STATE OF TEXAS §
§
COUNTY OF CHAMBERS §

ECONOMIC DEVELOPMENT PROGRAM AND TAX ABATEMENT AGREEMENT

This Economic Development Program and Tax Abatement Agreement ("**Agreement**") is entered into this 8th day of September, 2015 (the **"Effective Date"**), by and between LONE STAR NGL ASSET HOLDING II, LLC., ("**Company**"), and CHAMBERS COUNTY, TEXAS (the "**County**") (Company and the County are sometimes referred to herein together as the "parties" and individually as a "party").

WITNESSETH:

WHEREAS, Article III, Section 52-A of the Texas Constitution and Chapter 381 of the Texas Local Government Code (**"Chapter 381"**) authorize the County Commissioners Court of Chambers County, Texas (**"County Commissioners Court"**) to develop and administer a program to provide grants or incentives of public money to promote local economic development and to stimulate business and commercial activity in Chambers County, and Chapter 312 of the Texas Tax Code (**"Chapter 312"**) authorizes Chambers County to enter 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 comply with the provisions of Sections 312.204, 312.205, 312.206, 312.211, and 312.402 of Chapter 312; and

WHEREAS, on the 23rd day of July, 2013, 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 March 24, 2015, the County adopted a resolution stating that it elects to be eligible to participate in tax abatement and adopted guidelines for tax abatement as contemplated by Chapter 312 (the "**Tax Abatement Guidelines**"); and

WHEREAS, on the 9th day of December, 2014, the Company submitted an application for tax abatement (the "**Abatement Application**", a copy of which is attached as **Exhibit B**), in accordance with the Chapter 381 and Chapter 312 Policies; and

WHEREAS, on the 25th day of August, 2015, the County Commissioners Court passed a Resolution establishing a Tax Abatement Reinvestment Zone ("**Zone**") under Chapter 312, known as the Lone Star NGL 2015 Reinvestment Zone, after complying with all of the relevant notice requirements under Chapter 312; and

WHEREAS, Company will own the Premises, as hereinafter defined, and Company expects to develop and construct the Project (among other possible improvements) on the Premises, which is described in the Abatement Application, the development and use of which is expected to significantly enhance the County's economic and employment base; 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

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

WHEREAS, the County finds that the terms of this Agreement and the development of the Premises and proposed Project satisfy requirements in the Chapter 381 Policy and the Tax Abatement Guidelines adopted by the County; 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 and Chapter 312, hereby contract, covenant, and agree as follows:

Section 1. Definitions

Wherever used in this Agreement, the following capitalized terms shall have the meanings ascribed to them:

"2015 Certified Appraised Value" means the January 1, 2015, value of the property within the Zone as certified by the Chambers County Appraisal District as of that date.

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

"**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, (1) for calendar year 2017, a payment from Company to County equal to $400,000; (2) for calendar years 2018, 2019 and 2020, a payment from Company to County equal to $555,000 per year; and (3) for calendar years, 2021, 2022,

2023, 2024, 2025 and 2026, payments from Company to County equal to forty percent (40%) of the tax abated for that tax year pursuant to this Agreement.

"**Eligible Property Value**" shall mean, with respect to each calendar year, the value of the real property and the business personal property consisting of buildings, structures, fixed machinery and equipment, site improvements plus that office space and related fixed improvements necessary to the operation and administration of the Project on the tax rolls of the Chambers County Appraisal District as of such calendar year. The Parties recognize that no property included in Eligible Property Value was included in the 2015 Certified Appraised Value, the year in which this Agreement is executed, and no part of the Eligible Property Value was constructed on the Premises before the Effective Date of this Agreement.

"**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 Project 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, 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, with respect to each calendar year, the value of land; inventories; supplies; tools; furnishings and other forms of movable personal property; vehicles; watercraft; aircraft; housing; deferred maintenance investments; any improvements, including those to produce, store or distribute natural gas, fluids or gases, which are not integral to the operation of the Project; property which has an economic life of less than 10 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; as listed on the tax rolls of the Chambers County Appraisal District as of such calendar year, and any real property and the business personal property included in the 2015 Certified Appraised Value.

"Parties" means collectively the County and Company, and "Party" means the COUNTY or LONE STAR NGL ASSET HOLDING II, LLC, as the case may be.

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

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

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

"Project" means the new 4th fractionation facility to be constructed by Company at its complex in Chambers County, with an estimated construction cost of $308,000,000, to be constructed on the Premises, as described in Exhibit B.

