

**MINUTES OF VIDEOCONFERENCE MEETING NO. 2342  
COMMISSIONERS OF JEFFERSON COUNTY  
JEFFERSON COUNTY DRAINAGE DISTRICT NO. 7**

Place: 4749 Twin City Highway, Suite 300  
Port Arthur, Texas

Date: February 19, 2021

Present: Commissioners  
Richard Beaumont Phil Kelley, Manager  
Lester Champagne  
Albert Moses, Jr.  
Matthew Vincent

Absent: James Gamble, Sr.

Visitors: Allen Sims, DD7  
Brady Girouard, DD7  
Garrett Boudoin, DD7  
Kim Carroll, Texan Engineering (Via Zoom)  
Michael Eaves, Attorney for GT Logistics (Via Zoom)  
Tim Despain, GT Logistics (Via Zoom)  
John Spillner, Howard Energy (Via Zoom)  
Danny Harris, Consultant for Emerald Biofuels (Via Zoom)  
Howard Jensen, Emerald Biofuels (Via Zoom)

The meeting was called to order at 2:00 p.m. by Chairman Beaumont after ascertaining that the Notice of Meeting had been posted in accordance with the law. Commissioner Moses gave the invocation.

Minutes of Meeting No. 2341

The Minutes of Meeting No. 2341 was approved as read.

Consider Resolution Authorizing Tax Abatement Agreement with GT Logistics, LLC

Resolution No. 471 Authorizing Tax Abatement Agreement with GT Logistics, LLC was presented to the Board for consideration. Michael Eaves (attorney for GT Logistics, LLC), Tim Despain (GT Logistics) and John Spillner (Howard Energy) all attended the meeting via zoom. Mr. Tim Despain introduced himself and gave some history and background on GT Logistics. He stated he is one of the original founders of GT Logistics back in 2010-2011 and that he and his business partner Steve Birdwell purchased the old Lyondell Polymer Plant (old Arco Polymer Plant) on Highway 73 when Lyondell went bankrupt. They started the facility by putting approximately 8 miles of rail onsite, built about 220,000 barrels of storage and a barge dock. At that time, crude by rail was prevalent and they would bring train loads of crude oil into Port Arthur by barge. When the pipelines caught up, the facility was converted to import diesel and gasoline out of the refineries across the barge dock and load trains with refined products. There are currently 40 employees working at the rail facility. They also acquired and built a deep-water dock on Gulfway Drive (Hwy. 87), which was the old Signal International Ship Repair Yard, that has a million barrels of storage. A pipeline is connected to the Total Refinery and 350,000 barrels a month of diesel and gasoline moves across the dock and goes all over the country. With the significant investment he and Mr. Birdwell have made in the past, they are currently working with two renewable diesel projects in the region that need logistic and pre-treatment services of the feedstocks, which are primarily animal fats, used cooking oils, corn oil, etc. These have been put out to bid and they have been negotiating to try to win the business with

the two facilities that are being contemplated to build in Jefferson County. The proposed project would entail an estimated investment of approximately \$200 million in capital, have about 900 construction jobs for a period of approximately 22 months during its peak, and 30-50 full time employees. Additional tankage, rail and dock facilities will be built to support the investments of the larger facilities being contemplated on Highway 73 in Port Arthur. Mr. Phil Kelley questioned that Mr. Despain stated the investment would be approximately \$200 million and the proposed Abatement Agreement states \$200 to \$300 million on the investment. Mr. Despain explained there are a couple of projects, one being very large, and he hopes GT Logistics will be considered to perform the pre-treating service. GT Logistics is the little guy trying to win some business with the big guy, and they are hoping with the support of the County and other taxing jurisdictions, this will help. The scope may change a little depending on the final design of the project, but this is the investment that is anticipated at this time. Mr. Kelley stated the tax abatement will be for a period of 7 years beginning in 2024 at 80% per year for the duration of the 7 years. Commissioner Vincent questioned if the District aligns with the way the County does abatements. Mr. Kelley stated the District's abatement policy mirrors the County's policy and typically the Commissioners' Court has already considered the abatement and then it is passed down to the District, the Navigation District and the Port of Port Arthur to consider. Commissioner Vincent moved to approve Resolution No. 471 Authorizing Tax Abatement with GT Logistics, LLC. Commissioner Moses seconded the motion. The motion carried. A copy of Resolution No. 471 is attached hereto and made a part

hereof. Messrs. Eaves and Despain thanked the Board for its support and stated it is integral in getting the projects done.

Consider Resolution Authorizing Tax Abatement Agreement with Emerald Biofuels

Resolution No. 472 Authorizing Tax Abatement Agreement with Emerald Biofuels was presented to the Board for consideration. Danny Harris (Consultant) and Howard Jensen (Emerald Biofuels) attended the meeting via zoom. Mr. Howard Jensen gave a brief overview of the project and stated it is very similar to the one that Tim Despain just discussed. The project is located on a parcel of land owned by GT Logistics and will be for the construction of a Renewable Diesel Refinery using the normal feedstock of used cooking oil, corn oil, and used soy-bean oil. The technology that will be used to convert the raw feedstock is called ecofining which was developed by UOP. There is another technology plant planned for the Port Arthur area that will be put in by Diamond Diesel, who has been very successful with the ecofining technology. The total plant when complete, including working capital and inventory, will be in the range of a \$600 million investment. The project will employ approximately fifty (50) people and produce about 110 billion gallons per year. The product will be sold through Pilot Truck Stops. Numerous locations were considered for the project, and Port Arthur came out on top. Tax Abatements have already been granted by Jefferson County and Port Arthur ISD, and the Navigation District, the City of Port Arthur and the Port of Port Arthur will be considering approving a tax abatement. Mr. Phil Kelley stated the term of the abatement will be six years beginning in 2024 at 90% per year. Mr. Jensen stated Port Arthur will be the renewable diesel capital of the United States. Commissioner Moses

moved to approve Resolution No. 472 Authorizing Tax Abatement with Emerald Biofuels. Commissioner Champagne seconded the motion. The motion carried. A copy of Resolution No. 472 is attached hereto and made a part hereof. Mr. Jensen thanked the Board for the opportunity.

Consider Principal and Interest Payment from Debt Service Fund

Mr. Phil Kelley submitted an invoice received from Wells Fargo for a principal and interest payment in the amount of One Million One Hundred Forty-Two Thousand Seven Hundred Eighteen and 75/100 (\$1,142,718.75) Dollars from the Debt Service Fund for the Maintenance Notes. This is the March 2021 payment. Commissioner Moses moved to approve the principal and interest payment in the amount of One Million One Hundred Forty-Two Thousand Seven Hundred Eighteen and 75/100 (\$1,142,718.75) Dollars. Commissioner Champagne seconded the motion. The motion carried.

Consider Pay Request No. 3 to Norman Highway Constructors, Inc. for Improvements to Lateral A-3-A Crossings at Hogaboom Road and Baird Street

A recommendation letter was received from Kim Carroll of Texan Engineering & Consulting for Pay Request No. 3 to Norman Highway Constructors, Inc. for Improvements to Lateral A-3-A Crossings at Hogaboom Road and Baird Street in the amount of Eighty-One Thousand Nine Hundred Seventy-Two and No/100 (\$81,972.00) Dollars. Mr. Garrett Boudoin stated the pay request is for work completed in the month of January 2021 and the first week of February 2021. Work includes some traffic control payments, roadway removal, installation of the southern side of ditch lining, completion of concrete headwall and wing walls and finishing the cast in place section.

