CHAPTER 381

ECONOMIC DEVELOPMENT AGREEMENT

BETWEEN

CHAMBERS COUNTY, TEXAS

AND

TARGA TRAIN 7, LLC

STATE OF TEXAS	§	
	§	
COUNTY OF CHAMBERS	§	

This Chapter 381 Economic Development Agreement (hereinafter "Agreement") is made and entered into by and between CHAMBERS COUNTY, TEXAS, (hereinafter the "County"), and TARGA TRAIN 7, LLC, (hereinafter "TARGA"), hereinafter collectively referred to as the "Parties" and sometimes individually referred to as a "Party."

This Agreement is made and entered into between the Parties contemporaneously with a Tax Abatement Agreement executed between the Parties of even date herewith. The purpose for this Agreement is to assist in encouraging the development of primary employment and attracting major economic investments to the County.

RECITALS

WHEREAS, the County has adopted a Chapter 381 Economic Development Policy (**"Chapter 381 Policy"**) establishing programs for economic development and authorizing the governing body of the County to provide for the administration of those programs pursuant to Chapter 381 of the Texas Local Government Code;

WHEREAS, TARGA plans to construct substantial improvements to real property within the City of Mont Belvieu TARGA Reinvestment Zone (hereinafter "Reinvestment Zone") designated by Resolution by the City of Mont Belvieu City Council, Ordinance No. 2018-005, a copy of which is attached. TARGA's improvements will constitute a major economic investment in the County and the surrounding community and will encourage the development of primary employment within the County and is hereinafter referred to as the "Project;"

WHEREAS, the County recognizes the positive economic impact the proposed Project will have on the community and desires to offer economic development incentives to TARGA to develop the Project in the form of a tax abatement of *ad valorem* property taxes;

WHEREAS, the County has granted TARGA a tax abatement according to the terms and conditions of that Tax Abatement Agreement attached thereto and incorporated as if set forth entirely herein;

WHEREAS, TARGA recognizes the significance of its development and construction of substantial improvements to real property within the County and its potential impact and effect on the County's public infrastructure and transportation for which the County must consider in connection with the Tax Abatement Agreement identified herein; and

WHEREAS, TARGA desires to make a monetary contribution of financial resources to the County to be applied toward capital expenditures for infrastructure projects of community-wide impact and significance in an effort to offset or otherwise mitigate the impact of the Project on the County's infrastructure and local transportation system and to encourage the continued development and expansion of amenities within the County that directly serves the local taxpayer and benefits the surrounding community at large; and

NOW, THEREFORE, in consideration of the mutual benefits and promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the County and TARGA agree as follows:

I. AUTHORITY

The County's execution of this Agreement is authorized by Chapter 381 of the Texas Local Government Code and by the Chambers County Chapter 381 Economic Development Policy which is incorporated by reference in this Agreement. TARGA's execution and performance of this Agreement has been duly authorized.

II. DEFINITIONS

The terms "County," "TARGA," "Chapter 381 Policy", and "Reinvestment Zone," shall have the meanings provided for them in the Recitals above. Except as may be otherwise defined, or to the extent the context clearly requires otherwise, capitalized terms and phrases as used in this Agreement shall have the following meaning:

"Affiliate" of any specified person or entity shall mean any other person or entity which, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under direct or indirect common control with such specified person or entity.

For purposes of this definition, "control" when used with respect to any person or entity means (i) the ownership, directly or indirectly, of fifty percent (50%) or more of the voting securities of such person or entity, or (ii) the right to direct the management or operations of such person or entity, directly or indirectly, whether through the ownership (directly or indirectly) of securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Application" shall mean that application for tax abatement and any supplements or amendments thereto submitted by TARGA to the County with respect to the Project, and as referenced.

"Capital Expenditures" shall mean those capital improvement expenses incurred in conjunction with an Infrastructure Project including, but not limited to, design engineering, geotechnical engineering, subsurface utility engineering, environmental studies, land acquisition, surveying, construction, inspection and project management.

"Chapter 381 Infrastructure Payment" shall mean one or more payments totaling in the aggregate an amount equal to ONE MILLION DOLLARS and NO/100 ($1,000,000.00) made by TARGA to the County as a monetary contribution of financial resources to the County to be applied toward capital expenditures for an Infrastructure Project as contemplated by this Agreement.

"Chapter 381 Infrastructure Payment Date" shall mean November 1, 2019 and November 1, 2020.

"Chapter 381 Final Payment Date" shall mean November 31, 2029.

"Chapter 381 Community Impact Program Contribution (CIPC)" shall mean an amount equal 1.50 % of derived tax savings for each tax year as set forth in Section V of the Tax Abatement 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.

"Effective Date" shall mean the date this Agreement is executed by the last party to execute this Agreement.

"Infrastructure Project" shall mean or otherwise include one or more of the following projects:

a. EW-4 Extension and Improvements;

b. Kilgore Parkway Extension and Improvement;

c. Needlepoint Road Extension and Improvement;

d. Detention and Park Improvements;

e. County Park Improvements; and

f. Industrial Intermodal Support Infrastructure

"Program" means the economic development program established by the County pursuant to Chapter 381 of the Texas Local Government Code to promote local economic development and stimulate business and commercial activity within the County.

"Project" means TARGA's planned construction of the new 7th fractionation facility to be constructed at its complex in Chambers County, with an estimated construction cost of $250,000,000.

"Tax Abatement Agreement" shall mean the Tax Abatement Agreement authorized and entered into by and between the County and TARGA in conjunction with this Agreement, a copy of which is attached.

III. TERM

This Agreement shall commence on the Effective Date and, unless sooner terminated pursuant to the provisions of this Agreement, shall terminate thirty (30) days after the Chapter 381 Final Payment Date.