"Taxable Value" means the Certified Appraised Value, as determined by the Chambers County Appraisal District, of the Project, excluding the exempt value of pollution control devices as determined by the Texas Commission on Environmental Quality, owned by Company and located within the County, minus the abated value of the Project as provided herein.

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 September 8th, 2015, authorizing the County Judge to execute this Agreement on behalf of the County.

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

C. **Compliance**. The parties intend for this Agreement to comply with Chapter 381 and Sections 312.204, 312.205, 312.206, 312.211, and 312.402 of Chapter 312. The County has determined that this Agreement satisfies all requirements for tax abatement set forth in the Chapter 381 Policy and the Tax Abatement Guidelines. 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.

F. **No Assumption.** By this Agreement, Company assumes no obligation, duty or other responsibility with regard to any governmental function or service for which the County is responsible that is not otherwise addressed by this Agreement. In addition, Company assumes no legal liability for the actions of the County through the execution of this Agreement. The County individually assumes no obligation, duty or other responsibility with regard to any duty, right, obligation or responsibility associated with the Project for which Company is responsible

that is not otherwise addressed by this Agreement. In addition, the County assumes no legal liability for the actions of Company or its successors or assigns by virtue of its execution of this Agreement.

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

H. **Variance to Guidelines.** As authorized by Section 4(e) of the Tax Abatement Guidelines and Section 312.002(d) of Chapter 312, the County hereby grants Company a variance to the Tax Abatement Guidelines, specifically including, without limitation, to allow the tax abatements authorized in Section 4 below. 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 and the Chapter 381 Payments that are included in this Agreement.

Section 3. Permitting

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 the Project.

Section 4. Terms of Tax Abatement

The County hereby grants to Company tax abatement under Chapter 381 and Chapter 312 with respect to the Project. The tax abatement shall begin on January 1, 2017, and shall continue for ten years in accordance with the schedules set forth below. 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 in accordance with the schedules set forth below:

Tax Year Abated	Percentage of Value Abated
2017	100%
2018	100%
2019	100%
2020	100%
2021	100%
2022	100%
2023	100%
2024	100%
2025	100%
2026	100%

Section 5. Terms of Chapter 381 Payments

Company agrees to tender Chapter 381 Payments to County, on or prior to the Payment Deadline, for calendar years 2017 through 2026, inclusive. Company will tender Chapter 381 Payments by check or other mechanism acceptable to County.

Section 6. Covenants

A. **Construction Covenant.** Company or a Company Affiliate covenant to use Commercially Reasonable Efforts to substantially complete, or cause to be substantially completed, the Project on or before October 1, 2016 (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 Project 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.

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 Project within thirty (30) days of such change.

E. **Commercially Reasonable Efforts to Increase Local Employment Covenant.** Throughout the term of this Agreement, Company agrees to create employment at the Project for at least five people on a permanent basis. Company also agrees that throughout the term of this Agreement, it will exercise its Commercially Reasonable Efforts to insure that:

a. 50% of new employees, or a minimum of two (2) employees, are residents of one or more of the following counties: Chambers County, Harris County, Jefferson County, Galveston County, Hardin County, or Liberty County; and

b. 10% of new employees, or a minimum of two (2) employees, are residents of Chambers County.

A resident of Chambers County employed at the Project on a permanent basis may be counted towards any or all of the employment targets in this subsection. Company does not expect that the Project will solely or primarily have the effect of transferring employment from one part of Chambers County to another, and

Company agrees to make every Commercially Reasonable Effort to use local resources in employees, goods, and services at the Project.

F. **Local Sourcing Covenant.** During the Construction Covenant of this Agreement, Company agrees to make Commercially Reasonable Efforts, with respect to any contracts for the purchase of supplies and services in connection with construction of the Project that are let to bid after the Effective Date, to identify and ensure that qualified Chambers County vendors, suppliers, and sub-contractors are given the opportunity to bid on such contracts.

G. **Use of Premises and Project.** Company agrees to limit the uses of the Premises and the Project to uses consistent with the general purpose of encouraging development of the Zone during the term of this Agreement.

Section 7. Records and Audits

A. **Annual Certification**. Not later than March 31 of each year during the term of the tax abatement, Company shall submit to the County a certification from Company that the Project is in material compliance with the terms of this Agreement and specifically 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 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 March 31, 2017, and on or before March 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 set forth in Section 5 of this Agreement.

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**. 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 Company may have at law, in equity, or otherwise.