The contractor was getting ready to start on the second phase, but the weather was a hindrance and has caused a delay. The contractor has completed 42% of the work using 36% of the contract time. Commissioner Champagne moved to approve Pay Request No. 3 to Norman Highway Constructors, Inc. for Improvements to Lateral A-3-A Crossings at Hogaboom Road and Baird Street in the amount of Eighty-One Thousand Nine Hundred Seventy-Two and No/100 (\$81,972.00) Dollars. Commissioner Vincent seconded the motion. The motion carried.

Sabine Pass to Galveston Bay Project Summary

Mr. Brady Girouard gave a brief update on the Sabine Pass to Galveston Bay Project and stated construction is ongoing on Contract No. 1. Currently the biggest issue is the borrow material design specification. There is a meeting scheduled for next Wednesday to discuss this issue and the path forward in that June 1 is the deadline. Of concern to the District specifically is the five levee locations that have sloughed off, which were supposed to be repaired under PL 84-99 Emergency Funding through the Corps of Engineers and occurred because of Tropical Storm Harvey. These five locations are included in Contract No. 1, and two of the five locations are uncovered, stripped and ready to be repaired. Contract No. 2 will be performed by the USACE Buffalo District, with whom DD7 is very pleased. They have requested DD7 to do some work in kind, being the survey and geo-tech, and proposals to perform the work have been requested. Contract Nos. 3 and 3B are being done by the USACE Chicago District and have reached their 65% design level milestone. The drawings are being made available for the District's review. Contract No. 3A is complete with the 35%

design level and is working toward a 65% design level. Utility relocations are still heavily engaged with all contracts. Contract No. 4 had a revision to the hydraulic modeling which raised all the required elevations. The scope of work or cost estimate has not been provided for this work at this time.

#### Manager's Miscellaneous Reports/Financials

Since the date of the last Commissioner's meeting, the following work has been done:

#### HFPL Maintenance/Herbicide Crew

##### Herbicide Application:

- Rodair Gully Lat. 6, 6A, 6B, Hillebrandt Bridge Ditch, HBD Lat. 1
- Johns Gully Lat. 1, Fabriform on Main B and Lat. B1

##### Levee:

- Preparing parts list for closure structure repairs
- Replacing damaged dome tops on guardrail at Rose Hill
- Replacing damaged dome tops and cable on Sabine Towing Road

##### Misc.:

- Working with Ducks Dragline Service on Blocks Bayou Repair/Improvement Project.
- Checked ditch crossings and flap gates before and after rain events.

##### Contractor:

- Duck's Dragline Service: Re-establishing ditch bank on Blocks Bayou.

#### Control Center Operation and Pump Station Maintenance Report

- Roy, Brown pickup stop log support at galvanizer and haul to 8916 annex.
- Roy, Brown fab new engine stands for 8908 units 1 & 2.
- Roy, Brown fab and weld suction and discharge pipes for new sump pump 8908 annex.
- Tony Recorded Utilities.
- Roy, Brown fab suction and discharge pipes for 8908 annex.

- Roy, Brown finish welding and install pipes at 8908 annex sump pumps.
- Tony train at 8916.
- Roy, Brown installs temporary sump pump and piping @ 8919.
- Roy, Brown, Tony, Joe Jones pulled 6' and 8" sump pumps at 8919.
- Roy, Brown, Tony installs 6" hydromantic sump pump. It only ran 30 minutes and quit. Pulled it back out and returned to Automatic Pump for warranty.
- Roy, Brown started fit and fab stainless expansion tube for new Cummins.
- Roy, Brown fit and fab expansion tube.
- Tony record end of month hours.
- Roy, Brown fit and fab expansion tube.
- Roy, Brown fit and fab coolant expansion tanks.
- Brown cut material out for engine mount on new Cummins.
- Station 18  
Generators, set voltage and test run, Unit # 2 has a pin hole in the radiator. Crew to pull and radiator out and make repairs.  
Unit 6 sump pump-Motor grounded, disconnect for crew to remove.15HP motor.
- Station 2  
Entergy fuse on transformer blown, found bad wiretap connectors in junction box. Change out bad clear tap connectors in junction box where Entergy power comes in. Entergy troubleshooter reenergized station. Check station, everything back to normal.

Construction Notes - Alligator Bayou Pump Station Annex  
January 25, 2021 – February 5, 2021

Monday, January 25:

Alligator Project; Allco worked on site today. Weather conditions were cloudy with mild overcast. The site conditions were dry.

Allco superintendents (2) on site Joe (1) and Terrell (1) with (6) operators/laborers reported.

Allco received the barges today that will be used to pull sheet pile on the intake side of the station.



DD7's Nathan and Bryan are working on the electric solenoid valves and the fuel bypass pipes on unit #2's generator. The crew is also spray-painting numbers on the units.

Tuesday, January 26:

Alligator Project; Allco worked on site today. Weather conditions were cloudy to partly cloudy. The site conditions were dry.

Allco superintendents (2) on site Joe (1) and Terrell (1) with (6) operators/laborers reported.

Allco's crew is setting the barrages in the intake bay and connecting them all together. The dirt crew is digging dirt out from inside of the cofferdam.

DD7's Nathan and Tony are repairing a diesel fuel leak on the threaded fuel line. They took the stainless-steel pipe apart and resealed the threads with tape and joint sealant.

Wednesday, January 27:

Alligator Project; Allco worked on site today. Weather conditions were sunny and windy. The site conditions were dry.

Allco superintendents (2) on site Joe (1) and Terrell (1) with (6) operators/laborers reported.

Allco is working on building a bulkhead dock so that the crane can be walked out onto the barrages. The crew is also working on driving sheet pile across the middle of the cofferdam to hold dirt so that the heavy equipment can back up and dig out more dirt from inside of the cofferdam.

DD7's Nathan and Bryan are working on the Caterpillar crank case hose ventilation buckets.

Thursday, January 28:

Alligator Project; Allco worked on site today. Weather conditions were sunny. The site conditions were dry.

Allco superintendents (2) on site Joe (1) and Terrell (1) with (6) operators/laborers reported.

Allco's crew is building a bulkhead dock in the intake bay to be able to get the crane on and off the barges. The crew is also moving support beams on top of the cofferdam to continue to dig more dirt out of the middle of the cofferdam.

Friday, January 29:

Alligator Project; Allco worked on site today. Weather conditions were sunny. The site conditions were dry.

Allco superintendents (2) on site Mike (1) and Terrell (1) with (10) operators/laborers reported.

Allco's crew is cutting and chipping out concrete in the driveway on the trash rake side of the station so that they can repour concrete to dome the driveway where it will not hold water all the time. The crew is also installing and bolting supporting beams on

the inside of the cofferdam sheet pile wall to support the heavy equipment working on the cofferdam. The crew is continuing to work on the bulkhead dock in the intake bay.