IV. CONDITIONS PRECEDENT

The County and TARGA agree that as a condition of the Tax Abatement Agreement, TARGA shall contribute the Chapter 381 Payments to the County as described in Article V. below.

V. CHAPTER 381 PAYMENTS

Upon the execution of the Tax Abatement Agreement, TARGA agrees to tender the Chapter 381 Infrastructure Payments to the County for the Infrastructure Project no later than the specified Chapter 381 Infrastructure Payment Dates. TARGA shall have the right to prepay at any time and in any amount all or any part of the Chapter 381 Infrastructure Payment without penalty. In furtherance of the development and administration of the Program, the County shall apply the Chapter 381 Infrastructure Payment (i) directly to the costs associated with any Infrastructure Project, or (ii) toward the reduction of debt service associated with bonds issued for any Infrastructure Project as that term is defined herein.

CIPC: Beginning on November 1, 2021, and on or before November 1 of each calendar year thereafter during the life of this Agreement, Targa shall contribute to the County

CIP an amount equal 1.50 % of derived tax savings for each tax year as set forth in Section V of the Tax Abatement Agreement, until the Chapter 381 Final Payment Date. 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 Infrastructure Payments and Administration Fees set forth respectively in Section II and Section IX of this Agreement.

VI. REPRESENTATIONS AND WARRANTIES

The County represents to TARGA that it has the authority to establish the Program and enter into this Agreement and the Tax Abatement Agreement, and that it is duly authorized and empowered to establish the Program and enter into this Agreement and the Tax Abatement Agreement. The County further represents to TARGA that the execution, delivery and performance by County and TARGA of this Agreement will not (a) contravene any law or any order, writ, decree or injunction of any governmental authority, specifically including the provisions of the Texas Constitution and statutes governing the County, (b) conflict with, or result in a breach of any term, covenant, condition or provision of, or constitute a default under the terms of any agreement or instruments to which it is a party or by which it or any of its properties is bound, or (c) violate any provision of the organizational documents of County, the Texas Constitution, or Texas statutes governing the County; such that in the cases of either of clauses (a), (b), or (c), cause either the County or TARGA to fail to comply with their respective obligations or receive the benefits under this Agreement or the Tax Abatement Agreement.

VII. LIABILITY

By this Agreement TARGA assumes no obligation, duty or other responsibility with regard to any government function or service for which the County is responsible that is not otherwise addressed by this Agreement. In addition, TARGA assumes no legal liability for the actions of the County through the execution of this Agreement. Except as otherwise provided in the Tax Abatement Agreement, the County assumes no obligation, duty or other responsibility with regard to any duty, right, obligation and/or responsibility associated with the Project for which TARGA is responsible and made the subject of the Application and the Tax Abatement Agreement. In addition, the County assumes no legal liability for the actions of TARGA or its successors or assigns by virtue of its execution of this Agreement.

Each Party to this Agreement agrees that it shall have no liability for the actions or omissions of the employees, agents or trustees of the other Party, and each Party is solely responsible for the actions and omissions of its own employees, agents or trustees.

VIII. DEFAULT AND TERMINATION

A Party shall be deemed in default under this Agreement (which shall be deemed a breach hereunder) if such Party fails to materially perform, observe, or comply with any of its covenants, agreements, or obligations hereunder or breaches or violates any of its representations contained in this Agreement.

As the County's sole and exclusive remedy for an Event of Default (as defined below) by TARGA, the Tax Abatement Agreement executed in conjunction with this Agreement and identified herein shall automatically terminate if (i) TARGA does not execute this Agreement within fifteen (15) days from the date this Agreement is approved and executed by the governing body of the County, or (ii) the County does not receive, on or before the Chapter 381 Infrastructure Payment Date, the Chapter 381 Infrastructure Payments in an amount equal to ONE MILLION DOLLARS and NO/100 ($1,000,000.00). Either event shall be considered an Event of Default as that term is defined under the Tax Abatement Agreement executed in conjunction with this Agreement and attached hereto. In the event the County terminates the Tax Abatement Agreement pursuant to this Article VIII, County shall refund any part of the Chapter 381 Infrastructure Payment that had been paid by TARGA or its affiliates prior to the termination of the Tax Abatement Agreement within thirty (30) days of the date of termination of the Tax Abatement Agreement. County shall have no other remedy for an Event of Default by TARGA of this Agreement other than the termination of the Tax Abatement Agreement as described in this Article VIII.

IX. ADMINISTRATION

This Agreement shall be administered on behalf of the County by the BAYTOWN WEST CHAMBERS COUNTY ECONOMIC DEVELOPMENT FOUNDATION (EDF). Upon completion of the Project, the County or its representative, the EDF, shall annually evaluate the Project to ensure compliance with this Agreement.

An administration fee will be assessed. Beginning on November 1, 2019 and on or before November 1, 2020, TARGA shall pay to the County an administration fee of 0.625% of the Chapter 381 Infrastructure Payment. This fee is considered payment for administrative services as provided for in Section 381.004 (c) of the Texas Local Government Code.

X. NOTICES

Any notice given under this Agreement must be in writing and may be given (i) by depositing it in the United States mail, registered or certified, with return receipt requested, addressed to the Party to be notified at the address set forth below, or at the last address for notice that the sending Party has for the receiving Party at the time of mailing, and with all charges prepaid; (ii) by depositing it with Federal Express or another service guaranteeing "next day delivery," addressed to the Party to be notified and with all charges prepaid; (iii) by personally delivering it to the Party, or any agent of the Party listed in this Agreement; or (iv) by facsimile with confirming copy sent by one of the other described methods for notice set forth in this sentence. Notice by United States mail as provided in (i) will be deemed delivered, whether or not actually received, three (3) days after the date of mailing. Payments to the County shall be made by check at the address set forth below (without copies), unless timely notice of change of address is given to TARGA in writing within thirty (30) days prior to the Chapter 381 Final Payment Date. For purposes of this Article IX, the addresses of the Parties will, until changed as provided below, be as follows:

To TARGA:

TARGA TRAIN 7, LLC

C/O: KE ANDREWS
1900 DALROCK RD.
ROWLETT, TX 75088

To the COUNTY:

CHAMBERS COUNTY
HONORABLE COUNTY JUDGE JIMMY SYLVIA
404 WASHINGTON AVENUE
P.O. BOX 939
ANAHUAC, TX 77514

WITH A COPY TO:

BAYTOWN ECONOMIC DEVELOPMENT FOUNDATION
1300 ROLLINGBROOK DRIVE, STE. 505
BAYTOWN, TX 77521

Either Party may designate a different address by giving the other Party ten (10) days written notice.

