOLD the above-described property unto the said City of Beaumont, its successors and assigns forever, and The East Beaumont Townsite Company hereby binds itself, its trustees, successors and assigns to warrant and forever defend all and singular the said property herein conveyed unto the said City of Beaumont, its successors or assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

And it is further distinctly understood and agreed by both parties hereto that the several easements for roadways, switch tracks, water supplies, power lines, telephone and telegraph lines, over the property of The East Beaumont Townsite Company not included in the 250 acres of land herein conveyed are intended for the use of the City of Beaumont, its successors or assigns, and in no event is the City of Beaumont, its successors or assigns, to have any exclusive rights into or upon said easements or right-of-ways, and that all the comforts enuring from time to time through said easements, such as drainage, fresh water supply, electric power, switching service, telephone, telegraph, and gas service, are to be available alike to The East Beaumont Townsite Company, its successors or assigns, and to the City of Beaumont, its successors or assigns.

It is further understood and agreed by the parties hereto that The East Beaumont Townsite Company, in conveying the easement for water supply canal described in article (H) hereof, reserves for itself, its successors or assigns, a perpetual right of egress and ingress to and across said right-of-way, as well as the right to construct improvements, build and maintain streets, alleys, drainage ditches, pipe lines, and other facilities incident to an industrial addition or city across the strip of land affected by said easement, with the understanding, however, that the canal or whatever conveyance may be provided for conducting water thereover will

be safeguarded by The East Beaumont Townsite Company. And it is further understood and agreed that in the provision of the water supply canal over said easement, The East Beaumont Townsite Company's canal levees and roadways shall not be destroyed or unreasonably damaged.

It is further understood and agreed by the parties hereto that the land herein conveyed to the City of Beaumont, and that affected by the easements herein conveyed, is a part of The East Beaumont Townsite Company's land which has been surrounded by a levee to protect it against overflow from rises in the Neches River and has been provided with a system of canals for drainage of same, and that both parties hereto, their successors and assigns, shall not so improve or use the land over which the several easements have been conveyed as will destroy the purpose for which said levees or drainage canals were created.

As a part of the consideration for this conveyance, The East Beaumont Townsite Company, and the trustees thereof, hereby waive any claim to the spoils to be engendered by pending improvements of the waterway contiguous to the land purchased by the City herein, and further waive any claim to the spoil in that section extending from the southeast corner of the 250-acre tract of land conveyed herein down stream to a point directly above the drainage outlet of The East Beaumont Townsite Company at its pumping station, so that the City of Beaumont may use same for the further filling in of the property herein conveyed.

In further consideration hereof, The East Beaumont Townsite Company, and the trustees thereof, hereby withdraw any and all objections which they have heretofore registered against such contemplated improvement work by the United States Government or by the Wharf and Dock Board of the City of Beaumont on the Neches River and harbor development, and hereby bind themselves to make no further objections thereto.

It is further distinctly understood and agreed that The East Beaumont Townsite Company is a joint stock association, without personal liability of the stockholders, trustees, or officers, and that for any debt, demand or damage, judgment, or decree, or for any money obligation whatever that may become due and payable by reason of this contract or its breach or performance in whole or in part, against the said The East Beaumont Townsite Company and in favor of the party of the second, or other party or parties in whose behalf such demand may arise, shall look exclusively to the trust property in the hands of the trustee of said association for payment of same, and upon no account and in no event shall there be any individual liability of the shareholders, its officers or trustees, under and by virtue of the terms of this contract.

In testimony whereof The East Beaumont Townsite Company and the trustees thereof, H. A. Perlstein, J. E. Broussard, and Wm. Saenger, have executed this deed and had the same attested by the secretary and caused the seal of The East Beaumont Townsite Company to be hereto affixed this, the 12th day of March, A. D. 1937.

(SEAL)

EAST BEAUMONT TOWNSITE COMPANY
H. A. Perlstein
J. E. Broussard
William Saenger
Trustees

THE STATE OF TEXAS :
:
COUNTY OF JEFFERSON : BEFORE ME, the undersigned notary public in and for Jefferson County, Texas, on this day personally appeared H. A. Perlstein, J. E. Broussard, and Wm. Saenger, trustees of The East Beaumont Townsite Company, each of whom is known to me to be the person whose name is subscribed to the foregoing instrument of writing, and severally acknowledged to me that they executed the same for the purposes and considerations therein expressed and in the capacity therein stated, and as the act and deed of The East Beaumont Townsite Company.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the 13th day of March, A. D. 1937.

