**STATE OF TEXAS** §
§
**COUNTY OF CHAMBERS** §

# ECONOMIC DEVELOPMENT PROGRAM AGREEMENT,

This Economic Development Program Agreement ("**Agreement**") is entered into this 23rd day of August, 2022, by and between Borusan Mannesmann Pipe U.S., Inc., a Delaware corporation ("**Company**"), and Chambers County, Texas, a Texas political subdivision (the "**County**") (Company and County collectively referred to herein as the "parties" and each individually as a "party").

## WITNESSETH:

**WHEREAS**, in accordance with Article III, Section 52-a of the Texas Constitution and Chapter 381 of the Texas Local Government Code ("**Chapter 381**") the County Commissioners Court of Chambers County, Texas ("**County Commissioners Court**") has the authority to develop and administer a program for entering into a tax abatement agreement with an owner or lessee of a property interest subject to ad valorem taxation, provided the execution, duration, and other terms of the agreement are governed, to the extent practicable, by the provisions of Sections 312.204, 312.205, and 312.211 of Chapter 312 of the Texas Tax Code ("**Chapter 312**"), as if the County Commissioners Court were a governing body of a municipality; and

**WHEREAS**, on the 26th day of March 2019, the County Commissioners Court adopted a Chapter 381 Economic Development Policy (the "**Chapter 381 Policy**"), setting forth policies, guidelines, and criteria for economic development incentives provided by the County under Chapter 381, a copy of which is attached as **Exhibit A**; and

**WHEREAS**, on the 8th day of March 2022, the County Commissioners Court passed an Order renewing a Reinvestment Zone ("**Zone**") under Chapter 312, known as the Borusan Mannesmann Pipe U.S., Inc. 2013 Reinvestment Zone, after complying with all of the relevant notice requirements under Chapter 312; and

**WHEREAS**, on the 12th day of April 2022, the Company submitted a proposal and application for tax abatement under Chapter 381 (the "**Chapter 381 Proposal**", a copy of which is attached as **Exhibit B**), in accordance with the Chapter 381 Policy; and

**WHEREAS**, Company owns the Premises, as hereinafter defined, and Company expects to develop and construct thereon a manufacturing facility and all necessary and auxiliary improvements for manufacture of steel pipe (the "**Manufacturing Facility**"), as described in the Chapter 381 Proposal; and

**WHEREAS**, the Premises are located entirely within the County and the Zone; and

**WHEREAS**, the County finds that the terms of this Agreement and the development of the Premises and proposed Manufacturing Facility promote economic development in the County and, as such, satisfies requirements of the Chapter 381 Policy; and

**WHEREAS**, the County also finds that the improvements sought are feasible and practical and would benefit the County after expiration of this Agreement; and

**NOW**, **THEREFORE**, the County, for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, which consideration includes the expansion of primary employment, the attraction of major investment in the County, increased payroll that contributes to the economic development of the County and enhancement of the tax base in the County, and certain Chapter 381 Payments as defined below, and Company, for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, which consideration includes the tax abatement set forth herein below, as authorized by Section 381.004 of Chapter 381, hereby contract, covenant, and agree as follows:

**Section 1. Definitions**

For purposes of this agreement, when not inconsistent with context, words used in the present tense include the future tense, words in the plural include the singular, and words in the singular include the plural. The words “shall” and “will” are mandatory and the word “may” is permissive. Words not defined in this Agreement shall be given their common and ordinary meaning. The following capitalized terms shall have the meanings ascribed to them:

“**Company Affiliate**” shall mean any Person directly or indirectly controlling, controlled by, or under common control with Company. As used in this definition, the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract, or otherwise.

“**Chapter 381 Payment**” shall mean a payment from Company to County equal to forty percent (40%) of the County Tax abated pursuant to this Agreement as hereinafter described in **Exhibit D** attached hereto.

**“Construction Phase”** means a material and substantial improvement of the Premises which represents a separate and distinct construction operation undertaken for the purpose of constructing the Manufacturing Facility. The period of Construction Phase ends when the Manufacturing Facility is substantially completed and consistent with Section 6.

**“Chapter 381 Community Impact Program Contribution (CIPC)”** shall mean an amount equal to 1.50% of derived tax savings for each calendar year as set forth in Section V of the Agreement. The CIPC is intended to foster public-private investment in comprehensive literacy programs, promotion of the arts, public health, and an array of targeted civic infrastructure which supports economic and community development.

“**Eligible Property Value**” shall mean, with respect to each calendar year, the fair market value of the Manufacturing Facility including all buildings, structures, fixed

machinery and equipment, site improvements, office space, and related fixed improvements on the tax rolls of the Chambers County Appraisal District as of such calendar year.

"**Financing Party**" shall mean the lenders, security holders, investors, equity providers, and others providing financing or refinancing to or on behalf of Company, for the development, construction, ownership, operation, or maintenance of the Manufacturing Facility or any portion thereof, or any trustee or agent acting on behalf of any of the foregoing.

"**Force Majeure**" shall mean, without limitation, Acts of God or the public enemy, war, terrorism, criminal acts by unrelated third parties, riot, civil commotion, insurrection, governmental or de facto governmental action, fire, explosions, floods, strikes, adverse weather, pandemic, or any other extraordinary event beyond the control of Company (including, without limitation, broad based extraordinary economic events) that makes it reasonably impracticable to accomplish a desired objective.

"**Ineligible Property Value**" shall mean, for each calendar year, the value as listed on the tax rolls of the Chambers County Appraisal District of the following: land; inventories; supplies; tools; furnishings and other forms of movable personal property; vehicles; watercraft; aircraft; housing; deferred maintenance investments; any improvements which are not integral to the operation of the facility; property which has an economic life of less than 15 years; property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated, or directed by a political subdivision of the State of Texas.

"**Payment Deadline**" shall mean, with respect to each Chapter 381 Payment and CIPC, January 31st of the year immediately following the calendar year in which an abatement under Section 4 of this Agreement is granted.

"**Person**" shall mean an individual or a corporation, partnership, trust, estate, unincorporated organization, association, or other entity.