Monday, February 1:

Alligator Project; Allco worked on site today. Weather conditions were sunny. The site conditions were dry.

Allco superintendents (2) on site Joe (1) and Terrell (1) with (10) operators/laborers reported.

Allco's crew is continuing to work on the bulkhead dock for the barges and moving support beams around on the cofferdam. The crew is still removing concrete for the driveway on the intake side of the station, getting ready to pour more concrete so that the driveway will not hold water.

Tuesday, February 2:

Alligator Project; Allco worked on site today. Weather conditions were sunny. The site conditions were dry.

Allco superintendents (2) on site Joe (1) and Terrell (1) with (8) operators/laborers reported.

Allco's crew is digging dirt out from inside of the cofferdam, getting the site ready for the divers to cut off more sheet pile. The crew is working on the bulkhead dock, laying crane mats down on the ramp to be able to get the crane on the barges.

Wednesday, February 3:

Alligator Project; Allco worked on site today. Weather conditions were sunny. The site conditions were dry.

Allco superintendents (2) Terrell (1) and Joe (1) with (8) operators/laborers reported.

Allco's crew is removing the inside support beams and outside whalers from the cofferdam. The crew is constructing a longer water jet pipe so that they can jet deeper down the sides of the sheet pile.

Thursday, February 4:

Alligator Project; Allco worked on site today. Weather conditions were sunny. The site conditions were dry.

Allco superintendents (2) on site Joe (1) and Terrell (1) with (6) operators/laborers reported.

Allco's crew is digging dirt out from inside of the cofferdam. The crew is also continuing to work on building a longer water jet pipe. More mats were placed down on the barges and the crew started moving some equipment onto the barges.

Friday, February 5:

Alligator Project; Allco worked on site today. Weather conditions held light rain on and off throughout the day. The site conditions were dry.

Allco superintendents (2) on site Joe (1) and Terrell (1) with (6) operators/laborers reported.

Allco's crew is working with the Diver Dan crew cutting off the cofferdam sheet pile. The crew is also loading scrap iron into the dumpster on site.

Diver Dan (3) is on site cutting the cofferdam sheet pile off underwater.

Mr. Phil Kelley presented the financial statements prepared by FMW, P.C. for the period ended January 31, 2021, and gave a collateral securities report as of January 31, 2021.

Mr. Phil Kelley gave a brief report on the conference call with Representative Dennis Paul's office, Senator Taylor's office, and Zack Johnson with Speaker Phelan's office regarding the Gulf Coast Protection District creation. Commissioners Champagne and Vincent were present, as well as Mr. Kelley, Allen Sims and Ronnie Hollier. Mr. Kelley stated the meeting went well. Velasco Drainage District in Brazoria County made it clear during the meeting that they will not support the creation of the new District, and it is felt that Brazoria County proper will decide to not participate. The District is working with these legislators' offices to make changes to the initial draft of the Bill, and once the comments and proposed changes are inserted into the document, Mr. Kelley will send a copy to the Board members for review. Mr. Kelley stated he felt everyone was receptive to working with the District and one of the big issues was to leave the District as it is because it is such an established Drainage District and potentially allow an opportunity to enter into agreements with the Coastal District for other work. The Coastal District is geared more toward the coastal spine and storm surge protection, but in trying to sell the idea throughout the whole county, it was proposed that language regarding performing some interior drainage improvements will be added. It is hoped that the

modified Bill will be sent back to Senator Taylor and Representative Paul's office by next Thursday. The Bill must be filed by March 2 or March 3. Commissioner Moses questioned if Brazoria County said why they were not going to participate. Mr. Kelley stated he felt by what the Chairman of Velasco Drainage District said on the call that they have an issue with the creation of the District and the taxing ability. The Brazoria County Judge and one of the Commissioners were also on the call, but neither said anything. Commissioner Champagne said it was voiced they do not see any benefit for them, and if the Bill is passed and the Coastal District is formed, there will be a tax assessment on each entire County as a whole. The question was never answered as to what level of taxation it may be. There would have to be an election to determine the tax amount. The proposed interior drainage improvements will help and be of some benefit to those further north that are not protected by the Hurricane Levee and may possibly entice them to vote to pass the tax. Orange County also voiced its concerns because 62% of its population would see no benefit without interior drainage improvements. Mr. Kelley stated he wants to see the levee system in Orange County get built, and he thinks this is the only way it will ever happen. Commissioner questions if the Corps of Engineers is involved in the process. It is the District's understanding that the Corps of Engineers has been working with the State, the Governor's Office and the General Land Office on some of the language in the proposed Bill, and the Bill does mention United States Corps of Engineers projects and it specifically spells out the Sabine Pass to Galveston Bay Project.

Mr. Kelley reported that the employees of the District stayed home on stand-by last Tuesday due to the inclement cold weather, and the water has been off in the building this week making it hard to work. The staff has been very cooperative, and Mr. Kelley thanked them.

#### Permits

Port Arthur Terminal, LLC – Natural Gas Line Underground Crossing of Atlantic Main Lateral 1 by Horizontal Directional Drill Method. Mr. Garrett Boudoin recommended approval with a Five Hundred Fifty and No/100 (\$550.00) Dollar permit fee and no bond required subject to the special conditions contained within the permit. Commissioner Vincent moved to approve Mr. Boudoin's recommendation. Commissioner Moses seconded the motion. The motion carried.

Connected Acquisition Services – Take 5 Quick Lube Station (Drainage Criteria Review). Mr. Garrett Boudoin recommended approval with a Two Hundred Fifty and No/100 (\$250.00) Dollar permit fee and no bond required subject to the special conditions contained within the permit. Commissioner Champagne moved to approve Mr. Boudoin's recommendation. Commissioner Moses seconded the motion. The motion carried.

#### Checks & Purchase Orders Maintenance Fund

Ck. No. 17799 – Brady Girouard  
\$1,428.85 – Reimbursement for Engineering Equipment

Ck. No. 17800 – DISA, Inc.  
\$25.00 – Pre-employment Drug Screen

Ck. No. 17801 – Garrett Boudoin

\$105.99 – Reimbursement for Custom Frame

Ck. No. 17802 – Groves Equipment Rental Co., Inc.

\$2,700.00 – Rental 15 Ton Crane, 1/17-2/16/21

Ck. No. 17803 – Jeffrey S. Ward & Associates, Inc.

\$5,833.33 – Groves Detention HMGP Project and  
Halbouty Detention HMGP Project

Ck. No. 17804 - KT Trucking & Cattle Co.

\$660.00 – Rental of Transport Truck for 2 Moves

Ck. No. 17805 – LJA Engineering, Inc.

\$2,946.82 – A2A Detention HMGP Project and Groves  
Detention HMGP Project

Ck. No. 17806 – Nerbert Frelow

\$1,560.00 – Rental of Dump Truck 2/8-2/10/21

Ck. No. 17807 – Norman Highway Constructors, Inc.

\$81,972.00 – Improvements to Lateral A3A Crossings at Hogaboom  
Road and Baird Street

Ck. No. 17808 – Richard Beaumont

\$207.58 – Health Insurance Payment

Ck. No. 17809 – Ron Lewis & Associates

\$3,500.00 – Legislative Consulting Service

Ck. No. 17810 – Sprint Waste Services, LP

\$2,498.34 – Removal of Waste from Pump Stations January 2021

Ck. No. 17811 – Survey Support, Inc.