(SEAL)

Louise Averre

Notary Public in and for Jefferson County, Texas.

(Map marked "Exhibit A" hereto attached, recorded in Vol. 2, Page 45, Map Records, Orange County Texas)

(Map marked "Exhibit B" hereto attached, recorded in Vol. 2, Page 46, Map Records, Orange County Texas)

Filed for record the 26th day of April, A. D., 1937, at 8 o'clock A. M., and duly recorded this the 11th day of May, A. D., 1937, at 11:25 o'clock A. M.

W. A. Gunning, Clerk,
County Court, Orange County, Texas.

By Sadie Stephens Deputy.

##########

HUMBLE OIL & REF. CO.,
TO
COUNTY OF ORANGE,
Right-of-Way Deed.

##########

THE STATE OF TEXAS, COUNTY OF ORANGE. KNOW ALL MEN BY THESE PRESENTS: That Humble Oil & Refining Company, a Texas corporation domiciled in Houston, Harris County, Texas, for and in consideration of the sum of One ($1.00) Dollar cash to it in hand paid, and the acceptance by the County of Orange, State of Texas, of this grant of easement, has released, remised and quitclaimed, and does hereby release, remise and quitclaim to the County of Orange, State of Texas, an easement and right of way for a road over and across the following described property situated in Orange County, Texas, out of the Samuel Davis Survey, and more specifically described as follows:

20 feet off the South side of that certain 100-acres conveyed by D. C. Bland to Humble Oil & Refining Company by deed dated February 14, 1922, and recorded in Volume 35, Page 476 of the Deed Records of Orange County, Texas, to which reference is here made for all purposes, said 20 foot easement or right of way to have for its South line the South line of said 100-acre tract above referred to, and to have for its North line a line drawn parallel to and 20 feet North of said South line of said 100-acre tract.

TO HAVE AND TO HOLD unto the said County of Orange, State of Texas, for the sole and only purpose of constructing and maintaining a road along, over and across said strip of land and for so long as said roadway shall be maintained thereon.

It is specifically understood and agreed and is made a condition of this conveyance that said County of Orange and State of Texas will, without cost to Humble Oil & Refining Company, remove the fence of Humble Oil & Refining Company located along the South boundary line of the 100-acre tract above described, and replace same along the North line of the 20 foot right of way or easement, said fence to be replaced and constructed along said North line of said 20 foot right of way in as good and substantial condition as same now exists and in a good and workmanlike manner, and it is further made a condition of this conveyance that if said County of Orange and State of Texas does not, within twelve (12) months from the date hereof, grade, construct and use a roadway along, over and across said 20 foot easement, or in the event that after so grading, constructing and using said roadway the use thereof should be abandoned, then, and in either of such events, the rights herein given to the County of Orange and State of Texas shall terminate, and the right, title and interest of Humble Oil & Refining Company, its successors or assigns in and to said 100 acres above referred to shall be free and clear of all rights herein given, and all rights herein conveyed shall revest in said Humble Oil & Refining Company, its successors or assigns.

It is understood and agreed that Humble Oil & Refining Company excepts herefrom and retains unto itself all of its right, title and interest in and to the oil, gas and other minerals on, in and under the strip of land above described, but the rights of said Humble Oil & Refining Company in and to said oil, gas and other minerals on, in and under said strip of land shall be subject to the easement herein given to the County of Orange, State of Texas, for roadway purposes.

# EXHIBIT "B"

## PILOT Payment Schedule

| Tax Year | PILOT Payment Amount | Payment Date |
|---|---|---|
| 2014 ✓ | $300,000 | 1/31/2015 |
| 2015 ✓ | $125,000 | 1/31/2016 |
| 2016 ✓ | $125,000 | 1/31/2017 |
| 2017 | $125,000 | 1/31/2018 |
| 2018 | $125,000 | 1/31/2019 |
| 2019 | $125,000 | 1/31/2020 |
| 2020 | $125,000 | 1/31/2021 |
| 2021 | $125,000 | 1/31/2022 |
| 2022 | $125,000 | 1/31/2023 |
| 2023 | $125,000 | 1/31/2024 |

OC EDC

300,000
− 30,000
270,000

less 10% that goes to the EDC for monitoring

C

125,000.00 x
10.00%
12,500.00*

125,000.00*+
12,500.00 −

002

112,500.00 *

300,000.00 x
10.00%
30,000.00*

300,000.00*+
30,000.00 −

002

270,000.00 *

RECEIVED
APR 14 2015
COUNTY TREASURER