XI. 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.

TARGA may assign this Agreement to an Affiliate provided that TARGA shall provide written notice of such assignment to the County. Except as otherwise provided in the immediately preceding sentence, no rights, duties, obligations, interest or options of a Party under this Agreement may be assigned or otherwise made available to a third party without the prior written consent of the other Party, which consent shall not be unreasonably withheld, delayed or conditioned.

XII. SEVERABILITY AND SURVIVAL OF AGREEMENT

If any provision or application of this Agreement shall be held illegal, invalid or unenforceable by any court, the invalidity of such provision shall not affect or impair any of the remaining provisions of this Agreement.

XIII. GOVERNING LAW

This Agreement shall be construed and interpreted in accordance with the laws of the State of Texas. It is further understood and agreed that any dispute arising out of or related to this Agreement shall be resolved in a court of competent jurisdiction in Chambers County, Texas. Nothing in this Agreement shall constitute a waiver by the County of its sovereign immunity rights. Nothing in this Agreement shall be construed as express or implied consent of the County to being sued.

XIV. MISCELLANEOUS PROVISIONS

The Parties to this Agreement declare and represent that no promise, inducement or other agreement not expressly contained herein has been made conferring any benefit upon any party. The Parties to this Agreement further declare and represent that this Agreement contains the entire agreement of the Parties with respect to the subject matter hereof, and that the terms of this Agreement are contractual and not recitals only.

In the event it becomes necessary for either Party to file a suit to enforce this Agreement or any provisions of this Agreement, the Party prevailing in such action shall be entitled to recover, in addition to all other remedies or damages, reasonable attorneys' fees and court costs incurred by such prevailing Party in such suit.

The terms contained in this Agreement represent the final agreement among the Parties with respect to the subject matter hereof and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the Parties. The Parties agree that in entering into this Agreement they have not relied upon any representation other than those contained in this Agreement. The Parties agree that they have read this Agreement, sought the advice of counsel, understand the terms of this Agreement and have executed this Agreement voluntarily.

In the event of a conflict between any of the provisions of this Agreement, on the one hand, and any of the provisions of the Tax Abatement Agreement, on the other hand, the provisions of the Tax Abatement Agreement shall control.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

By: TARGA TRAIN 7, LLC

By: ______________________

(Signature)

JOHN D. THOMPSON VICE PRESIDENT, TAX

(Printed Name and Title)

6/7/19

(Date)

ATTEST:

____

(Signature)

Ruth Henderson, Administrative Assistant

(Printed Name and Title)

By: CHAMBERS COUNTY

By: ______________________

(Signature)

Jimmy Sylvia, County Judge

(Printed Name and Title)

May 24, 2019

(Date)

ATTEST:

Heather H. Hawthorne

(Signature)

Heather H. Hawthorne, County Clerk

(Printed Name and Title)

CHAPTER 312

TAX ABATEMENT AGREEMENT

BETWEEN

CHAMBERS COUNTY, TEXAS,

AND

TARGA TRAIN 7, LLC

RECEIVED
JUN 12 2019
COUNTY JUDGE
CHAMBERS COUNTY

STATE OF TEXAS §
§
COUNTY OF CHAMBERS §

This Tax Abatement Agreement (hereinafter referred to as "the Agreement") is made, entered, and executed between **CHAMBERS COUNTY, TEXAS** acting through its **Commissioners Court** (hereinafter referred to as "the **COUNTY**"), and **TARGA TRAIN 7, LLC**, (hereinafter referred to as "**TARGA**"), the owner of taxable property in Chambers County, Texas, located in the **CITY OF MONT BELVIEU TARGA REINVESTMENT ZONE** ("Reinvestment Zone"), designated by Resolution by the City of Mont Belvieu City Council, Ordinance No. 2018-005, a copy of which is attached as Exhibit A. The **COUNTY** and **TARGA** are hereinafter collectively referred to as the "Parties" and sometimes individually referred to as a "Party."

This Agreement is made and entered into between the Parties in conjunction with a Chapter 381 Economic Development Agreement executed for the purpose of encouraging the development of primary employment and attracting major economic investments to the COUNTY.

I. AUTHORIZATION

This Agreement is authorized by the Texas Property Redevelopment and Tax Abatement Act, Texas Tax Code, ("Tax Code") Chapter 312, V.T.C.A., following the designation of the Reinvestment Zone.

II. CONDITIONS PRECEDENT

The **COUNTY** properly approved the Abatement Application and authorized the **COUNTY** to enter into this Agreement with **TARGA** for the abatement of certain ad valorem taxes pursuant to Chapters 312 of the Tax Code, as provided for in this Agreement. The parties agree that the representations contained in the Abatement Application are true and correct and are hereby incorporated into this Agreement.