\$675.00 – Block's Bayou

Ck. No. 17812 – Texas Water Conservation Association

\$675.00 – Registrations for 2021 Virtual Annual Convention for  
Phil Kelley, Allen Sims and Ronnie Hollier

Ck. No. 17813 – Texas Workforce Commission

\$1,147.24 – Unemployment for R.B. Flood and P.M. Francois

Ck. No. 17814 – Tolunay-Wong Engineers, Inc.

\$2,680.00 – Repairs to Sheet Pile, Discharge Bay at Pump Station No. 5

Ck. No. 17815 – Wastewater Specialties, LLC

\$25,346.22 – Rental of Vacuum Truck to Clean under Pump Stations

Ck. No. 17816 – Tidal Basin Government Consulting, LLC

\$812.50 – A3A Detention HMGP Project

Ck. No. 17841 – 24 Hr. Safety, LLC

\$50.00 – Rental of SO2 Meter 2/2/21

Ck. No. 17842 – Duck's Dragline Service, Inc.

\$13,170.00 – Rental LS250X4 Trackhoe 1/29-2/10/21 and  
Rental LS250X3 Trackhoe 1/29-2/10/21

Ck. No. 17843 – Eric S. Thomason

\$200.00 – HFPL Patrol

Ck. No. 17844 – Filmr, LLC

\$216.00 – Social Media Post

Ck. No. 17845 – Funchess, Mills, White & Co., P.C.

\$12,840.00 – Accounting Services

Ck. No. 17846 – Harold L. Doucet, Jr.

\$400.00 – HFPL Patrol

Ck. No. 17847 – Johnny's Towing & Recovery

\$300.00 – Rental of Tow Truck 2/4/21

Ck. No. 17848 – Lawrence Myers

\$1,000.00 – HFPL Patrol

Ck. No. 17849 – LJA Engineering, Inc.

\$86,021.99 – Data System, City of Nederland, Groves, Port Neches,  
Port Arthur Coalition, Update Data Operations System,  
Sabine Pass to Galveston Project, Rodair Gully Watershed  
Study, Alligator Bayou Upgrade, Halbouty Detention HMGP  
Project and Stormwater Management Plan

Ck. No. 17850 – National Networks

\$3,495.24 – Monthly Computer Service for March 2021

Ck. No. 17851 – Timothy P Dinger  
\$100.00 – Scheduling Patrol of HFPL

Ck. No. 17852 – TWCA Risk Management Fund  
\$1,584.50 – MVR Billing and Policy Change Adding Vehicles

Ck. No. 17853 – Waukesha-Pearce Industries  
\$8,347.00 – Rental Komatsu Dozer 1/25-2/22/21

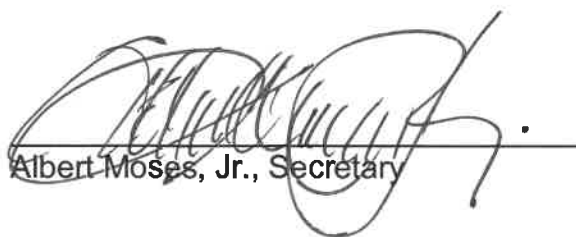
Ck. No. 2019 – Wells Fargo Corporate Trust Services  
\$1,142,718.75 – Principal and Interest

Ck. No. 5014 – The Premcor Refining Group, Inc.  
\$4,053,331.25 – Pipeline Utility Relocation Fees in Connection  
with the Sabine Pass to Galveston Bay Project

Commissioner Moses moved that the checks from the Maintenance Fund be approved for payment. Commissioner Vincent seconded the motion. The motion carried.

There were no comments from the public.

At 3:10 p.m., Commissioner Vincent moved that the meeting be adjourned. Commissioner Champagne seconded the motion. The motion carried.

  
Albert Moses, Jr., Secretary

  
Richard Beaumont, Chairman



**RESOLUTION NO. 471  
AUTHORIZING TAX ABATEMENT AGREEMENT WITH  
GT LOGISTICS, LLC**

STATE OF TEXAS                   §  
  §  
COUNTY OF JEFFERSON       §

WHEREAS, Jefferson County Drainage District No. 7 (the "District") adopted Resolution 258 on October 15, 1996, setting forth its policy concerning tax abatements; and

WHEREAS, the District has memorialized, restated and amended its tax abatement policy several times through the years, with its last amendment being by Resolution 468 on December 1, 2020, adopting the Jefferson County Amended Uniform Tax Abatement Policy-2020 as its tax abatement policy; and

WHEREAS, in open meetings the District has stated that the District's policy is to consider tax abatement agreements for entities requesting tax abatement if they mirror the terms and conditions of the same abatement request approved by the Commissioner's Court of Jefferson County; and

WHEREAS, the District desires to enter into a Tax Abatement Agreement (in the form and content of that approved by the Commissioners' Court of Jefferson County) with GT Logistics, LLC and wishes to authorize the District's Manager, Phil Kelley, to execute the Agreement on behalf of the District.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS OF JEFFERSON COUNTY DRAINAGE DISTRICT NO. 7:

THAT it is in the best interest of the District to enter into a Tax Abatement Agreement with GT Logistics, LLC for property located within the GT Logistics Reinvestment Zone for construction of a new Renewable Fuels Processing Facility and related improvements and authorize its Manager, Phil Kelley, to execute on behalf of the District the Tax Abatement Agreement attached hereto as Exhibit "A" (without exhibits) and made a part hereof by reference.

THAT the terms of the Tax Abatement Agreement and the property subject to the agreement meets the applicable guidelines and criteria adopted by the Board of Commissioners of the District under Section 312.002, Texas Tax Code.

THAT the Manager be, and hereby is, authorized to take any and all action and is authorized to execute any and all instruments, documents, or filings in connection with the accomplishment of the transactions outlined in this resolution and to certify the adoption of such resolutions to such parties which such Manager deems necessary or appropriate.

I, Albert Moses, Jr., Secretary of the Board of Commissioners of Jefferson County Drainage District No. 7, do hereby certify that the above is a true and correct copy of a resolution adopted by the Board of Commissioners of Jefferson County Drainage District No. 7, at their meeting No. 2342 held on the 19<sup>th</sup> day of February, 2021, upon motion made by Commissioner Vincent and seconded by Commissioner Moses and adopted unanimously by said Board, a quorum being present.

Given under my hand this 19<sup>th</sup> day of February, 2021.

  
Secretary  
JEFFERSON COUNTY DRAINAGE DISTRICT NO. 7

**STATE OF TEXAS**

§

**COUNTY OF JEFFERSON**

§

§

**ABATEMENT AGREEMENT FOR PROPERTY LOCATED IN THE  
GT LOGISTICS REINVESTMENT ZONE**

Pursuant to Section 312.401 of the Texas Tax Code, this Tax Abatement Agreement (hereinafter referred to as the "AGREEMENT") is made and entered into by and between Jefferson County Drainage District No. 7 (hereinafter sometimes referred to as "the DISTRICT"), and GT LOGISTICS, LLC. (hereinafter sometimes referred to as "GTL" or "OWNER").