E. **Discontinuation.** In the event the Project herein is completed and begins producing product or services, but subsequently discontinues producing product or services for any reason excepting fire, explosion or other casualty, accident or natural disaster, or governmental mandate, 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 facility ceases to operate shall terminate, but there shall be no recapture of prior years' taxes abated by this Agreement. The taxes otherwise abated for the calendar year during which the facility ceases to operate shall be paid to the County, subject to a credit for any

Chapter 381 Payment for such year, prior to the delinquency date for such year; provided, however, that in no event shall Company be required to pay such taxes within less than sixty (60) days of the termination.

F. **Recapture.** 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 personal property comprising the Project and (ii) the full taxable value without abatement of the real and personal property comprising the Project. The Chief Appraiser shall record both the Taxable Value and the full taxable value in the appraisal records. The full taxable value figure listed in the appraisal records shall be used to compute the amount of abated taxes that are required to be recaptured and paid in the event this Agreement is terminated in a manner that results in recapture. Each year Company shall furnish the Chief Appraiser with such information outlined in Chapter 22, Tax Code, as may be necessary for the administration of the abatement specified herein. Notwithstanding anything contained in this agreement to the contrary, Company shall be entitled to a credit for all payments made to the County pursuant to Section 5.

G. **Termination.** If after notice of default and failure to cure, the County terminates this Agreement, it shall provide Company written notice of such termination. If Company believes that such termination was improper, Company may file suit in the Chambers County District Court appealing such termination within sixty (60) days after receipt from the County of written notice of the termination. If such a suit is filed, Company shall remit to the County, within ninety (90) days after receipt of the notice of termination, any additional and/or recaptured taxes as may be payable during the pendency of the litigation pursuant to the payment provisions of Section 42.08, Tax Code. If the final determination of the appeal finds that the termination was proper, all taxes previously abated by virtue of this Agreement, less any Chapter 381 Payments previously paid, will be recaptured by the County and, Company shall remit any unpaid additional taxes to the County pursuant to Section 42.42, Tax Code. If the final determination of the appeal decreases Company's tax liability, the County shall refund to Company the difference between the amount of tax paid and the amount of tax for which Company is liable pursuant to Section 42.43, Tax Code.

H. **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 or a new owner or lessee of the Premises or the Project, or any portion thereof, without the County's consent, provided that Company shall provide written notice of such assignment to the County. Upon such assignment,

Company's assignee will be liable to the County for outstanding taxes, Chapter 381 Payments, or other obligations arising under this Agreement with respect to the applicable portion of the Premises or the Project so assigned. 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:

LONE STAR NGL ASSET HOLDING II, LLC
C/O KE Andrews
1900 Dalrock Rd.
Rowlett, Texas 75088

County:

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

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

Baytown/West Chambers County Economic Development Foundation
1300 Rollingbrook Drive, Suite 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 PROJECT.

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

J. **Force Majeure.** In the event either Party is rendered unable, wholly or in part, by Force Majeure to carry out any of its obligations under this Agreement, except the obligation to pay amounts owed or required to be paid pursuant to the terms of this Agreement, then the obligations of such Party, to the extent affected by such Force Majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused to the extent provided but for no longer period. As soon as reasonably possible after the occurrence of the Force Majeure relied upon, the Party whose contractual obligations are affected thereby shall give notice and full particulars of such Force Majeure to the other Party. Such cause, as far as possible, shall be remedied with all reasonable diligence.

K. **Entire Agreement**. This Agreement constitutes the entire Economic Development Program and Tax Abatement Agreement between the Parties, supersedes any prior understanding or written or oral Economic Development Program and Tax Abatement 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.

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

*** *Signature Page Follows* ***

EXECUTED the 8th day of September, 2015.

CHAMBERS COUNTY, TEXAS

By: _____
Jimmy Sylvia, County Judge

ATTEST:
Heather Hawthorne, County Clerk

LONE STAR NGL ASSET HOLDING II, LLC

By: Megan McKavanagh
Name: Megan McKavanagh
Title: Property Tax Manager

Exhibit A

Exhibit B

APPLICATION FOR DESIGNATION / CREATION OF THE LONE STAR NGL 2015 REINVESTMENT ZONE

TO THE CHAMBERS COUNTY COMMISSIONERS COURT:

LONE STAR NGL ASSET HOLDINGS II, LLC ("LONE STAR") files this application and requests the designation / creation of a commercial-industrial reinvestment zone under Texas Tax Code Chapter 312. The property requested to be designated as a commercial-industrial reinvestment zone is 84.98 acres of land ("the property") in the W-D SMITH SURVEY, Abstract No. 24, TRACT 7-1, Chambers County, Texas, as it is particularly described in the attached Exhibit 1 " LGH TRACTS", which consists of 3 pages. LONE STAR controls the property and the property is located in Chambers County, Texas, and in the City of Baytown's extraterritorial jurisdiction.