III. DEFINITIONS

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

a. The "2019 Certified Appraised Value" means the January 1, 2019 value of the property within the Reinvestment Zone as certified by the Chambers County Appraisal District as of that date.

b. "Improvements" means the buildings or portions thereof and other improvements, including fixed machinery, equipment and process units, and other business personal property used for commercial or industrial purposes that are acquired and/or constructed by **TARGA** on the property after January 1, 2019 and subject to *ad valorem* taxes.

c. "Construction Phase" means a material and substantial improvement of the property which represents a separate and distinct construction operation undertaken for the purpose of constructing the Improvements. The period of Construction Phase ends when the Improvements are substantially completed and consistent with Article VIII entitled "Contemplated Improvements."

d. "Abatement" means the full or partial exemption from ad valorem taxes of certain property in the Reinvestment Zone designated for economic development purposes.

e. "Abatement Application" means the Application for Tax Abatement dated August 15, 2018, submitted to the **COUNTY** by **TARGA**.

f. "Eligible Abatement Property" means the buildings, structures, fixed machinery, equipment and process units, business personal property and other Improvements subject to *ad valorem* taxes necessary to the operation and administration of the New Facility.

g. "New Eligible Abatement Property" means Eligible Abatement Property, the construction of which commences subsequent to the date of execution of this Agreement. A list of the New Eligible Abatement Property is set forth in the Abatement Application which is incorporated herein by reference and made a part hereof. During the Construction Phase of the New Eligible Abatement Property, **TARGA** may make such change orders to the New Eligible Abatement Property as are reasonably necessary to accomplish its intended use.

h. "New Facility" has the meaning as set forth in Article VIII below.

i. "Ineligible Property" means land, inventories, supplies, tools, furnishings, and other forms of movable business personal property, including but not limited to, vehicles, vessels, aircraft, housing, hotel accommodations, deferred maintenance investments, improvements for the generation or transmission of electrical energy not wholly consumed by a new facility or expansion, any improvements including those to produce, store, or distribute natural gas, fluids or gases, which are not necessary to the operation of the New Facility, and property that has an economic life of less than fifteen (15) years.

2. The guidelines and criteria for granting tax abatements in a reinvestment zone created in Chambers County, Texas, which were adopted by the **COUNTY**, are incorporated herein by reference, together with any applicable amendments. All definitions set forth therein are applicable to this Agreement. The Commissioners Court of Chambers County has determined that the terms of this Agreement meet the applicable guidelines and criteria for granting tax abatements in the Reinvestment Zone or have otherwise approved a variance from such guidelines and criteria as described in Article VI below.

IV. SUBJECT PROPERTY

3. The Reinvestment Zone designated by City of Mont Belvieu City Council Ordinance No. 2018-005 is an area within Chambers County, Texas, generally described in Exhibit "A" attached hereto and incorporated herein.

The 2019 Certified Appraised Value on site is:

Land Only	$333,560
Improvements	$ 0
TOTAL:	$333,560

V. VALUE AND TERM OF AGREEMENT

4. Following the date of final approval and execution of this Agreement by the Parties hereto, and as authorized by Sec. 312.007 of the Tax Code, this tax abatement shall be deferred and become effective for the abatement period beginning on January 1 for the valuation year cited below and ending on December 31st of the tenth (10th) year following the first year in which taxes are abated under this Agreement. For each year of the ten (10) year period that this Agreement is in effect, the amount of tax abatement shall be an amount equal to the percentage indicated below. The appraised value, as defined in the Property Tax Code, of New Eligible Abatement Property shall be abated in accordance with the following schedule:

Year Abated	Percentage of Value Abated
2021	**74%**
2022	**60%**
2023	**50%**
2024	**50%**
2025	**50%**
2026	**50%**
2027	**50%**
2028	**50%**
2029	**50%**
2030	**50%**

VI. VARIANCE GRANTED

5. As authorized by Section 4 of the guidelines and criteria established by the COUNTY the COUNTY hereby grants TARGA a variance to the standard guidelines and criteria for tax abatements in a reinvestment zone. The variance herein granted is based on the estimated size of the project made the basis of this Agreement and the anticipated economic impact the project will have on the COUNTY and the surrounding community so as to offer competitive economic development incentives comparable to other taxing jurisdictions for substantially similar projects.

VII. TAXABILITY

6. During the period that this tax abatement is effective ("abatement period"):

    a. The value of Ineligible Property shall be fully taxable;

    b. The appraised value, as defined in the Property Tax Code, of New Eligible Abatement Property shall be abated as set forth above under the section entitled "VALUE AND TERM OF AGREEMENT."

VIII. CONTEMPLATED IMPROVEMENTS

7. As set forth in the Abatement Application which is incorporated herein for all purposes, **TARGA** represents that it will construct the New Facility (Fractionator 7) with an approximate improvement cost and added value of **$ 250,000,000**. During the Construction Phase, **TARGA** may make such change orders to the project as are reasonably necessary. All Improvements shall be completed in accordance with the Abatement Application and all applicable laws, ordinances, rules, or regulations. **TARGA** agrees to limit the uses of the New Facility to uses consistent with the general purpose of encouraging development of the Reinvestment Zone during the term of this Agreement.

IX. EVENTS OF DEFAULT

8. During the abatement period covered by this Agreement, the **COUNTY** may declare a default hereunder by **TARGA** if **TARGA** (i) fails to commence construction of the New Facility within one (1) year from the date this Agreement is executed or (ii) fails to construct the New Facility or (iii) fails to comply with any of the material terms of this Agreement, or (iv) fails to comply with any of the terms of the Chapter 381 Economic Development Agreement executed in conjunction herewith, or (v) if any representation made by **TARGA** in this Agreement is false or misleading in any material respect.