**1. RECITALS**

WHEREAS, OWNER possesses interests in taxable real property located within the GT Logistics Reinvestment Zone, the designation of which was implemented by the Jefferson County Commissioners Court by an Order dated January 26, 2021 (hereinafter referred to as the "REINVESTMENT ZONE"); and

WHEREAS, OWNER proposes to lease from Golden Triangle Properties LLC additional taxable real property located within the REINVESTMENT ZONE; and

WHEREAS, this AGREEMENT is limited to the project to be constructed by OWNER, on various parcels of land located within the REINVESTMENT ZONE, which is described with particularity in Exhibit "A" attached hereto and which will involve construction of a new Renewable Fuels Processing Facility and related improvements and infrastructure (hereinafter referred to collectively as the "PROJECT"); and

WHEREAS the DISTRICT wishes to encourage OWNER to select Jefferson County as the site for the PROJECT; and

WHEREAS, the REINVESTMENT ZONE is an area within Jefferson County, Texas, which has been designated by Order of this Court, the legal description for which is attached hereto as Exhibit "C." It is understood and agreed that the REINVESTMENT ZONE boundary is subject to revision based on the final construction plan of the PROJECT, and the DISTRICT agrees to take the steps necessary to amend the REINVESTMENT ZONE boundary, consistent with such final PROJECT, upon request of OWNER.

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

**EXHIBIT "A"**

## **2. AUTHORIZATION**

**THIS AGREEMENT IS AUTHORIZED BY THE TEXAS PROPERTY REDEVELOPMENT AND TAX ABATEMENT ACT, TEX. TAX CODE CHAPTER 312, AS AMENDED, AND BY ORDER OF THE JEFFERSON COUNTY COMMISSIONERS COURT ESTABLISHING AND ADOPTING THE GT LOGISTICS REINVESTMENT ZONE.**

## **3. DEFINITIONS**

For purposes of this AGREEMENT, the following terms shall have the meanings set forth below:

“Abatement” means the full or partial exemption from ad valorem taxes of the value of certain property located in the REINVESTMENT ZONE designated for economic development purposes.

“Affiliate” of any specified person or entity means any other person or entity which, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with such specified person or entity. For purposes of this definition, the term “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person or entity, whether through the ownership of voting securities, by contract or otherwise.

“Base Year Value” means the taxable value of eligible industrial realty improvements of the owner within Jefferson County on January 1 preceding the execution of the abatement agreement and which property is owned by the owner, co-owner and/or its parent companies, subsidiaries, partner or joint ventures or any entity exercising legal control over the owner or subject to control by the owner. Owner will attach as Exhibit “F-Affiliates” those properties which are co-owned or which are parent companies, partnerships, joint-ventures or other entities in Jefferson County over which the Owner herein exercises legal control

“Base year”, for the parties to this agreement, is defined as the calendar year in which this abatement contract is executed (signed) by all parties hereto.

“Ineligible Property The following types of property shall be fully taxable and ineligible for tax abatement: land, supplies, inventory, vehicles, vessels, housing, 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 integral to the operation of the facility; deferred maintenance, property to be rented or leased (except as provided in Section III(f)), property which has a productive life of less than ten years, or any other property for which abatement is not allowed by state law.

“Eligible Property means realty improvements, the on-site buildings, structures, fixed machinery and equipment, storage tanks, process units (including all integral components necessary for operations), site improvements, and infrastructure included in the PROJECT, and the permanent

office space and related fixed improvements necessary to the operation and administration of the PROJECT, as defined in the Tax Code, but does not include personal property.

“New Eligible Property” means Eligible Property, the construction of which commences subsequent to the effective date of this AGREEMENT. During the construction phase of the New Eligible Property, the OWNER may make such change orders to the New Eligible Property as are reasonably necessary to accomplish its intended use. It is expressly understood that, notwithstanding anything to the contrary written herein, energy, electricity, manufacturing supplies (e.g., foreign manufactured catalysts), feedstocks, freight, and direct materials that physically become a part of the end product manufactured by the PROJECT) are not subject to the terms of this AGREEMENT.

“Taxable Value” for each taxing entity executing an abatement agreement is determined by deducting from the Market Value of all industrial realty improvements of a property owner and/or its affiliates the amount of any applicable exemptions and abatements granted for that Tax Year.

“Completion” as used herein, shall mean, the successful commissioning of the PROJECT and the attainment of reliable operations. OWNER shall certify in writing to the DISTRICT when such Completion is attained.

“Full-time job”, as used herein, shall mean a permanent full-time position that: requires at least 1,600 hours or work per year, is not a transferred from another area of the state, is not created to replace a previous employee, and is covered by a group health benefit plan, and pays at least 110% of the county average weekly wage for manufacturing jobs in Jefferson County.

“Payment in Lieu of Taxes”. If, during the period of this abatement, any Federal or State law provides an additional tax exemption for the property that is already the subject of this agreement, Applicant agrees to decline that tax exemption during the period of this abatement. If Applicant is unable to decline that tax exemption, Applicant agrees to pay the taxes, or payment in lieu of taxes, on the reduction of property tax revenue to the DISTRICT that is the result of said exemption. Any payment in lieu of taxes shall be due on or before November 15 of the year in which payment is due.

#### **4. TERM OF ABATEMENT**

This AGREEMENT shall be effective and enforceable upon execution by both parties (which date is herein referred to as the "Effective Date"). The Term of the Abatement pursuant to this AGREEMENT shall begin on January 1, 2024, and shall terminate on December 31, 2030, unless sooner terminated pursuant to other provisions of this AGREEMENT. Should OWNER not begin the construction of the PROJECT by December 31, 2021, this AGREEMENT shall be null and void.

#### **5. OWNER REPRESENTATIONS/OBLIGATIONS**

In order to receive a tax abatement with respect to a tax year listed on EXHIBIT: Tax Abatement Schedule,” OWNER shall comply with the following:

- a. As a result of the PROJECT, and upon its Completion (currently estimated to be not later than the first quarter, 2025), maintain a level of not less than 30-plus new full-time jobs (consisting of both permanent direct employee jobs and permanent contractor jobs), using headcount as of May 1, 2020 as the starting point, relating to the PROJECT during the remaining term of this AGREEMENT; provided, however that OWNER may reduce employment levels due to improved efficiencies or changing economic conditions during the term of this AGREEMENT as long as such employment levels do not fall below 30 full-time jobs for total on site employment by owner during said term. In the event that such employment falls below 30 full-time jobs for total on site employment, Abatement shall be reduced proportionate to such employment decline beginning with the tax year in which the decline occurs and each tax year thereafter per the example calculation cited below where:
 