**"Permanent Employee"** shall mean a person whose employment is both permanent and full-time as reflected in the applicable payroll system of the Company, or an entity controlled by or under common control with the Company who is expected or scheduled to work at least [1,800] hours in a twelve-month period as an employee at the New Manufacturing Facility.

"**Premises**" shall mean all that parcel of land to be owned by Company as hereinafter described in **Exhibit C** attached hereto.

**"Undocumented Worker"** means an individual who, at the time of employment by Company, is not: (i) lawfully admitted for permanent residence to the United States, or (ii) authorized under law to be employed in that manner in the United States.

## Section 2. General Provisions

**A. County Authorization**. This Agreement was authorized by the County Commissioners Court and was approved by the affirmative vote of a majority of the County Commissioners Court at its regularly scheduled County Commissioners Court meeting on the 23rd day of August 2022, authorizing the County Judge to execute this Agreement on behalf of the County. The County's execution of this Agreement is authorized by Chapter 381 and constitutes a valid and binding obligation of the County.

**B. Company Authorization**. The undersigned officers of Company have authority to execute this Agreement on behalf of the Company.

**C. Compliance**. The parties intend for this Agreement to comply with Chapter 381 and, to the extent practicable, Sections 312.204, 312.205, and 312.211 of Chapter 312. The County has determined that this Agreement satisfies all requirements for tax abatement set forth in the Chapter 381 Policy. To the extent that this Agreement deviates from a requirement of the Chapter 381 Policy, the County hereby grants Company a variance from such deviation.

**D. Tax Increment Financing**. The County represents that the abatements provided by this Agreement will not be diminished or otherwise jeopardized by tax increment financing arrangements in the County, if any.

**E. Ownership of Premises**. The Premises will be owned by Company or a Company Affiliate, and in no event shall be owned by any member of the County Commissioners Court.

## Section 3. Fee Waiver

The County shall use its best efforts to expedite processing of any permits, re-zoning requests, licenses, or other approvals associated with the building and development of the Premises and Manufacturing Facility.

## Section 4. Tax Abatement

The County hereby grants to Company a tax abatement with respect to the Manufacturing Facility. The tax abatement shall begin on January 1, 2025, and shall continue for ten years. In each year during the term of the tax abatement, the tax abatement shall equal 100 percent of County property taxes imposed on the Eligible Property Value.

## Section 5. Chapter 381 Payments and CIPC

Company agrees to tender Chapter 381 Payments and CIPC to County, on or prior to the Payment Deadline, for calendar years 2025 through 2034, inclusive. Company will tender Chapter 381 Payments and CIPC by check or other mechanism acceptable to County.

Company shall contribute to the Community Impact Program an amount equal to 1.50 % of derived tax savings for each year set forth in Section V of the Agreement. This contribution is provided for in Sections 381.004(b) and 381.004(c) of the Texas Local Government Code. Remittance of this contribution shall be separate and distinct from the remittance of the Chapter 381 Payments, as defined, and Administration Fees set forth respectively in Section 5 and Section 7 of this Agreement.

**Section 6. Covenants**

**A. Construction Covenant**. Company or a Company Affiliate covenant to substantially complete, or cause to be substantially completed, construction of the Manufacturing Facility on or before January 1, 2026 (the "**Construction Covenant**"), provided that Company or a Company Affiliate shall have such additional time as may be required by the effects of Force Majeure.

**B. Operation Covenant**. Company or a Company Affiliate shall operate the Manufacturing Facility in accordance with prudent industry standards and applicable law (unless prevented by Force Majeure) and in a manner that is consistent with the general purpose of encouraging development within the Zone.

**C. Property Tax Covenant.** Throughout the term of this Agreement, Company shall timely pay all property taxes imposed by the County on Ineligible Property Value; provided that Company shall have the right to contest in good faith the validity or application of any such property tax assessment and shall not be considered in default hereunder so long as such contest is diligently pursued to completion.

**D. Management Change Notice Covenant.** During the term of this Agreement, Company shall notify the County in writing of any change of the manager of the New Manufacturing Facility within thirty (30) days of such change.

**E**. **Best Efforts to Increase Local Employment Covenant.** Company represents and agrees that the agreed to construction and operation of the New Manufacturing Facility will stimulate employment and the local economy. To this end, the Company represents and agrees that:

**a.** It reasonably expects a quarterly average of fifty (50) new construction jobs to be generated at the Premises during the Construction Phase for the Manufacturing Facility.

**b.** In addition, the Company represents and agrees that commencing at the time the Manufacturing Facility is fully operational, reasonably expected by January 1, 2026, at least seventy-five (75) Permanent Employee positions will be created at the Manufacturing Facility and maintained throughout the Abatement Term.

**c.** Company represents and agrees it will use commercially reasonable efforts to prioritize hiring criteria and exercise commercially reasonable efforts to target approximately twenty-five percent (25%) of the new employment opportunities referenced above will be offered to or filled by residents of Chambers County.

**d.** Company agrees to use its reasonably good faith effort to cause directly or indirectly to fill these construction and permanent jobs with residents of Chambers County. The Company represents that these will be truly "new jobs" for Chambers County.

**e.** A resident of Chambers County employed at the facility on a permanent basis may be counted towards any or all of the employment targets in this subsection.

**f.** Company does not expect that the Manufacturing Facility will solely or primarily have the effect of transferring employment from one part of Chambers County to another, and the Company agrees to make every commercially reasonable effort to use local resources in employees, goods, and services at the facility.

**g.** In compliance with Texas Government Code, Section 2264.001 *et seq*., Company hereby certifies that it does not and shall not knowingly employ an Undocumented Worker for any purpose related to this Agreement. If, after receiving the benefits of this Agreement, Company (or any branch, division, or department thereof) is convicted of a violation under 8 U.S.C. Section 1324a(f), Company shall repay all taxes previously abated by virtue of this Agreement with interest at the rate of three percent (3%) *per annum*, not later than the 120th day after the date on which the County notifies Company of a violation of this Section 6, (g).

**Section 7. Records and Audits**

**A. Annual Certification**. Not later than January 31 of each year during the term of the tax abatement, Company shall submit to the County a certification from Company as to the conditions and covenants set forth in Section 6, provided that once the Construction Covenant is met, no further certification shall be required with respect to the Construction Covenant.