LONE STAR has filed an application for tax abatement with Chambers County, Texas. LONE STAR seeks abatement of ad valorem taxes from Chambers County on approximately $308 million in commercial-industrial improvements to be constructed on the property. The proposed improvements subject to the proposed abatement are generally described in the attached Exhibit 2.

Notice of the required public hearing relating to the designation / creation of this requested commercial-industrial reinvestment zone will be timely given, published and/or posted as required by law. A hearing on the application is requested before the Chambers County Commissioner's Court on August 11, 2015.

SIGNED (Date) 8/5/15

LONE STAR NGL ASSET HOLDINGS II, LLC

By: _____

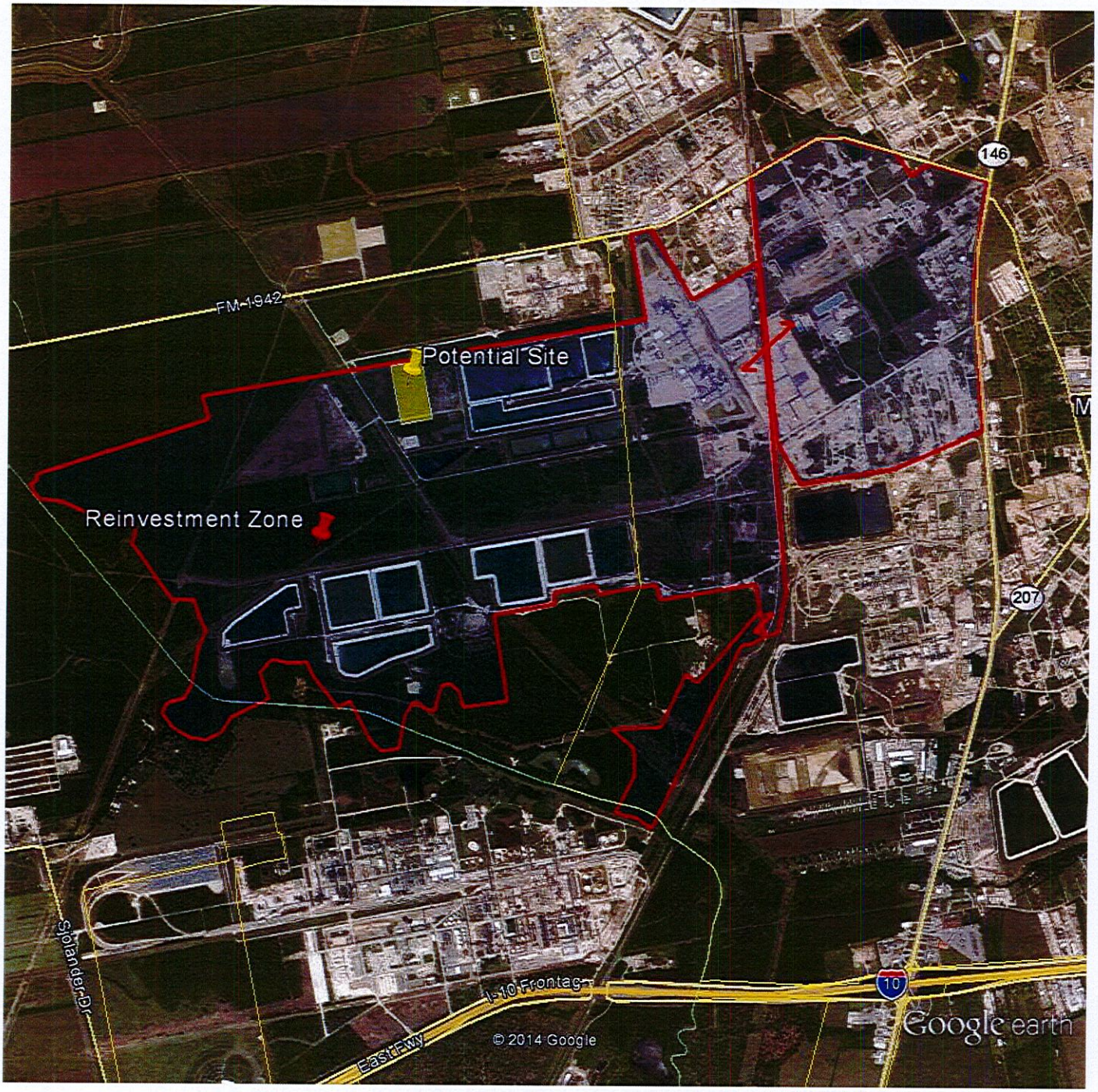
Exhibit 1:

LGH Tracts



Google earth

miles 1
km 2



Google earth

miles 1
km 2

LGH Tract	Chambers PID #	Chambers CAD Legal
1	16241	12 TR 67-1 H GRIFFITH
2	16242	12 TR 86-1 H GRIFFITH
3	16241	12 TR 67-1 H GRIFFITH
4	N/A	N/A
5	20620	4 TR 6A-0 WM BLOODGOOD
6A	20620	4 TR 6A-0 WM BLOODGOOD
6B	29968	4 TR 6A-0-1 WM BLOODGOOOD
7	16241	12 TR 67-1 H GRIFFITH
8	20620	4 TR 6A-0 WM BLOODGOOD
9	16241	12 TR 67-1 H GRIFFITH
10	20620	4 TR 6A-0 WM BLOODGOOD
11	20620	4 TR 6A-0 WM BLOODGOOD
12	20620	4 TR 6A-0 WM BLOODGOOD
13	29968	4 TR 6A-0-1 WM BLOODGOOOD
14	29968	4 TR 6A-0-1 WM BLOODGOOOD
15	16242	12 TR 86-1 H GRIFFITH
16	16242	12 TR 86-1 H GRIFFITH
17	29968	4 TR 6A-0-1 WM BLOODGOOOD
18	29968	4 TR 6A-0-1 WM BLOODGOOOD
19	29968	4 TR 6A-0-1 WM BLOODGOOOD
20	29968	4 TR 6A-0-1 WM BLOODGOOOD
21	20620	4 TR 6A-0 WM BLOODGOOD
22	29968	4 TR 6A-0-1 WM BLOODGOOOD
23	40368	4 TR 69B-0-1 WM BLOODGOOD
24	29968	4 TR 6A-0-1 WM BLOODGOOOD
25	N/A	N/A
26	35521	12 TR 103-2-1 H GRIFFITH
27	35520	12 TR 103-1-1 H GRIFFITH
28	16241	12 TR 67-1 H GRIFFITH
29	16240	12 TR 12-0 H GRIFFITH
30	16240	12 TR 12-0 H GRIFFITH
31	16240	12 TR 12-0 H GRIFFITH
32	16240	12 TR 12-0 H GRIFFITH
33	16240	12 TR 12-0 H GRIFFITH
34	16240	12 TR 12-0 H GRIFFITH
35	16240	12 TR 12-0 H GRIFFITH
36		
	49011	12 TR 12-0-1 H GRIFFITH
	49012	12 TR 12-0-2 H GRIFFITH
37	N/A	N/A
38	16240	12 TR 12-0 H GRIFFITH
39	40885	4 TR 56-0-2 WM BLOODGOOD
40	N/A	N/A
41	29968	4 TR 6A-0-1 WM BLOODGOOOD
42	29968	4 TR 6A-0-1 WM BLOODGOOOD
43	29968	4 TR 6A-0-1 WM BLOODGOOOD

44	16241	12 TR 67-1 H GRIFFITH	
45	16241	12 TR 67-1 H GRIFFITH	
46A	31391	4 TR 9-0-2 WM BLOODGOOD	
46B	31390	4 TR 9-0-1 WM BLOODGOOD	
47	3101	12 TR 74-5 H GRIFFITH	
48	3100	24 7-1 W D SMITH	
49	3099	24 6-1 W D SMITH	
50			
	3098	24 6-0 W D SMITH	
	22676	24 6-2 W D SMITH	part of 48-50
51	24544	24 8-1 W D SMITH	Part of 52
52			
	22668	24 8-5 WM D SMITH	
	20522	24 8-2 W D SMITH	
	24545	24 8-4 W D SMITH	
	24544	24 8-1 W D SMITH	
53	49400	12 TR 12-0-6 H GRIFFITH	
54	49351	24 1-2-4 W D SMITH	

Non LGH Parcels

55	9831	24 11-1 WM D SMITH
56	50539	24 1-5-1 WM D SMITH
57	50538	24 1-3-1 W D SMITH
58	508	24 9-2 W D SMITH
59	18943	12 TR 74-0 H GRIFFITH
60	17620	12 TR 91-1 H GRIFFITH
61	4729	12 TR 82-0 H GRIFFITH
62	19145	12 TR 78-0 H GRIFFITH
63	5084	4 TR 4-0 WM BLOODGOOD
64	1863	4 TR 5-0 WM BLOODGOOD

Exhibit 2:

APPLICATION FOR TAX ABATEMENT IN CHAMBERS COUNTY, TX

This application should be filed at least 90 days prior to the proposed date for beginning of construction or the installation of fixed machinery and equipment. **Projects that have begun construction (including earthwork) prior to County approval of final contracts are ineligible.** The filing of this document acknowledges familiarity and conformance with Guidelines and Criteria for Tax Abatement in Chambers County (attached). This application will become part of the agreement and any knowingly false representations will be grounds to void the agreement. Original copy of this request should be submitted to the County Judge Jimmy Sylvia, 404 Washington Avenue, P. O. Box 939, Anahuac, Texas 77514 if the property is located outside the corporate limits of a municipality. If the property is within the corporate limits of a municipality, the application should be submitted to the city manager of the municipality or city administrator. Note: Approval of this application is only 1 step in securing tax abatement. The applicant must provide other legal documents.

For projects west of the Trinity River and south of IH- 10, the applicant must maintain membership in the Baytown-West Chambers County Economic Development Foundation, commencing with the date of the agreement and extending for the term of this agreement at the standard rate for similar size companies as established by the Foundation.

APPLICANT INFORMATION **Date: October 30, 2014**

Company Name: Lone Star NGL Asset Holdings II, LLC
Address: 800 E Sonterra Blvd., Suite 400
City San Antonio State TX Zip-Code 78258-3941

APPLICANT MUST SUBMIT ANNUAL REPORT. (See instructions).

Number of Employees: N/A
Annual Sales: N/A
Corporation: ☒ Partnership: ☐ Proprietorship: ☐

PROJECT INFORMATION

Type of Facility
See Instructions

- ☒ Manufacturing Facility
- ☐ Wholesale Distribution Facility
- ☐ Research Facility
- ☐ Service Facility
- ☐ Entertainment & Recreation Facility
- ☐ Other Basic Industry

Proposed Project Location Address and Legal Description: Abstract 24 Tract 7-1 W-D Smith Survey. Frac IV 16.5 ac out of 84.98ac tract. Pro-rated value for 16.5ac is $297,280
Attach map showing proposed site – Please see attached for map.
Jurisdictions:

School District Barbers Hill ISD
College District N/A
City or Town N/A

Describe Product or Service

Project Description:

Attach statement fully explaining project, describe existing site and improvements and provide list of improvements and fixed machinery and equipment for which abatement is requested.

☒ NEW PLANT ☐ EXPANSION ☐ MODERNIZATION

ECONOMIC INFORMATION

Construction Estimates:

Start Month/Year September/2015 Construction Man Years 200
Completion Date December/2016 Peak Construction Jobs 400

If Modernization:

Estimated Economic Life of Existing Plant N/A Years
Added Economic Life from Modernization N/A Years

Permanent Employment Estimates (PEE'S)

Current Plant Employment 0
Number of Plant Jobs ☐ Retained or ☒ Created
At start/opening 10 in year 2016
5 years into operation 10 in year 2021

Estimated Appraised Value on Site

	Personal	Improvements	Land
Value January 1 Preceding Abatement Agreement:	0	0	297280
Est. Value of Improvements:	285,000,000	____	297280
Est. Value of Abated Properties After Abatement Expires:	171,000,000	____	297280
Value upon Completion of Project – Personal Property and Project Improvements Not Subject To Abatement:	____	____	297280

VARIANCE

Is the applicant seeking a variance under Section 4 (f) of the guidelines? ☐ YES ☒ NO
If "YES", attach required supplementary information.

OTHER ABATEMENTS. Has company made application for abatement of this project by another taxing jurisdiction or nearby counties? ☐YES ☒NO. If "YES" please provide dates of application, hearing dates if held or scheduled, name of jurisdictions and contacts, and letter of intent.

COMPANY REPRESENTATIVE TO BE CONTACTED:

NAME: Madison Strother

Signature of Company Official

TITLE: Agent

Madison Strother, Tax Consultant
Name & Title of Company Official

ADDRESS: 1900 Dalrock Rd
CITY: Rowlett STATE: TX ZIP-CODE: 75088
TELEPHONE: 469-298-1594

INSTRUCTIONS

Applicant and projects must meet the requirements established in the Guidelines and Criteria (attached) in order to receive positive consideration. Section 3 of the Guidelines, for example, sets out improvements, terms and economic qualifications. Conformance with all sections, however, is required for eligibility.