A1 = initial Abatement \$s

A2 = revised Abatement \$s

E1 = 30 full-time jobs

E2 = revised employee count

$A2 = A1 \times (E2/E1)$
- b. Report and certify the requisite job levels to the DISTRICT, annually during each tax year under this AGREEMENT;
- c. Construct the PROJECT with an estimated investment of \$200 million to \$300 million;
- d. Make available to the DISTRICT information concerning the details of contractor bids, every quarter, during the construction phase of the PROJECT under the express understanding that OWNER is providing the DISTRICT such contractor bid information on a strictly confidential basis so as to maintain the integrity of the competitive bid process;
- e. Report and certify to the DISTRICT the requisite cost of the PROJECT within 120 days after the completion of the PROJECT (or 120 days after the Effective Date, whichever is later);
- f. Ensure that qualified local labor, vendors, suppliers, and sub-contractors are given a timely opportunity to bid on contracts for the provision of supplies, goods and services (including engineering and construction services, *e.g.*, piping, electrical, civil, fabrication) in connection with construction of the PROJECT and any turnaround project which is undertaken as part of or in connection with the PROJECT during the term of the abatement period. Such consideration shall be made in good faith without discrimination. For purposes of the foregoing:
  - i. “Local labor” is defined as those qualified laborers or craftsmen who are residents and domiciliaries of the nine county regions comprised of Jefferson, Orange, Hardin, Jasper, Newton, Liberty, Tyler and Chambers Counties, as well as the Bolivar Peninsula area of Galveston County. “Local vendors” and “local

suppliers” shall include only those located or having a principal office in Jefferson County. “Local subcontractors” shall include only those located or having a principal office in Jefferson County.

- ii. OWNER agrees to give preference and priority to local manufacturers, suppliers, vendors, contractors and labor, except where not reasonably possible to do so without significant added expense, substantial inconvenience, or sacrifice in operating efficiency. For any such exception in cases involving purchases over \$1 million, a justification for such purchase shall be included in OWNER’S annual letter of compliance. OWNER further acknowledges that it is a contractual obligation, under this agreement, of persons receiving property tax abatements to favor local manufacturers, suppliers, contractors, and labor, all other factors being equal. In the event of a breach of this “buy local” provision, OWNER agrees that the percentage of abatement shall be proportionately reduced in an amount equal to the amount the disqualified contract bears to the total construction cost for the PROJECT.
- iii. OWNER agrees that it will provide sufficient notice and information regarding of the project to qualified local contractors to enable them to submit bids for materials in the initial procurement processes, including but not limited PROJECT information provided in job fairs to be conducted by OWNER.
- g. Report and certify to the DISTRICT, quarterly the total number of dollars spent on local labor, local subcontractors and local vendors/suppliers, as total and percentage compared to total dollars spent in connection with the PROJECT;
- h. OWNER will invoice purchases locally to ensure that sales taxes credited to the benefit of Jefferson County, Texas. As further clarification OWNER will enter into a Separate Contract as defined in 34 Texas Administrative Code 3.291 (a) (13) with an EPC contractor (EPC) for the construction of the new plant facility Project to be located in the Reinvestment Zone of OWNER in Jefferson County Texas.

OWNER will obtain a Texas Direct Payment Permit (DPP) and issue a DPP exemption certificate in lieu of sales tax to EPC. OWNER will remit use taxes on taxable purchases made for use in the PROJECT directly to the state of Texas on its monthly Texas Direct Payment Return for both state and county taxes at the applicable rates. The State of Texas collects Limited, Sales, Excise and Use Taxes for both the state and local tax jurisdictions. The state is responsible for distributing the local taxes it collected to the applicable local jurisdiction.
- i. Not in any way discriminate against or treat disparately union contractors who choose to participate in the competitive bid process relating to work on the PROJECT, nor discriminate against or treat disparately union members who seek employment on the PROJECT; and



- j. Encourage and promote the utilization of Historically Underutilized Businesses (HUBs) (also known as Disadvantaged Business Enterprises, or DBEs) by the general contractor engaged by OWNER to construct the PROJECT and any turnaround project which is undertaken as part of or in connection with the PROJECT during the term of the abatement period by ensuring qualified HUB/DBE vendors and contractors are given a timely opportunity to bid on contracts for supplies and services. For purposes of the foregoing:
- i. A HUB/DBE is a business owned or controlled by Socially and Economically Disadvantaged Individuals as defined by all applicable federal or state laws and local policies, including Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Asian Indian Americans, women, and individuals with disabilities.
  - ii. A HUB/DBE is one that is at least 51 percent owned or controlled by one or more women or Socially and Economically Disadvantaged Individuals or, in the case of a publicly-owned business, one that at least 51 percent of the stock of which is controlled by one or more women or Socially and Economically Disadvantaged Individuals.
  - iii. A business that has been certified as a HUB/DBE by an agency of the federal government or the State of Texas is presumed to be a HUB/DBE for purposes of Agreement.
  - iv. Only a HUB/DBE with its principal office in the State of Texas will be recognized as a HUB/DBE for purposes of this Agreement. A list of HUB/DBE vendors/suppliers is maintained in the DISTRICT office and a list of same is attached hereto as Exhibit D. As to the use of qualified local and HUB/DBE vendors, suppliers and sub-contractors, OWNER will, at a minimum:
- k. Consult with chambers of commerce, minority business associations, trade associations and other regional economic development organizations to identify local and HUB/DBE vendors, suppliers and sub-contractors;
- l. Notify qualified local and HUB/DBE vendors, suppliers and sub-contractors, allowing sufficient time for effective preparation of bids for the planned work to be sub-contracted or materials, supplies or equipment to be purchased;
- m. Provide qualified local and HUB/DBE vendors, suppliers and sub-contractors who are interested in bidding on a subcontract or contract for materials, supplies, equipment, or the provision of engineering and construction services and labor adequate information regarding the project as early as is practicable in the bidding process in order to allow the HUB/DBE vendors, suppliers and sub-contractors sufficient time to prepare a bid (*i.e.*, plans, specifications, scope of work, bonding and insurance requirements, and a point of contact within the general/prime contractor);

- n. Negotiate in good faith with interested qualified local and HUB/DBE vendors, suppliers or sub-contractors, and award sub-contracts or contracts for materials, supplies equipment, or the provision of engineering and construction services and labor to local or HUB/DBE vendors, suppliers or sub-contractors when they are the lowest qualified responsive bidder who meets all of the applicable bid specifications; and

Include a provision in OWNER'S contract with the general/prime contractor on the PROJECT which requires the general/prime contractor to read and comply with the terms of this AGREE Provide access to and authorize the inspection of the Eligible Property by the County's personnel to ensure that the improvements or repairs thereto are made according to the specifications and conditions of this AGREEMENT.

- o. Provide access to and authorize the inspection of the Eligible Property by the DISTRICT's personnel to ensure that the improvements or repairs thereto are made according to the specifications and conditions of this AGREEMENT.

## **6. VALUE OF ABATEMENT**

For each year under this Agreement, the abatement percentage received by OWNER under this AGREEMENT with respect to the value of New Eligible Property, is set forth on attached Exhibit: "Tax Abatement Schedule"

The Abatement during each year covered by this Agreement shall be the value attributable to the Project multiplied by Abatement Schedule, adjusted by the Base Year Value.