**B. County Access to Premises**. For the sole purpose of verifying Company's annual certification, County employees or representatives shall have reasonable access to the Premises during the term of this Agreement. The County shall give prior notice to the Company and Company employees shall have the right to accompany County employees. While on the Premises, County employees shall follow Company safety policies and not interfere with Company operations. The County shall keep all information obtained while on

the Premises confidential and shall execute a commercially reasonable form of confidentiality agreement drafted by Company before entering the Premises.

**C. Administration Fee.** Beginning on January 31, 2026, and on or before January 31 of each calendar year thereafter during the life of this Agreement, Company shall pay to the County an administration fee of 0.625% of the Chapter 381 Payment for such tax year as set forth in Section 5 of this Agreement. This fee is considered payment for Chapter 381 administrative services as provided in Section 381.004(c) of the Texas Local Government Code. Remittance of this fee shall be separate and distinct from the remittance of the Chapter 381 Payments and CIPC set forth in Section 5 of this Agreement.

**E. Confidentiality**. Because of the highly competitive nature of the industry in which Company does business, the County agrees that the reports which Company is required to submit may contain information which Company considers to be valuable proprietary information. As such, the County agrees to keep any and all reports provided by the Company and any records reflecting information obtained while on the Premises as confidential information to the extent the documents are not public information under the Public Information Act, Chapter 552 of Texas Government Code, as amended.

**Section 8. Default and Termination**

**A. Default**. In the event that Company either fails to meet the Construction Covenant or breaches the terms or conditions of this Agreement, Company shall be in default of this Agreement.

**B. Cure**. In the event Company defaults in its performance of the Agreement, the County shall give Company written notice of such default. Company shall have sixty (60) days after said written notice to cure the default. If the default is not reasonably susceptible to cure within such sixty (60) day period and Company has commenced and is pursuing cure of same, then, after first advising the County of Company's efforts to cure same, Company may utilize an additional ninety (90) days for such purposes. The County may authorize additional time to cure defaults, which authorization shall not be unreasonably withheld.

**C. Remedy for Uncured Default**. The County's sole and exclusive remedy against any Person for breach of this Agreement, in the event of default after the expiration of the applicable notice and cure periods, shall be that the County may, at its option, terminate the Agreement and all future tax abatements under this Agreement shall be void. Notwithstanding the foregoing, if Company fails to meet the Construction Covenant, Company shall repay to the County, without penalty or interest, all tax abatements received under this Agreement. If Company breaches a covenant in Section 6, other than the Construction Covenant, for any year, the County shall not be entitled to terminate this Agreement, but may, at its option, rescind the tax abatement pertaining to such year.

D. **Company's Remedies**. The Company may institute proceedings as may be necessary or desirable in its opinion to defend against (i) improper assertions of default or (ii) improper attempts to terminate this Agreement, to withhold or obtain payments prescribed by this Agreement, or to seek repayment of amounts paid under the Agreement. Such proceedings may include, but are not limited to, seeking specific performance and/or injunctive relief, or enforcement by mandamus, or such other remedy as may be available at law, in equity, or otherwise. Such rights and remedies are not exclusive and are in addition to any other rights or remedies the Company may have at law, in equity, or otherwise.

E. **Mutual Termination**. The parties may terminate this Agreement by mutual agreement at any time.

**Section 9. Effect of Sale, Assignment, or Lease of Property**

This Agreement shall be binding on and inure to the benefit of the parties and their respective successors and assigns. Neither Party may assign its rights and duties hereunder, in whole or in part, without prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned, or delayed; provided that Company may assign this Agreement and all of its rights hereunder to any Company Affiliate without the County's consent. In addition, this Agreement and all rights hereunder may be assigned for the benefit of any Financing Party. Any assignment in violation of this Section 9 shall not affect any tax abatements with respect to which Company or a Company Affiliate is already entitled.

**Section 10. Notice**

All notices called for by this Agreement shall be addressed to the following, or such other party or address as either party designates in writing, by certified mail, postage prepaid or by hand delivery:

**Company:**

Borusan Mannesmann Pipe U.S., Inc.
363 North Sam Houston Parkway, Suite 1700
Houston, Texas 77060
Attention: Eric Diehl

With an additional copy (which shall not constitute notice) to:

Baker Botts L.L.P.
910 Louisiana Street
Houston, Texas 77002
Attention: Renn Neilson

**County:**

County Judge
County of Chambers, Texas
P.O. Box 939
Anahuac, Texas 77514

With an additional copy to:

Baytown Economic Development Foundation
1300 Rollingbrook Drive, Ste. 505
Baytown, TX 77521

**Section 11. Indemnification**

**A. INDEMNITY**. IN ADDITION TO THE OTHER REMEDIES AFFORDED TO THE COUNTY IN THIS AGREEMENT, COMPANY SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS THE COUNTY, ITS COMMISSIONERS, OFFICERS, EMPLOYEES, ATTORNEYS, CONTRACTORS, OR AGENTS (HEREINAFTER "**COUNTY'S INDEMNIFIED PARTY**") FOR, FROM AND AGAINST ANY AND ALL LOSSES, LIENS, CAUSES OF ACTION, SUITS, JUDGMENTS, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COURT COSTS, REASONABLE ATTORNEY'S FEES AND COSTS OF INVESTIGATION, REMOVAL AND REMEDIATION, AND GOVERNMENTAL OVERSIGHT COSTS), ENVIRONMENTAL OR OTHERWISE, OF ANY NATURE, KIND OR DESCRIPTION, OF ANY PERSON OR ENTITY RESULTING FROM COMPANY'S CONSTRUCTION AND OPERATION OF THE MANUFACTURING FACILITY.

**B. Notice of Indemnified Loss**. The County's Indemnified Party shall promptly notify Company of any indemnified Losses or Claim for indemnified Losses in respect of which the County's Indemnified Party may be entitled to indemnification under this Section 11. Such notice shall be given as soon as reasonably practicable after the County's Indemnified Party becomes aware of the Loss or Claim for Losses.