9. Notwithstanding the terms and conditions of Article X of the Chapter 381 Economic Development Agreement executed in conjunction herewith, if the **COUNTY** declares that **TARGA** is in default of this Agreement, the **COUNTY** shall notify **TARGA** in writing. If such default is not cured within sixty (60) days from the date of such notice ("Cure Period"), then this Agreement may be terminated. In the case of a default for causes beyond **TARGA's**

reasonable control which cannot with due diligence be cured within the Cure Period, the Cure Period shall be deemed extended if **TARGA** (i) shall notify the **COUNTY** of **TARGA's** intention to institute steps reasonably necessary to cure such default, (ii) shall proceed to cure such default, and (iii) shall submit a proposed schedule for the completion of the New Facility, including the estimated date for completion of the New Facility, a reasonable explanation concerning the reason for the delay, and a reasonable estimate of the overall percent of the New Facility that is completed as of the date of such notice.

10. In the event **TARGA** (i) allows its ad valorem taxes on the New Facility to become delinquent or fails to timely and properly follow the legal procedures for the protest and appeal of the ad valorem taxes on the New Facility or (ii) defaults under this Agreement and fails to cure, this Agreement may then be terminated. In the event of termination of this Agreement pursuant to the provisions of this paragraph, all taxes previously abated by virtue of this Agreement will be recaptured by the COUNTY and paid by TARGA within sixty (60) days of the termination, together with penalties and interest as required by Sec. 312.205(a)(4) and (7) of the Tax Code. In the event of termination of this Agreement pursuant to the provisions of this paragraph, **TARGA** agrees that it shall not withhold consent necessary for termination as required by Section 312.208(b) of the Tax Code.

11. In the event the New Facility is completed and begins producing product or services "on-specification," but subsequently discontinues producing product or services for any reason excepting fire, explosion, or other casualty, accident, or natural disaster or governmental mandate, for a period of one (1) year during the abatement period, then this Agreement shall terminate. In the event of termination pursuant to the provisions of this paragraph, the abatement of the taxes for the calendar year during which the New Facility no longer produces shall terminate, but there shall be no recapture of prior years' taxes abated by this Agreement. The taxes otherwise abated shall be paid to the **COUNTY** prior to the delinquency date for such year. In no event shall **TARGA** be required to pay such taxes within less than sixty (60) days of the termination.

X. ADMINISTRATION

12. This Agreement shall be administered on behalf of the **COUNTY** by the **BAYTOWN-WEST CHAMBERS COUNTY ECONOMIC DEVELOPMENT FOUNDATION (EDF)**. Upon completion of the New Facility, the **COUNTY** or its representative, the **EDF** shall annually evaluate the New Facility to ensure compliance with this Agreement.

13. The Chief Appraiser of the Chambers County Appraisal District shall annually determine (i) the taxable value pursuant to the terms of this abatement of the real and business personal property comprising this Reinvestment Zone and (ii) the full taxable value without abatement of the real and business personal property comprising this Reinvestment Zone. The Chief Appraiser shall record both the abatement taxable value and the full taxable value in the appraisal records. The full taxable value listed in the appraisal records shall be used to compute any recapture. Each year **TARGA** shall furnish the Chief Appraiser with the information required by Chapter 22, Tax Code, V.T.C.A. Such information shall also be provided to the **COUNTY** in preparation of its annual evaluation for compliance with this Agreement. On or before May 1st of each year during the term of this Agreement, **TARGA** agrees to certify annually to the governing body of each taxing unit that the New Facility is in material compliance with the terms of this Agreement.

14. If after notice of default and failure to cure, the **COUNTY** terminates this Agreement, it shall provide **TARGA** written notice of such termination. In the event of termination, **TARGA** may file suit in the Chambers County District Court appealing termination within ninety (90) days after receipt from the **COUNTY** of written notice of termination. If an appeal is filed, **TARGA** shall remit to the **COUNTY** within sixty (60) days after receipt of the notice of termination, any recaptured taxes as may be payable during the pendency of the litigation under Section 42.08, Tax Code, V.T.C.A. If the final determination of the appeal increases **TARGA's** tax liability, **TARGA** shall pay the additional tax to the **COUNTY** pursuant to Section 42.42, Tax Code, V.T.C.A. If the final determination of the appeal decreases **TARGA** tax liability, the **COUNTY** shall refund to **TARGA** the difference between the amount of tax paid and the amount of tax for which **TARGA** is liable together with interest pursuant to Section 42.43, Tax Code, V.T.C.A.

XI. ASSIGNMENT

15. **TARGA** may assign this Agreement with the written consent of the **COUNTY**, which consent shall not be unreasonably withheld. Any assignment shall provide that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the assignor upon the same terms and conditions as set out in this Agreement. Any assignment shall provide that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the assignor upon the same terms and conditions as set out in this Agreement and in the Chapter 381 Economic Development Agreement executed in conjunction herewith to the extent applicable. No assignment shall be approved if **TARGA** or the assignee is delinquent in ad valorem taxes due the **COUNTY**.

XII. NOTICE

16. Any notice required to be given under the provisions of this Agreement shall be in writing and shall be served when it is deposited, enclosed in a wrapper with the postage prepaid thereon, and by registered or certified mail, return receipt requested, in a United States Post Office, addressed to the **COUNTY** or **TARGA.** If mailed, any notice shall be deemed to be received three (3) days after the date of deposit in the United States Mail. Unless otherwise provided in this Agreement, all notices shall be delivered to the following addresses:

To TARGA:

TARGA TRAIN 7, LLC

C/O: KE ANDREWS
1900 DALROCK RD.
ROWLETT, TX 75088

To the COUNTY:

CHAMBERS COUNTY
HONORABLE COUNTY JUDGE JIMMY SYLVIA
404 WASHINGTON AVENUE
P.O. BOX 939
ANAHUAC, TX 77514

WITH A COPY TO:

BAYTOWN ECONOMIC DEVELOPMENT FOUNDATION
1300 ROLLINGBROOK DRIVE, STE. 505
BAYTOWN, TX 77521

Either party may designate a different address by giving the other party ten (10) days written notice.