## **7. QUARTERLY MONITORING MEETINGS**

With respect to the quarterly monitoring meetings referenced in Section 5(d) above, the County Judge, County Commissioners, DISTRICT'S Manager, Commissioners, or their respective designee(s) shall be allowed to attend such quarterly monitoring meetings, on the express condition that they execute a confidentiality agreement prepared by OWNER so as to protect confidential information which may be disclosed to them during or as a result of such monitoring meetings. OWNER agrees to reimburse the DISTRICT in an amount not to exceed to \$4,000.00 annually for the costs or expenses actually incurred by the DISTRICT in monitoring the status of the bidding process every quarter during the construction phase of the PROJECT. OWNER will provide the DISTRICT with quarterly reports which detail procurement of services, equipment and labor utilized in construction.

## **8. TAXABILITY**

During the period that this AGREEMENT is effective, taxes shall be payable as follows:

- a. The value of Ineligible Property shall be fully taxable;
- b. The Taxable Value of existing Eligible Property as determined each shall be fully taxable; and
- c. The value of New Eligible Property shall be abated as set forth in Section 6, hereinabove.

## **9. ADJUSTMENTS TO ABATEMENT FOR BASE YEAR VALUE DECLINE**

The Jefferson Central Appraisal District will establish the certified values of Eligible Property as of January 1, 2021 (year abatement executed) as set forth on attached Exhibit "B," and such values shall be the values used to calculate the Base Year Value as herein defined. If on January 1<sup>st</sup> of any tax year listed on the "Tax Abatement Schedule" the Taxable Value is less than the Base Year Value, then the abatement of value otherwise available shall be reduced by one dollar for each dollar that the Taxable Value of realty improvements is less than the Base Year Value, except that no such reduction of OWNER's abatement shall be made should any reduction to Taxable Value of OWNER's Eligible Property result from a Force Majeure event.

In the event OWNER, Joint Venture, or Owner's Affiliates reduces its ad valorem taxes on personal property otherwise payable to the DISTRICT by participating in a foreign trade zone, then the amount of abated value otherwise available shall be reduced by one dollar for each dollar of tax value reduction attributable to special treatment from trade zone participation. The parties hereto stipulate and agree that they have received certified appraisal value for this property, as calculated by the Jefferson Central Appraisal District.

It is specifically understood and agreed by OWNER, Joint Venture, or Owner's Affiliates that, if at any time during the effective dates of this agreement relating to abatement, OWNER files or prosecutes an action in district court to contest the appraised value of any property of OWNER or OWNER's affiliates, or Joint Venture within Jefferson County for unequal appraisal or revision thereof pursuant to Sec. 42.26, Texas Tax Code, any and all abatements granted by the DISTRICT to OWNER, Joint Venture, or its affiliates shall become null and void and cancelled.

## **10. POLLUTION CONTROL EXEMPTION**

The DISTRICT understands that OWNER plans (i) to request from the TCEQ a determination under Section 11.31 of the Texas Tax Code that certain property included in the New Eligible Property is pollution control property, and (ii) to apply for an exemption from ad valorem taxes under Section 11.31 of the Texas Tax Code with respect to all or a portion of such property determined by the TCEQ to be pollution control property. The maximum dollar value for equipment that OWNER intends to claim to the TCEQ as exempt from taxation under Section 11.31 is fifteen percent (15%) of cost ("Intended Maximum"), though that number could change as current estimated project costs are refined. It is understood that the DISTRICT would not have agreed to this abatement percentage if it were known that the actual exempt property claimed by OWNER would exceed the Intended Maximum. In the event OWNER ultimately obtains an amount in excess of the Intended Maximum in any year of Abatement under this AGREEMENT (such amount the "Exempt Property Excess"), the percentage of abatement described in the "Abatement Schedule" shall be reduced pro rata so as to reimburse the DISTRICT for the total decrease in County tax revenue during the abatement period beginning on January 1, 2020 which is expected to result from the Exempt Property Excess. It is understood and agreed that OWNER will not seek a tax exemption for any equipment or portion of the facility which merely reduces the pollution characteristics of the finished product produced by the facility and that an exemption will only be sought for equipment and technology utilized to reduce pollution at or around the facility.

## **11. EVENT OF DEFAULT**

If either party should default in performing any obligation under this AGREEMENT, the other party shall provide such defaulting party written notice of default and provide the defaulting party with a minimum period of thirty (30) days to cure such default prior to instituting an action for breach or pursuing any other remedy for default, provided however, that, if the default is of such a nature that it cannot, with the exercise of reasonable diligence, be cured within thirty (30) days, then such party shall not be in default so long as such party has commenced such cure within thirty (30) days after receiving written notice of such default and is diligently prosecuting such cure to completion. Subject to providing such notice of default and the aforesaid opportunity to cure same, the party aggrieved by default shall have the right to terminate this AGREEMENT and to pursue any remedy available at law or in equity, for breach hereof. In addition, if a party (the "Affected Party") shall become unable to timely perform any of its obligations under this AGREEMENT, other than any obligation to pay money, as a consequence of a Force Majeure Event, the Affected Party shall be relieved of such obligation (and such failure to timely perform such obligation shall not constitute a default) to the extent that and for so long as (but only to the extent that and only for so long as) it is unable to timely perform such obligation as a consequence of such Force Majeure Event. A "Force Majeure Event" means any of the following: (a) acts of God, earthquakes, tidal waves, lightning, floods, and storms; (b) explosions and fires; (c) strikes and lockouts; (d) wars, riots, acts of the public enemy, civil disturbances, hostilities, sabotage, blockades, insurrections, terrorism, and epidemics; (e) acts of expropriation, confiscation, nationalization, requisitioning, or other taking; and (f) any other event, condition, or circumstance beyond the reasonable control of the party claiming relief as a consequence thereof; provided, however, that "Force Majeure Event" does not include the inability to make payment or financial distress.

## **12. RECAPTURE OF TAXES**

In the event the DISTRICT terminates this AGREEMENT pursuant to the provisions of Section 11 as a result of any event of default by OWNER under such Section 11, including, for the avoidance of doubt, if OWNER fails to make the improvements to the Eligible Property as provided by this AGREEMENT, the DISTRICT shall be entitled to recapture and be paid all taxes previously abated by virtue of this AGREEMENT within thirty (30) days of the termination, together with all penalties and interest required by the Texas Property Tax Code.

### **13. TERMINATION**

OWNER shall have the right to terminate this agreement at any time upon thirty (30) days' written notice to the DISTRICT and DISTRICT shall have the right of recapture per Provision number 12 above.

### **14. ASSIGNMENT**

OWNER may assign this AGREEMENT, in whole or in part, to a new owner or lessee of the same PROJECT, or a portion thereof, or to an Affiliate of OWNER upon written approval by resolution of the COMMISSIONERS COURT of such assignment, and approval shall not be unreasonably withheld or delayed. It shall not be unreasonable for the COURT to withhold approval if OWNER or the proposed assignee is liable to the DISTRICT for outstanding taxes or other obligations.

### **15. ENTIRE AGREEMENT**

The Parties agree that this AGREEMENT contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence and preliminary understandings between the parties and others relating hereto are superseded by the AGREEMENT.

### **16. SUCCESSORS AND ASSIGNS**

This AGREEMENT shall be binding on and inure to the benefit of the parties, their respective successors and assigns. OWNER may not assign all or part of its rights and obligations hereunder without the prior written consent of the DISTRICT, which shall not be unreasonably withheld or delayed. It shall not be unreasonable to withhold consent to assignment if OWNER or the proposed assignee(s) is/are delinquent in the payment of any ad valorem taxes.