**C. Defense of Third-Party Claims**. In the event any action or proceeding shall be brought against the County's Indemnified Party by reason of any matter for which the County's Indemnified Party is indemnified hereunder, Company shall, upon notice from the County's Indemnified Party or its authorized agents or representatives, at Company's sole cost and expense, resist and defend the same with legal counsel selected by Company; provided, however, that Company shall not admit liability in any such matter on behalf of the County's Indemnified Party without the County's express written consent. Nothing herein shall be deemed to prevent the County's Indemnified Party at its election and at its own expense from cooperating with Company and participating in the

defense of any litigation by their own counsel. If Company fails to retain defense counsel within ten (10) business days after receipt of County's Indemnified Party written notice that the County's Indemnified Party is invoking its right to indemnification under this Agreement, the County's Indemnified Party shall have the right to retain defense counsel on their own behalf, and Company shall be liable for all usual and customary defense costs incurred by the County's Indemnified Party.

D. **Limitation on Indemnity**. The amount owing to a County Indemnified Party will be the amount of the County Indemnified Party's losses net of any insurance proceeds received by the County Indemnified Party following a reasonable effort by the County Indemnified Party to obtain such insurance proceeds.

**Section 12. Miscellaneous**

A. **Severability**. The provisions of this Agreement are severable, and if for any reason a provision of this Agreement is determined to be invalid by a court having competent jurisdiction over the subject matter of the invalid provision, the invalidity shall not affect other provisions that can be given effect without the invalid provision. Furthermore, in lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as a part of this Agreement, a provision as similar in its terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

B. **Venue; Governing Law**. Exclusive venue for any action, cause of action, lawsuit, or other proceeding under or in connection with this Agreement shall be and lie in Chambers County, Texas, and the parties hereby submit themselves to the jurisdiction thereof; and this Agreement shall be governed by and construed in accordance with the laws of the State of Texas without respect to the conflict of laws rules thereof.

C. **Binding Nature of Agreement**. This Agreement shall be binding on and inure to the benefit of the parties, their respective successors, and assigns.

D. **No Third-Party Rights or Benefits**. This Agreement is solely for the benefit of the parties hereto and do not create rights, contractual or otherwise, in other Persons.

E. **Interpretation**. This Agreement shall, in the event of any dispute over its meaning or application, be interpreted fairly and reasonably, and neither more strongly for nor against any party. Section, subsection, and other headings are for convenience only and shall not be used to interpret this Agreement.

F. **Survival of Terms; Rights and Remedies Cumulative; No Waiver**. All rights, duties, liabilities, and obligations accrued prior to termination shall survive termination or expiration of this Agreement. The rights and remedies provided

by this Agreement are cumulative and the use of any one right or remedy by either party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law statute, ordinance, or otherwise. The failure by either party to exercise any right, power, or option given to it by this Agreement, or to insist upon strict compliance with the terms of this Agreement, shall not constitute a waiver of the terms and conditions of this Agreement with respect to any other or subsequent breach thereof, nor a waiver by such party of its rights at any time thereafter to require exact and strict compliance with all the terms hereof.

G. **Counterparts; Electronic Delivery**. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered (whether delivered in person, by mail, email, facsimile, or other electronic format) shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a number of copies hereof each signed by less than all, but together signed by all of the parties hereto.

H. **Estoppel Certificate**. Any party hereto may request an estoppel certificate from another party hereto so long as the certificate is requested in connection with a bona fide business purpose. The certificate, which will upon request be addressed to a subsequent purchaser or assignee of Company, shall include, but not necessarily be limited to, statements (to the actual knowledge of the party providing such) that this Agreement is in full force and effect without default (or if default exists, the nature of default and curative action, which should be undertaken to cure same), the remaining term of this Agreement, the levels of tax abatement in effect, and such other matters reasonably requested by the party(ies) to receive the certificate. The County Judge for the County shall provide any such certificate on behalf of the County.

I. **Entire Agreement**. This Agreement constitutes the entire Economic Development Program Agreement between the parties, supersedes any prior understanding or written or oral Economic Development Program Agreements or representations between the parties, and can be modified only by written instrument subscribed to by all parties. Notwithstanding the foregoing provision, this Agreement does not modify, alter, or amend any other agreement or instrument among the County and Company relating to matters other than the abatement of property taxes.

** * * Signature Page Follows * * **

EXECUTED the 20th day of September, 2022.

CHAMBERS COUNTY, TEXAS

By: _____
Jimmy Sylvia, County Judge

ATTEST:
Heather Hawthorne, County Clerk

BORUSAN MANNESMANN PIPE U.S., INC.
a Delaware corporation

By: _____ 12/20/22
Name: Eric Diehl
Title: Chief Financial Officer




ATTEST:
_____

# EXHIBIT A

## CHAPTER 381 POLICY

# CHAPTER 381 ECONOMIC DEVELOPMENT POLICY
# CHAMBERS COUNTY, TEXAS

WHEREAS, Chapter 381 of the Texas Local Government Code authorizes Chambers County to develop and administer projects for local economic development, and to encourage commercial activity in the County, and

WHEREAS, Chambers County desires to provide financial incentives to select private businesses that contribute to economic development, and

WHEREAS, Chambers County desires to provide such incentives to projects whose properties are subject to Chambers County *ad valorem* taxes, and

WHEREAS, Chapter 381 can be used in conjunction with tax abatement provided for under Chapter 312 of the Texas Local Government Code or separately as a Chapter 381 Economic Development Agreement, and

WHEREAS, this policy shall not be construed to obligate Chambers County to provide an incentive under Chapter 381 to any applicant; and all applications, requests and/or projects shall be considered on a case-by-case basis;

NOW, THEREFORE, Chambers County Commissioners' Court does adopt this policy to define the Chapter 381 incentives and establish guidelines and criteria by which they will be implemented.

## GENERAL CRITERIA

Chambers County may provide Chapter 381 economic development incentives for a business or commercial development project ("Project") if that project:

1. Will enhance the economic vitality of Chambers County;
2. Will result in a net increase or retention of jobs in the County or add to the tax base or will otherwise improve or enhance the economic welfare of the residents or businesses of the County; or
3. Demonstrates the potential to generate revenues to the County which outweigh costs associated with incentives.