XIII. AUTHORITY

17. Each of the parties hereto represents and warrants to the other party that (i) it has all requisite power and authority to execute and deliver, to perform its obligations under and to consummate the transactions contemplated by this Agreement and (ii) the execution and delivery of this Agreement, the performance of its obligations under and the consummation by each party of the transactions contemplated by this Agreement have been duly authorized by all requisite corporate authority on the part of **TARGA** and by all requisite governmental authority on the part of the **COUNTY** and (iii) upon execution and delivery of this Agreement, this Agreement will constitute valid and binding legal obligations of such party.

XIV. EFFECTIVE DATE

18. This Agreement may be executed in counterparts and the effective date of the Agreement shall be the date the **COUNTY** executes this Agreement by and through its Commissioners Court, so authorizing, on the date of the countersignature hereto by the **CHAMBERS COUNTY JUDGE** on this 24 day of MAY, 2019.

XV. GOVERNING LAW

19. This Agreement shall be construed and interpreted in accordance with the laws of the State of Texas. It is further understood and agreed that any dispute arising out of or related to this Agreement shall be resolved in a court of competent jurisdiction in Chambers County, Texas. Nothing in this Agreement shall constitute a voluntary waiver by the COUNTY of its governmental immunity rights. Nothing in this Agreement shall be construed as the express or implied consent of the COUNTY to being sued.

XVI. MISCELLANEOUS

20. 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.

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

22. The **COUNTY** agrees to record a certified copy of this Agreement in the Deed Records of Chambers County, Texas.

23. This Agreement shall be construed under the laws of the State of Texas. Venue for any action under this Agreement shall be the State District Court of Chambers County, Texas.

24. This Agreement shall be subject to change, modification or, except in the event of default which has not been cured as provided herein, termination, only with the mutual written consent of the **COUNTY** and **TARGA**.

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

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

By: **TARGA TRAIN 7, LLC**

By: ____________________
(Signature)

JOHN D. THOMPSON, VICE PRESIDENT, TAX
(Printed Name and Title)

6/7/19
(Date)

ATTEST:

____
(Signature)

Ruth Henderson, Administrative Assistant
(Printed Name and Title)

By: **CHAMBERS COUNTY**

By: ____________________
(Signature)

Jimmy Sylvia, County Judge
(Printed Name and Title)

May 24, 2019
(Date)

ATTEST:

____
(Signature)

Heather H. Hawthorne, County Clerk
(Printed Name and Title)

EXHIBIT A

ORDINANCE NO. 2018-005

AN ORDINANCE OF THE CITY OF MONT BELVIEU, TEXAS, DESIGNATING CERTAIN REAL PROPERTY AS A REINVESTMENT ZONE FOR PURPOSES OF COMMERCIAL AD VALOREM TAX ABATEMENT; ESTABLISHING THE BOUNDARIES THEREOF AND OTHER MATTERS RELATING THERETO; PROVIDING FOR SEVERABILITY; AND DECLARING AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of Mont Belvieu ("City") desires to promote the development of certain unimproved real property located within its corporate limits; and

WHEREAS, the City desires to make available potential tax abatement relief for commercial projects in the area designated by this Ordinance in order to (i) encourage the redevelopment of the real property located therein, (ii) increase primary employment, and (iii) attract major investment; and

WHEREAS, the City has elected to become eligible to participate in tax abatement relief under the provisions of the Property Redevelopment and Tax Abatement Act, Tex. Tax. Code Chapter 312, Subchapter B; and

WHEREAS, the City adopted guidelines and criteria governing commercial tax abatement agreements in Resolution 2016-009, dated May 23, 2016; and

WHEREAS, the City desires to create a reinvestment zone for commercial tax abatement relief as authorized by Section 312.201 of the Tex. Tax Code for the real property described on the attached **Exhibit A**; and

WHEREAS, the City properly complied with the public notice requirements pursuant to Section 312.201(d) of the Tex. Tax Code and conducted a public hearing held on Monday, February 26, 2018, regarding the designation of the real property described by metes and bounds in the attached **Exhibit A** as a reinvestment zone for commercial tax abatement to be designated as the "Targa Reinvestment Zone" for commercial tax abatement purposes; and

WHEREAS, the City Council finds that the potential improvements sought within the "Targa Reinvestment Zone" are feasible and practical and would be a benefit to the land to be included in the zone and to the City after the expiration of any commercial tax abatement agreements executed pursuant to Section 312.204 of the Tex. Tax. Code; and

WHEREAS, the City Council finds that the designation of the zone is reasonably likely to contribute to the retention or expansion of primary employment or attract major investment to the zone;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MONT BELVIEU, TEXAS:

Section 1. **Creation of Reinvestment Zone**. The City hereby establishes the "Targa Reinvestment Zone" for commercial ad valorem tax abatement purposes pursuant to Chapter 312 of the Texas Tax Code for the real property described by metes and bounds in the attached **Exhibit A**.

Section 2. **No Mandatory Obligations**. This Ordinance shall in no way obligate the City Council of the City of Mont Belvieu, Texas, to grant a commercial tax abatement upon receiving an application for same.

Section 3. **Severability**. In the event any clause, phrase, provision, sentence or part of this Ordinance or the application of the same to any person or circumstances shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair or invalidate this Ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Mont Belvieu, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any part thus declared to be invalid or unconstitutional, or whether there be one or more parts.

Section 4. **Effective Date**. This Ordinance shall be and become effective immediately upon and after its passage and publication as may be required by governing law.

PASSED, APPROVED, and ADOPTED this 12th day of March, 2018.