APPLICANT INFORMATION

The taxing unit may consider applicant's financial capacity in determining whether to enter into an abatement agreement. Established companies for which public information is available, or the wholly owned businesses of such companies, should include with the application a copy of their latest annual report to stockholders. Other applicants and new companies should attach a statement showing when the company was established, business references (name, contact and telephone number of principal bank, accountant and attorney) and may be required to submit an audited financial statement and business plan.

PROJECT INFORMATION

Only facilities listed in Section 3(a) of the Guidelines may receive abatement without applying for a variance. Check guideline definitions in Section 2 to see if project qualifies.

ECONOMIC INFORMATION

Permanent Employment Estimates – In estimating the permanent employment, include the total number of jobs retained or created at this site by your firm as well as known permanent jobs of service contractors required for operation.

Estimated Appraised Value on Site – The value January 1st preceding abatement should be the value established by the Chambers County Appraisal District. If the applicant must estimate value because the taxable value is not known or is combined with other properties under a single tax account, please so state. To qualify, the abated properties must be expected to result in an addition to the tax base of at least five hundred thousand dollars ($500,000.00) after the period of abatement expires. Projections of value should be a "best estimate" based on taxability in Texas. The projection of a project values not abated should include personal property and ineligible project-related improvements such as office space in excess of that used for plant administration, housing, etc.

DO NOT WRITE IN THIS AREA – FOR PROCESSING ONLY

1. ED Contact _____
2. Precinct _____
3. Jurisdictions Notified _____
4. Initial Review Completed _____
5. Review Circulated _____
6. ISD Concurrence? _____
7. College Concurrence? _____
8. City Concurrence? _____
9. Letter of Intent _____
10. Hearing Notice on Agenda _____
11. Public Hearing _____/ _____/ _____
12. ISD Action _____/ _____/ _____
13. College Action _____/ _____/ _____
14. City Action _____/ _____/ _____
15. Agreement Signed _____/ _____/ _____

Lone Star NGL II, LLC
Project Description

Detailed Description and Process for Proposed Project

Lone Star NGL Asset Holdings II, LLC is proposing to build a fourth NGL fractionation unit (Fractionation Plant IV). Projected timeline for ETC to start construction is September of 2015 and start hiring the new employees in June of 2016. This should allow for completion and commencement of commercial operations to start in December of 2016.
This facility will be constructed within the reinvestment zone that was put in place for Fractionation Plant I, II, and III but operates independently and is not dependent upon or offer enhancements to the operation of those existing plants.

Fractionation Plant IV will have a production capacity of 100,000 barrels per day of natural gas liquids. The plant will produce industrial gases including ethane, propane, butane, n-butane and natural gasoline (CS+) products from incoming Y-Grade natural gas liquids (NGL's).

The manufacturing process consists of first pre-treating the incoming NGL's with feed filters, coalescers and amine contactors to remove any impurities such as particulates, sulfides and carbon dioxide. Any residual moisture is removed from the treated NGL's by dehydrators. The NGL's are then heated under pressure and fed into the De-Ethanizer Unit where it is separated into an overhead gas phase and an NGL phase. Ethane in the overhead gas phase is further purified and sent to product storage. The remaining NGL's are then heated under pressure and fed into the De-Propanizer Unit where it is separated into an overhead gas phase and an NGL phase. Propane in the overhead gas phase is further purified and sent to product storage.

The remaining NGL's are then heated under pressure and fed into the De-Butanizer Unit where it is separated into an overhead gas phase of mixed Butanes and natural gasolines. The mixed Butane in the overhead gas phase is sent to the Butane Splitter (De-IsoButanizer) where it is separated into n-Butane and Iso-Butane. Natural gasolines are sent off-site for sale via pipeline.

Fractionation Plant IV will include the following main processing units and utility systems which are classified as "Qualified Investment"

List of Improvements

Plant Components

- Pre-treatment Systems
- De-Ethanizer Unit
- De-Propanizer Unit
- De-butanizer Unit
- Towers

- Butane Splitter (De-Isobutanizer)
- All appurtenant components
- Heat Medium
- Gasoline Treater
- Compression Equipment
- Additional storage facilities for Y-grade liquids and other components

The fractionation process is accomplished by applying heat and pressure to the mixture of raw NGL hydrocarbons and separating each discrete product at the different boiling points for each NGL component of the mixture. The raw NGL mixture is passed through a specific series of distillation towers: deethanizer, depropanizer, debutanizer, and deisobutanizer. The name of each of these towers corresponds to the NGL component that is separated in that tower. The raw NGL mixture first passes through the deethanizer, where its temperature is increased to the point where ethane (the lightest component) boils off the top of the tower as a gas and is condensed into a purity liquid that is routed to storage. The heavier components in the mixture at the bottom of the tower (i.e., propane, butane, iso butane, and natural gasoline) are routed to the second tower (depropanizer), where the process is repeated and the net lightest component (propane) is separated. This process is repeated until the mixture of liquids has been separated into its purity components. This facility will also be built with the necessary equipment to produce International Grade Propane.