In addition, the following criteria must be satisfied:

The Project MUST:

1. Show a clear demonstration of economic benefit through advancement of the County's economic goals which include expanding the tax base, creating quality jobs, increasing private capital investment in the community, spurring development in targeted county locations; or encouraging development of targeted businesses or clusters desirable to enhance the county's economy;

2. Provide evidence that demonstrates the business' financial stability and capacity to complete the project; and

3. Be in compliance with all local, state and federal laws.

In order to receive any Chapter 381 incentives from Chambers County, credible information must be made available by the applicant, including but not limited to capital investment and employment projections, to enable Chambers County to conduct an appropriate analysis of the proposed project at initiation and throughout the life cycle of the Chapter 381 Agreement.

The decision to provide any Chapter 381 economic development incentives will be considered on a case-by case basis, in accordance with the criteria set forth in this policy, and at the discretion of the Chambers County Commissioners Court.

## QUALIFICATION CRITERIA (NON-RESIDENTIAL PROJECTS)

In order to be eligible for Chapter 381 incentives, a Project must meet the following qualifying criteria:

1. Locate within the boundaries of Chambers County.
2. Create or retain a minimum of 10 jobs
3. Project investment must meet or exceed $1,000,000.
4. Must maintain ownership of all property for which an incentive is received through the duration of the agreement.
5. Must make sincere efforts to hire local employees, contractors and purchase items used in construction from vendors within Chambers County.

Projects qualifying under these General and Qualifying Criteria will be eligible for Chapter 381 economic development incentives, the percentages and terms for which will be at the sole discretion of the Chambers County Commissioners Court.

### Opportunity Zone Residential and Targeted Development Projects

The Opportunity Zones program was established by Congress in the Tax Cut and Jobs Act as an innovative approach to spurring long-term private sector investments in targeted urban and rural communities nationwide. The program is based on the bipartisan Investing in Opportunity Act.

The program establishes a mechanism that enables investors with capital gains tax liabilities across the country to receive favorable tax treatment for investing in Opportunity Funds that are certified by the U.S. Treasury Department. The Opportunity Funds use the capital invested to make equity investments in businesses and real estate in Opportunity Zones designated by each state.

Three census tracts have been designated as Qualified Opportunity Zones (QOZ): 7103, 7104.01, and 7105. Consideration of Ch. 381 economic development proposals for residential developments and certain other targeted value-add projects will be limited to these designated QOZ census tracts. Residential developments in a QOZ are encouraged to include product options that qualify for financing under the USDA Rural Development Single Family Housing Guaranteed Loan Program. Additional information is available at:

https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions
https://www.rd.usda.gov/programs-services/single-family-housing-guaranteed-loan-program

## APPLICATION / PROPOSAL PROCESS

Applicants seeking a Chapter 381 Economic Development Agreement with Chambers County may do so by submitting a written proposal to the County Judge of Chambers County.

The written proposal shall consist of a project description, general improvements to be undertaken; a general descriptive list of the improvements for which an incentive is requested; a list of the kind, number and location of all proposed improvements of the property; a map and location of all proposed improvements of the property; a map and property description; and a time schedule for undertaking and completing the proposed improvements.

In the case of modernization, a statement of the assessed value of the facility separately stated for real and personal property shall be given for the tax year immediately preceding the proposal. The proposal may require such financial and other information as the participating municipality or County deems appropriate for evaluating the financial capacity and other factors related to the applicant.

Chambers County, not later than 90 days after receipt of the proposal, shall by Commissioners Court order either approve or deny the request at a regularly scheduled meeting.

## CHAPTER 381 AGREEMENTS

A complete review of the Project and proposal will be conducted by Chambers County and/or its representatives. Depending on the nature of the Project, the form of incentive provided via Chapter 381 Agreement will be determined.

After approval, Chambers County shall formally pass a Commissioners court order and execute an agreement with the owner of the Project, which shall include the following:

- Project Description
- Percent of Value to Discount
- Community Impact Program Contribution
- Terms of Agreement
- Project Milestones and Deadlines
- Assignment Provisions
- Recapture Provisions
- Compliance Requirements

An agreement shall be effective on the January 1st valuation date immediately following the execution of the Chapter 381 Agreement or as stipulated and will be conditioned on the completion of specific improvements to real property, job creation and any other factors deemed appropriate by the County.

Approved and adopted this the 26th day of March, 2019.

**Resolution and Order**

On March 26, 2019, the Commissioners Court of Chambers County, Texas, met at the County Courthouse with the following members present:

| | |
|---|---|
| Jimmy Sylvia | County Judge, Presiding, |
| Jimmy Gore | Commissioner, Precinct One |
| Mark Tice | Commissioner, Precinct Two |
| Gary R. Nelson | Commissioner, Precinct Three |
| Billy Combs | Commissioner, Precinct Four |

when among other matters, came for consideration and action the following Resolution and Order:

***Whereas,*** the Commissioners Court of Chambers County, Texas, duly convened, and acting in its capacity as the governing body of Chambers County, ORDERED that the policy attached and appended hereto, entitled **"CHAPTER 381 ECONOMIC DEVELOPMENT POLICY, CHAMBERS COUNTY, TEXAS"** is made a part of this Order; and

***Whereas,*** all officials and employees of Chambers County having duties under said policy are ordered and directed to perform such duties as required of them under said regulations.;

***Therefore, be it Resolved,*** that Commissioners Court adopts the attached document as the **"CHAPTER 381 ECONOMIC DEVELOPMENT POLICY, CHAMBERS COUNTY, TEXAS"** and **orders** that it be in effect on and after this day; and

***Further Resolved,*** that County Judge Jimmy Sylvia is authorized to sign this Resolution and Order as the act of Commissioners Court.

The Resolution and Order was moved by Commissioner Combs, seconded by Commissioner Gore, and adopted by the Commissioners Court on a vote of 4 members for and 0 opposed.