____
Nick Dixon, Mayor

ATTEST:

____
Kori Schweinle, City Secretary

EXHIBIT A TO ORDINANCE NO. 2018-005

City of Mont Belvieu Targa Reinvestment Zone
Chambers County, Texas

Metes and Bounds Legal Description (Tract 1 – 1.264 acres)

Exhibit B

TRACT 2: Field notes of a 1.6245 acre tract of land, more or less, situated in the WILLIAM BLOODGOOD LEAGUE, Abstract No. 4, Chambers County, Texas, and being the residue of a 9.4 acre tract conveyed to Mills Bennett by two deeds in Volume 25, Page 113 and Volume 32, Page 10 of the Deed Records of Chambers County, Texas. Said 1.6245 acre tract, more or less, being more particularly described as follows:

COMMENCING at a Diamond Shamrock monument found at the Northeast corner of the said 9.4 acre tract and being the Northwest corner of a 4.5 acre tract conveyed to J. R. Oliver by Deed and recorded in Volume 356, Page 268 of the Deed Records of Chambers County, Texas;

THENCE South 09° 56' 59" East with the East line of the 9.4 acre tract and the West line of the 4.5 acre tract and the East line of a 1.2441 acre tract conveyed to Diamond Shamrock Corp. by Deed and recorded in Volume 403, Page 482 of the Deed Records of Chambers County, Texas, a distance of 170.20 feet to a Diamond Shamrock concrete monument for the POINT OF BEGINNING of this described tract;

THENCE South 79° 40' 38" West with the South line of the 1.2441 acre tract a distance of 318.76 feet to a Diamond Shamrock monument for the Northwest corner of this tract;

THENCE South 09° 22' 37" East with the West line of the 9.4 acre tract a distance of 187.61 feet to an iron rod in concrete found for the most Westerly Southwest corner of this tract and the Northwest corner of the Paul Williams 0.2733 acre tract as conveyed by Deed and recorded in Volume 322, Page 229 of the Deed Records of Chambers County, Texas;

THENCE North 79° 55' 46" East with the North line of the Williams 0.2733 acre tract a distance of 170.05 feet to a corner of this tract;

THENCE South 09° 22' 37" East with the East line of the 0.2733 acre tract a distance of 70.0 feet to the South line of this tract and the North line of the WARREN SUBDIVISION;

THENCE North 79° 55' 46" East with the South line of this tract and the North line of the WARREN SUBDIVISION at 20.89 feet pass a chain link fence at the West line of a Playground leased to the City of Mont Belvieu in all a total distance of 151.28 feet to an iron rod in concrete for the Southeast corner of this tract;

THENCE North 09° 56' 59" West with the East line of the 9.4 acre tract, the West line of the aforementioned 4.5 acre tract, and the East line of the playground lease at 200.05 feet pass the Northeast corner of the playground lease in all a total distance of 258.99 feet to the POINT OF BEGINNING and containing 1.6245 acres of land, more or less.

NOTE: THE COMPANY IS PROHIBITED FROM INSURING THE AREA OR THE QUANTITY OF THE LAND DESCRIBED HEREIN. ANY STATEMENT IN THE ABOVE LEGAL DESCRIPTION OF THE AREA OR QUANTITY OF LAND IS NOT A REPRESENTATION THAT SUCH AREA OR QUANTITY IS CORRECT, BUT IS MADE ONLY FOR INFORMATIONAL AND/OR IDENTIFICATION PURPOSES, AND DOES NOT OVERRIDE ITEM 2 OF SCHEDULE "B" HEREOF.

Exhibit B

EXHIBIT A TO ORDINANCE NO. 2018-005

City of Mont Belvieu Targa Reinvestment Zone
Chambers County, Texas

Metes and Bounds Legal Description (Tract 2 – 11.10 acres)

Exhibit "A"

FIELD NOTES of a 11.10 acre tract of land, more or less, situated in the William Bloodgood Augmentation Survey, Abstract No. 5, Chambers County, Texas, and being that same 2.902 acre tract of land and the residue of 10 acres conveyed to J. R. Cliver by Atlantic Richfield Company by deed dated November 20, 1979, and recorded in Volume 444 at Page 649 of the Deed Records of Chambers County, Texas. This 11.10 acre tract of land is more particularly described by metes and bounds as follows, to-wit:

NOTE: BEARINGS ARE BASED ON DEED BEARINGS AND FOUND MONUMENTS IN THE NORTH LINE OF SAID 2.902 ACRES. REFERENCE IS MADE TO PLAT OF EVEN DATE ACCOMPANYING THIS METES AND BOUNDS DESCRIPTION.

BEGINNING at a 2 inch iron pipe found for the Southwest corner of this tract of land, the Southwest corner of said residue of 10 acres, the Northwest corner of a 4.2359 acre tract of land conveyed to Occidental Chemical Corporation Diamond Shamrock Refining and Marketing Company by deed dated November 15, 2003, and recorded in Volume 673 at Page 251 of the Official Public Records of Chambers County, Texas, in the West line of said Bloodgood Survey, in the East line of this William Bloodgood League, Abstract No. 4, Chambers County, Texas, and in the East line of a 8.6352 acre tract of land conveyed to Accent Investments by Sun Exploration and Production Company by deed dated March 27, 1985, and recorded in Volume 584 at Page 427 of the Deed Records of Chambers County, Texas.

THENCE North 09°52'14" West with the West line of this tract of land, the West line of said residue of 10 acres, the West line of said Bloodgood Aug. Survey, the East line of said Bloodgood League, the East line of said 8.6352 acres, and the East line of a 17.53 acre tract of land conveyed to Humble Pipe Line Company by Houston Oil & Minerals Corporation by deed dated June 1, 1972, and recorded in Volume 335 at Page 54 of the Deed Records of Chambers County, Texas a distance of 722.08 feet to a 2 inch iron pipe found for an angle corner of this tract of land, the Northwest corner of said residue of 10 acres, and the Southwest corner of said 2.902 acres.