Demand for NGLs

Sources of U.S. NGL demand include petrochemical consumption, gasoline blending, heating and fuel, and exports. Demand is driven primarily by the petrochemical industry, which accounts for 40-50% of total consumption. The U.S. petrochemical industry uses NGL products as feedstock (i.e. raw material) to produce ethylene, propylene, and butadiene (also known as olefins).

The following factors influence demand for each individual NGL component:

- **Ethane.** Essentially all of the ethane extracted from natural gas is consumed by the petrochemical industry as a feedstock for ethylene production. (Ethylene is a building block for polyethylene, which is the most popular plastic in the world.)
- **Propane.** Approximately 25-30% of propane is used as a feedstock by the petrochemical industry to produce ethylene and propylene.
  (Like ethylene, propylene is an important building block used in the manufacture of plastics.) The bulk of the remaining demand for propane is primarily as a heating fuel in the residential and commercial markets.
- **Normal butane.** Normal butane is used as a petrochemical feedstock for the production of ethylene and butadiene (used to make synthetic rubber), as a blendstock for motor gasoline, and as a feedstock to create isobutene.

- **Isobutane.** Isobutane has the same molecular formula as normal butane, but a different structural formula (i.e., atoms are rearranged). Isobutane is used in refinery alkylation to enhance the octane content of motor gasoline.
- **Natural gasoline.** Natural gasoline is used primarily as a blendstock.

Limitation is a Determining as a Factor:

Energy Transfer is a leading midstream energy company whose primary activities include gathering, treating, processing and transporting natural gas and natural gas liquids to a variety of markets and states. Energy Transfer currently operates over 17,500 miles of pipeline, 3 gas processing plants, 17 gas treating facilities and 10 gas conditioning plants. Locations for these operations included Arizona, New Mexico, Utah, Colorado, Kansas, Oklahoma, Texas, Arkansas and Louisiana.

Energy Transfer's pipeline footprint provides substantial flexibility in where future facilities or investments may be located. Capital investments are allocated to projects and locations based on expected economic return and property tax liabilities can make up a substantial ongoing cost of operation. See economic model showing business value with and without 313 Limitation Agreement and 312 Abatements.

Ship Request Form

Ship Request #: 105535



Sender		Recipient	
Name:	Angela Worrell	**Attn To:**	Jimmy Sylvia
Account #:		**Company:**	Chambers County Judge
Phone:	469-298-1754	**Address:**	404 Washington Street
Email:	aworrell@keatax.com		PO BOX 939
Mail Stop:		**City:**	Anahuac
Building		**State:**	TX
Floor:		**Zip:**	77514
Department:		**Country:**	US

Shipping Instructions

Items

Units	Description	Code	Origin	Unit Value	Total Value
0.00					

Insert
15-08-504

ORDER DESIGNATING/CREATING
LONE STAR 2015 REINVESTMENT ZONE

On August 25, 2015, at a public meeting of the Commissioners Court of CHAMBERS COUNTY, TEXAS ("the Court"), the Court conducted a hearing on the application of LONE STAR NGL ASSET HOLDINGS II, LLC ("Lone Star") for the creation of the Lone Star NGL 2015 Reinvestment Zone ("the Reinvestment 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.

2. Lone Star has applied, in a timely and adequate fashion, for tax abatement on a proposed project to be developed within the Reinvestment Zone.

3. All notices and legal requirements have been given and/or satisfied prior to the consideration by the Court of the creation of the Reinvestment 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.

4. The designation of the Reinvestment 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 Reinvestment Zone and will contribute to the economic development of the County and surrounding area.

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

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

Therefore, upon motion made by Commissioner Huddleston seconded by Commissioner Senac and passed _____, be it RESOLVED and ORDERED by the Court that the 84.98-acre tract of land, more or less, described in the attached Exhibit " LONE STAR PROPERTY DESCRIPTION" (2 pages) is hereby designated as the LONE STAR NGL 2015 REINVESTMENT ZONE and is eligible for commercial / industrial tax abatement.

PASSED and ADOPTED August 25, 2015.

CHAMBERS COUNTY, TEXAS

By: _____
JUDGE JIMMY SYLVIA,
Chambers County Judge

ATTEST:

_____
HEATHER H. HAWTHORNE, County Clerk