Jimmy Sylvia, Chambers County Judge

# EXHIBIT B

## CHAPTER 381 PROPOSAL

BORUSAN MANNESMANN

April 1, 2022

Chambers County Judge Jimmy Sylvia
404 Washington Avenue
P.O. Box 939
Anahuac, Texas 77514

Re: Proposal from Borusan Mannesmann Pipe U.S., Inc. to Chambers County for a Chapter 381 Economic Development Agreement

Dear Judge Sylvia:

Borusan Mannesmann Pipe U.S., Inc. proposes to invest in the construction of a steel pipe manufacturing facility with a contemplated location in Chambers County. The proposed new facility would support new manufacturing operations and employment of over 300 new, permanent, full-time manufacturing jobs with above-average wages. The construction phase of the project would also create an estimated 225 construction jobs. Borusan estimates a total investment of approximately $190 million for new improvements, infrastructure, and equipment.

Borusan respectfully requests Chambers County consideration of this proposal for an economic development agreement under Chapter 381 of the Texas Local Government Code that would effectively abate 60% of county property taxes on the project for 10 years. In support of this application, Borusan submits the following information about the proposed investment:

Exhibit A: Detailed description of the proposed project including a list of major components for which Borusan seeks to be covered by an incentive agreement with Chambers County

Exhibit B: Maps depicting location within Chambers County of the contemplated facility and proposed improvements

The proposed manufacturing facility contemplated in this application would promote economic growth for Chambers County and allow Borusan the opportunity to expand its investment in the prosperity and welfare of the community. We look forward to discussing this proposal in more detail with you and the Chambers County Commissioners Court. If you have any questions or need further information, please contact me by phone at (832) 399-6010 or by e-mail at ericdiehl@borusan.com.

Regards,

Eric Diehl
Chief Financial Officer, Borusan Mannesmann Pipe U.S., Inc.

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# Exhibit A

## Detailed description of proposed investment in Chambers County

Borusan Mannesmann Pipe U.S. seeks to diversify its product offering with this proposal to invest in a steel pipe manufacturing facility adjacent to its existing operations in Chambers County. The proposed project would begin construction by Q3 2022 and commence commercial operations in Q1 2023. Projected capital investment for the project would involve approximately $190 million for construction of new improvements, infrastructure, and manufacturing equipment and would require the employment of approximately 225 construction jobs.

The proposed investment would entail construction of a Stretch Reduction Mill and a Spiral Mill and complete with all necessary and auxiliary improvements for manufacture of both standard steel pipe and large-diameter line steel pipe. In addition to fabrication facilities, contemplated improvements would include storage for production supply and finished products, loading/unloading infrastructure necessary to transport finished product, and necessary ancillary support including an office building, power supply, and a fire loop corridor. When fully operational, the proposed manufacturing facility would have annual capacity to produce 120K tons of industrial standard pipe and 250K tons of large diameter pipe. Manufacturing operations at the proposed facility would support the employment of over 300 new, permanent, full-time jobs with above-average manufacturing wages.

The proposed Stretch Reduction Mill facility would be used for the manufacture of standard pipe. Industries served with standard pipe include construction, mechanical and industrial, plumbing, fire sprinkler, water well casing, and retail. Stretch Reduction Mill manufacturing processes begin with steel coil that is flattened and welded into long sheets and then formed into a medium-size master pipe shape by a series of rollers. Pipe is then reheated and stretched to meet customer specifications for pipe diameter. It is then cut to customer-specified lengths and subjected to a battery of quality control tests both before and after the external surfaces are coated for durability and pipe ends are shaped to meet customer needs.

Major components of the Stretch Reduction Mill would include:

- 3-bay Production building
- Pipe Mill
- Welder
- Stretch Reduction Equipment Bevelers
- Chamfering Equipment
- Coaters
- Hydrotester
- Threaders
- Conveyors
- Stenciling Equipment (Pipe Marking)
- Bundling Equipment
- Overhead Cranes
- Mobile Equipment

- Quality Assurance Equipment

The proposed Spiral Mill facility would be used for the manufacture of large diameter line pipe. Large diameter line pipe is used for the transportation of hydrocarbons. Spiral Mill manufacturing processes begin with steel coil that is flattened and welded into various length of sheets and then formed into a very large pipe shape by winding the steel sheets in a helicoidal manner to customer-specified diameters. Pipe is then processed for additional inner and outer diameter welding and cut to customer-specified lengths. It is then subjected to a battery of quality control tests both before and after the external surfaces are coated and cured by a heat process for durability.

Major Components of the Spiral Mill would include:

- Production buildings
- Pipe Mill
- Coating Mill
- Welder
- Bevelers
- Hydrotester
- Chamfering Equipment
- Internal Flow Efficiency Coating Equipment
- External Fusion Bonded Epoxy Coating Equipment
- Conveyors
- Stenciling Equipment (Pipe Marking)
- Overhead Cranes
- Mobile Equipment
- Quality Assurance Equipment

In addition, the Project would include the following improvements:

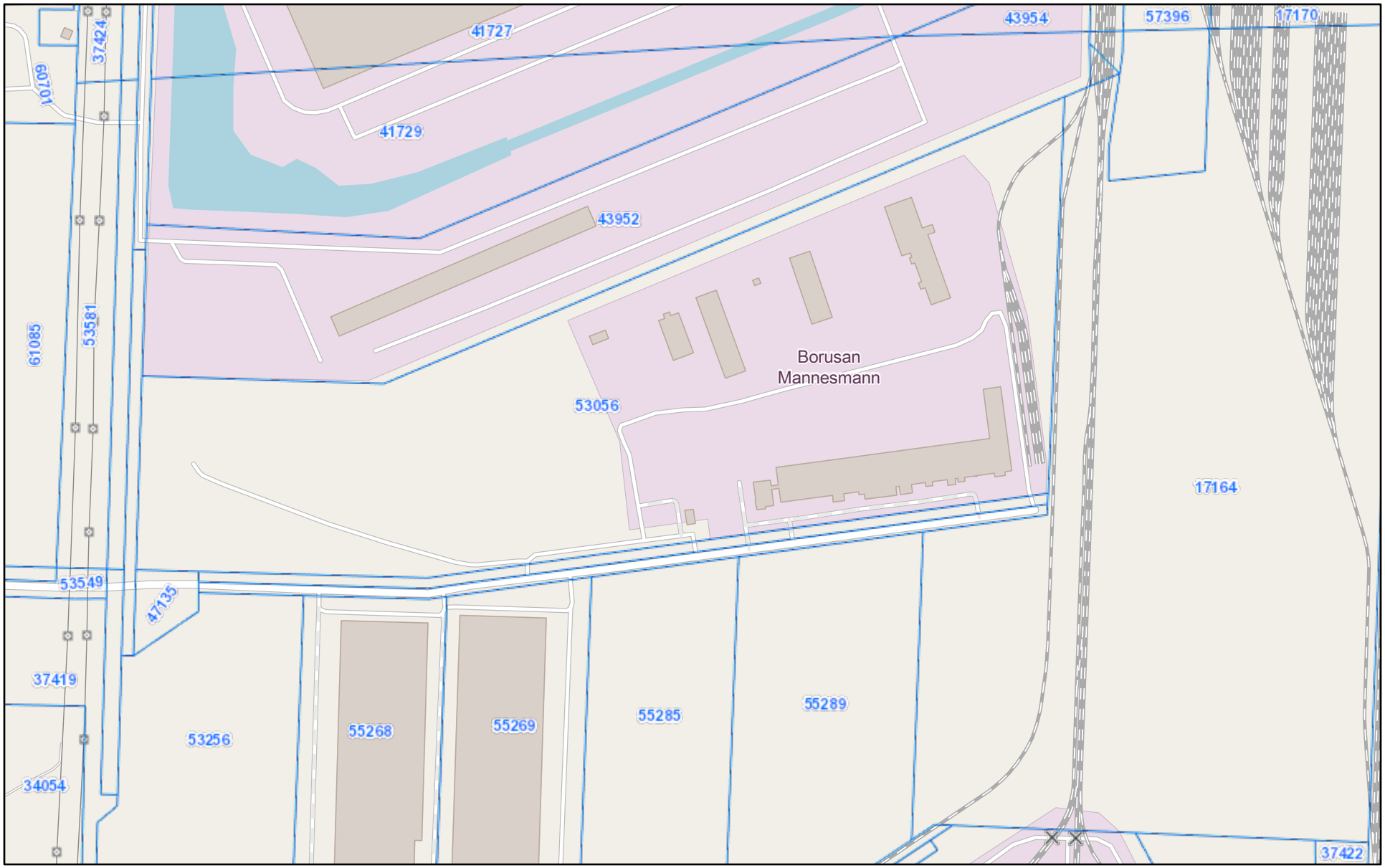
- Power Station
- Administration Building and Personnel parking
- Loading and Unloading Terminals (Truck and Rail)
- Railway Spur and Sidings
- Pipe supply and finished product storage
- Packing Machinery
- Utility infrastructure
- Generator
- Compressors
- Emulsion Systems
- Cooling Beds
- Pad and Foundation improvements
- Fire Loop
- Pipe Racks
- Maintenance Building

# Exhibit B

## Maps depicting location of the contemplated facility and proposed improvements

Please see attached.