THENCE North 09°36'01" West with the West line of this tract of land, the West line of said 2.902 acres, the West line of said Bloodgood Aug. Survey, the East line of said Bloodgood League, and the East line of said 17.53 acres a distance of 151.09 feet to a ½ inch iron rod found for a Northwest corner of this tract of land, the Northwest corner of said 2.902 acres, the Northeast corner of said 17.53 acres, and in the South line of a 242.5057 acre tract called Tract 9 on the recorded plat of Warren Petroleum Corporation recorded in Volume "A" at Page 127 of the Map Records of Chambers County, Texas.

THENCE EAST with a North line of this tract of land, a North line of said 2.902 acres, and the South line of said 242.5057 acres, at a distance of 316.61 feet found a sucker rod on line, for the Southeast corner of said 242.5057 acres, and the Southwest corner of a 0.0468 of an acre area of excess, continuing along said line and the South line of said area of excess a total distance of 331.94 feet to a 2 inch iron pipe found for an interior corner of this tract of land, an interior corner of said 2.902 acres, and the Southeast corner of said area of excess.

THENCE North 00°04'01" East with a West line of this tract of land, a West line of said 2.902 acres, and the East line of said area of excess a distance of 131.09 feet to a 2 inch iron pipe found leaning for the most Northerly Northwest corner of this tract of land, the most Northerly Northwest corner of said 2.902 acres, the Northeast corner of said area of excess, and in a South line of said 242.5057 acres.

THENCE South 89°21'32" East with a North line of this tract of land, a North line of said 2.902 acres, a South line of said 242.5057 acres, and a South line of 0.3737 of an acre tract conveyed to Chambers County Land Company, Trustee, by Temple Phillips by deed dated December 17, 1986, and recorded in Volume 619 at Page 116 of the Deed Records of Chambers County, Texas, at a distance of 190.22 feet found a 1 ½ inch iron pipe found for a Southeast corner of

<u>EXHIBIT A</u> TO ORDINANCE NO. 2018-005

City of Mont Belvieu Targa Reinvestment Zone
Chambers County, Texas

<u>Metes and Bounds Legal Description (Tract 2 – 11.10 acres)</u>

said 242.5057 acres, and a Southwest corner of said 0.3737 of an acre, in all a total distance of 258.97 feet to a 5/8 inch iron rod found for a Northeast corner of this tract of land, the Northeast corner of said 2.902 acres, and an interior corner of said 0.3737 of an acre.

THENCE South 05°48'00" East with an East line of this tract of land, the East line of said 2.902 acres, the West line of said 0.3737 of an acre, and the West line of the residue of 1.552 acres conveyed to Chevron U.S.A., Inc., by H. E. Wilbanks, Trustee, by deed dated March 12, 1994, and recorded in Volume 233 at Page 689 of the Official Public Records of Chambers County, Texas, a distance of 284.18 feet to a ½ inch iron rod set for an interior corner of this tract of land, the Southeast corner of said 2.902 acres, in the North line of said residue of 10 acres, and the Southwest corner of said residue of 1.552 acres.

THENCE EAST with a North line of this tract of land, the North line of said residue of 10 acres, and the South line of said residue of 1.552 acres a distance of 161.49 feet to a ½ inch iron rod set for the most Southerly Northeast corner of this tract of land, the Northeast corner of said residue of 10 acres, the Southeast corner of said residue of 1.552 acres, and in a curve to the right in the West right of way line of State Highway No. 146, 120 foot wide right of way.

THENCE in a Southerly direction with an East line of this tract of land, the East line of said residue of 10 acres, the West right of way line of Highway No. 146, and said curve having a central angle of 01°06'42", a radius of 5669.58 feet, an arc length of 110.00 feet, and a chord bearing and distance of South 15°02'54" West 110.00 feet to a ½ inch iron rod set for the point of tangency of this tract of land.
PAGE NO. 3 – 11.10 ACRES

THENCE South 15°38'15" West with a East line of this tract of land, the East line of said residue of 10 acres, and the West right of way line of Highway No. 146 a distance of 318.50 feet to a 2 inch iron pipe found for the Southeast corner of this tract of land, the Southeast corner of said residue of 10 acres, and the Northeast corner of said 4.2359 acres.

THENCE South 60°31'13" West with the South line of this tract of land, the South line of said residue of 10 acres, and the North line of said 4.2359 acres a distance of 595.09 feet to the PLACE OF BEGINNING, containing within said boundaries 11.10 acres of land, more or less.
End of Exhibit "A"

<u>EXHIBIT A</u> TO ORDINANCE NO. 2018-005

City of Mont Belvieu Targa Reinvestment Zone
Chambers County, Texas

<u>Metes and Bounds Legal Description (Tract 3 – 8.611 acres)</u>

Description of 8.6352 acres of land out of a 31.1 acre tract of land in the William Bloodgood League, Abstract No. 4, of Chambers County, Texas, and more particularly described as follows:

Beginning at the Northeast corner of a 31.1 acre tract of land in the East line of the William Bloodgood League, Abstract No. 4 of Chambers County, Texas, said corner being the Northeast corner of the herein described 8.6352 acre tract of land;

Thence South 80^{O} 30' 00" West, 962.19 feet along the North line of said 31.1 acre tract to the Northeast corner of a 3.8255 acre tract of land conveyed to Diamond Shamrock Corporation, the Northwest corner hereof;

Thence South 30^{O} 16' 21" East, 385.66 feet along the line of said 3.8255 acre tract to a point for corner, the Southwest corner hereof;

Thence North 89^{O} 31' 39" East, 834.67 feet with the line of said 3.8255 acre tract to the Southerly Northeast corner of said 3.8255 acre tract in the East line of said 31.1 acre tract and the East line of the William Bloodgood League, the Southeast corner hereof;

Thence North 9^{O} 22' 25" West, 491.56 feet along the East line of said 31.1 acre tract and the East line of said William Bloodgood League to the Place of Beginning and containing 8.6352 acres more or less.