# Chambers CAD




10/29/2021, 11:24:55 AM

Parcels

1:9,028

0 0.05 0.1 0.2 mi

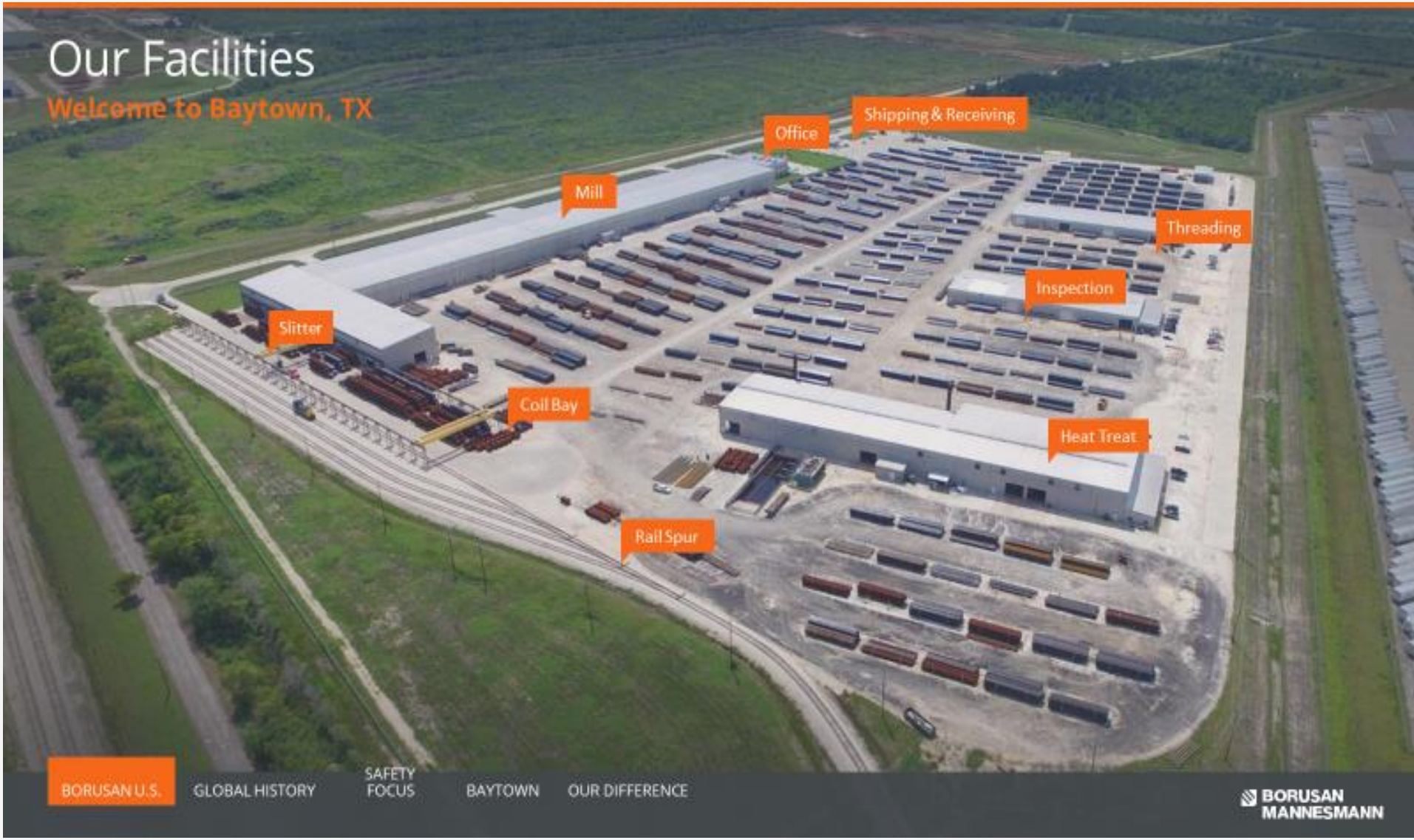
0 0.1 0.2 0.4 km

Map data © OpenStreetMap contributors, Microsoft, Esri Community Maps

Chambers CAD

This product is for informational purposes and is not prepared for, or be suitable for legal, engineering, or surveying purposes. Information contained on this map is not warranted and the Appraisal District or Pritchard & Abbott, Inc. is not liable for any errors.

# 1 BORUSAN MANNESMANN PIPE – BAYTOWN, TX



# 2 BMP BAYTOWN – SITE OF PHASE 1 EXPANSION



# BMP BAYTOWN – RENDITION OF PHASE 1 EXPANSION

BORUSAN MANNESMANN



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# EXHIBIT C

## PREMISES

**ORDER RENEWING/REDESIGNATING**
**BORUSAN MANNESMANN PIPE U.S., INC.**
**2013 REINVESTMENT ZONE**

On March 8, 2022, at a regularly scheduled public meeting of the Commissioners Court of CHAMBERS COUNTY, TEXAS (the "Court"), the Court conducted a hearing on the application of BORUSAN MANNESMANN PIPE U.S., INC. ("Borusan") for the renewal and redesignation of the BORUSAN MANNESMANN PIPE U.S., INC. 2013 REINVESTMENT ZONE (the "Zone").

The Court finds and declares that:

1. The Court has adopted tax abatement guidelines and policies which are now in effect, thereby electing to become eligible to participate in tax abatement and economic development agreements in accordance with the Texas Tax Code (the "Code").

2. On February 12, 2013, the Court designated the Zone by Order to affect tax abatement on qualified investments. In accordance with Chapters 312.203 and 312.401 of the Code, the designation of a reinvestment zone for tax abatement expires five (5) years after the date of designation. The expiration does not affect existing agreements.

3. The Zone designation expired on February 11, 2018. Chapter 312.203 of the Code allows for a reinvestment zone to be renewed for periods not to exceed 5 years.

4. The request for renewal/redesignation of the Zone was timely submitted by Borusan and received by the Court.

5. All notices and legal requirements have been given and/or satisfied prior to the consideration by the Court of the renewal/redesignation of the Zone. Specifically, notice of today's hearing was published in the manner required by law and notice was timely given to the presiding officer of other taxing units of government as required by law.

6. The renewal of the Zone will contribute to the retention or expansion of primary employment and will attract major investment in the Zone that will be a benefit to the property to be included in the Zone and will

contribute to the economic development of the County and surrounding area.

7. The improvements sought to be made are feasible and practical and will be a benefit to the land to be included in the Zone.

8. The area requested to be renewed as a reinvestment zone meets the criteria for designation as such in one of more ways as specifically provided by law.

9. The Zone shall take effect upon the effective date of this Order and expire five (5) years thereafter. The Zone may be renewed by the Court for one or more subsequent terms of five (5) years or less.

Therefore, upon motion made by Commissioner Tice seconded by Commissioner Hammond and affirmatively passed, be it RESOLVED and ORDERED by the Court that the 182.25 acres of land, more or less, described in the attached Exhibit "ZONE DESCRIPTION" is hereby renewed and redesignated as the BORUSAN MANNESMANN PIPE U.S., INC. 2012 REINVESTMENT ZONE and is eligible for manufacturing / industrial tax abatement.

PASSED and ADOPTED March 8, 2022.

CHAMBERS COUNTY, TEXAS

By: _____

JUDGE ~~JIMMY SYLVIA~~, Billy R. Combs
Chambers County Judge, Pro-tem

ATTEST:

_____
HEATHER H. HAWTHORNE, County Clerk

## BORUSAN MANNESMANN PIPE U.S., INC.
## 2013 REINVESTMENT ZONE DESCRIPTION

### Tract 1 - 133.67 acres

Being a tract or parcel of land containing 133.67 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275-acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas

### Tract 2 - 33.79 acres

Being a tract or parcel of land containing 33.79 acres of land located in the John Ijams Survey,Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275-acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas

### 4 - Access Tracts

The Zone also includes four (4) access tracts in the John Ijams Survey, adjacent to the principal tracts described above. The access tracts add another 14.79 acres to the tracts described above, for a total of 182.25 acres in the Zone.

# EXHIBIT D

## CHAPTER 381 PAYMENT SCHEDULE

| Tax Year | Ch. 381 Payment | (SET) PILOT | Payment Date |
|---|---|---|---|
| 2025 | 40% of County Tax Abated | 100% of SET | 1/31/2026 |
| 2026 | 40% of County Tax Abated | 100% of SET | 1/31/2027 |
| 2027 | 40% of County Tax Abated | 100% of SET | 1/31/2028 |
| 2028 | 40% of County Tax Abated | 100% of SET | 1/31/2029 |
| 2029 | 40% of County Tax Abated | 100% of SET | 1/31/2030 |
| 2030 | 40% of County Tax Abated | 100% of SET | 1/31/2031 |
| 2031 | 40% of County Tax Abated | 100% of SET | 1/31/2032 |
| 2032 | 40% of County Tax Abated | 100% of SET | 1/31/2033 |
| 2033 | 40% of County Tax Abated | 100% of SET | 1/31/2034 |
| 2034 | 40% of County Tax Abated | 100% of SET | 1/31/2035 |

The aggregate County Tax Rate consists of the following categories:

- Road & Bridge – SPL
- County – General
- Interest & Sinking
- Road & Bridge – FMFC
- School Equalization Tax (SET)

For purposes of this Agreement, the County Tax will consist of the following categories:

- Road & Bridge – SPL
- County – General
- Interest & Sinking
- Road & Bridge – FMFC