### **17. NOTICE**

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

**OWNER:** Howard Energy Partners  
Attn: Legal Department  
16211 La Cantera Parkway, Suite 202  
San Antonio, Texas 78256

With a copy to: Howard Energy Partners  
Attn: Property Tax Department  
16211 La Cantera Parkway, Suite 202  
San Antonio, Texas 78256

**DISTRICT:** Jefferson County Drainage District No. 7  
**Attn:** Manager  
P.O. Box 3244  
Port Arthur, Texas 77642  
(409) 985-4369 (tel)  
(409) 983-7564(fax)

With a copy to: Pete Steele, General Counsel  
Jefferson County Drainage District No. 7  
P.O. Box 3244  
Port Arthur, Texas 77642  
(409) 985-4369 (tel)  
(409) 983-7564 (fax)

## **18. MERGER**

The Parties agree that this AGREEMENT contains all of the terms and conditions of the understanding of the parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence and preliminary understandings between the parties and others relating hereto are superseded by this AGREEMENT.

## **19. INTERPRETATION**

The Parties acknowledge that both have been represented by counsel of their choosing in the negotiation and preparation of the AGREEMENT. Regardless of which party prepared the initial draft of this AGREEMENT, this AGREEMENT shall, in the event of any dispute over its meaning or application, be interpreted without reference to the principle of construction favoring the party who did not draft the AGREEMENT under construction.

## **20. APPLICABLE LAW AND VENUE**

This AGREEMENT is made, and shall be construed and interpreted under the laws of the State of Texas and venue shall lie in Jefferson County, Texas.

## **21. SEVERABILITY**

In the event any provision of this AGREEMENT is illegal, invalid, or unenforceable under present or future laws, then, and in that event, it is the intention of the Parties hereto that the remainder of this AGREEMENT shall not be affected thereby, and it is also the intention of the Parties to this AGREEMENT that in lieu of each clause or provision that is found to be illegal, invalid, or unenforceable, a provision be added to this AGREEMENT which is legal, valid, and enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

Executed in duplicate this the \_\_\_\_\_ day of \_\_\_\_\_, 2021.

**FOR THE DISTRICT:**

\_\_\_\_\_  
Phil Kelley, Manager  
Jefferson County Drainage District No. 7

**FOR OWNER:**

\_\_\_\_\_  
Frank Quintana, Vice President of Tax  
GT Logistics, LLC

### **“Tax Abatement Schedule”**

<b>Tax Year</b>		<b>Abatement Percentage</b>
0	2021	0%
0	2022	0%
0	2023	0%
1	2024	80%
2	2025	80%
3	2026	80%
4	2027	80%
5	2028	80%
6	2029	80%
7	2030	80%



**RESOLUTION NO. 472  
AUTHORIZING TAX ABATEMENT AGREEMENT WITH  
EMERALD BIOFUELS**

STATE OF TEXAS                               §  
   §  
COUNTY OF JEFFERSON                   §

WHEREAS, Jefferson County Drainage District No. 7 (the "District") adopted Resolution 258 on October 15, 1996, setting forth its policy concerning tax abatements; and

WHEREAS, the District has memorialized, restated and amended its tax abatement policy several times through the years, with its last amendment being by Resolution 468 on December 1, 2020, adopting the Jefferson County Amended Uniform Tax Abatement Policy-2020 as its tax abatement policy; and

WHEREAS, in open meetings the District has stated that the District's policy is to consider tax abatement agreements for entities requesting tax abatement if they mirror the terms and conditions of the same abatement request approved by the Commissioner's Court of Jefferson County; and

WHEREAS, the District desires to enter into a Tax Abatement Agreement (in the form and content of that approved by the Commissioners' Court of Jefferson County) with Emerald Biofuels and wishes to authorize the District's Manager, Phil Kelley, to execute the Agreement on behalf of the District.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS OF JEFFERSON COUNTY DRAINAGE DISTRICT NO. 7:

THAT it is in the best interest of the District to enter into a Tax Abatement Agreement with Emerald Biofuels for property located within the Emerald Biofuels Reinvestment Zone for construction and operation of a new Coke and Sulphur Unit and related improvements and infrastructure and authorize its Manager, Phil Kelley, to execute on behalf of the District the Tax Abatement Agreement attached hereto as Exhibit "A" (without exhibits) and made a part hereof by reference.

THAT the terms of the Tax Abatement Agreement and the property subject to the agreement meets the applicable guidelines and criteria adopted by the Board of Commissioners of the District under Section 312.002, Texas Tax Code.

THAT the Manager be, and hereby is, authorized to take any and all action and is authorized to execute any and all instruments, documents, or filings in connection with the accomplishment of the transactions outlined in this resolution and to certify the adoption of such resolutions to such parties which such Manager deems necessary or appropriate.

I, Albert Moses, Jr., Secretary of the Board of Commissioners of Jefferson County Drainage District No. 7, do hereby certify that the above is a true and correct copy of a resolution adopted by the Board of Commissioners of Jefferson County Drainage District No. 7, at their meeting No. 2342 held on the 19<sup>th</sup> day of February, 2021, upon motion made by Commissioner Moses and seconded by Commissioner Champagne and adopted unanimously by said Board, a quorum being present.

Given under my hand this 19<sup>th</sup> day of February, 2021.

  
Secretary  
JEFFERSON COUNTY DRAINAGE DISTRICT NO. 7

**STATE OF TEXAS                   §**  
**§**  
**COUNTY OF JEFFERSON       §**

**ABATEMENT AGREEMENT FOR PROPERTY LOCATED IN THE  
REINVESTMENT ZONE**

Pursuant to Section 312.401 of the Texas Tax Code, this Tax Abatement Agreement (hereinafter referred to as the "AGREEMENT") is made and entered into by and between JEFFERSON COUNTY DRAINAGE DISTRICT NO. 7 (hereinafter sometimes referred to as "the DISTRICT"), and EMERALD BIOFUELS (hereinafter sometimes referred to as "EMERALD" or "OWNER").

**1. RECITALS**

WHEREAS, OWNER possesses interests in taxable real property located within the Emerald Biofuels Reinvestment Zone, the designation of which was implemented by the Jefferson County Commissioners Court by an Order dated April 14, 2020 (hereinafter referred to as the "REINVESTMENT ZONE"); and

WHEREAS, this AGREEMENT is limited to the project to be constructed by OWNER, on various parcels of land located within the REINVESTMENT ZONE, which is described with particularity in Exhibit "A" attached hereto and which will involve construction and operation of a new Coke and Sulphur Unit and related improvements and infrastructure (hereinafter referred to collectively as the "PROJECT"); and

WHEREAS the DISTRICT wishes to encourage OWNER to select Jefferson County as the site for the PROJECT; and

WHEREAS, the REINVESTMENT ZONE is an area within Jefferson County, Texas, which has been designated by Order of Jefferson County Commissioners Court, the legal description for which is attached hereto as Exhibit "C." It is understood and agreed that the REINVESTMENT ZONE boundary is subject to revision based on the final construction plan of the PROJECT, and the DISTRICT agrees to take the steps necessary to amend the REINVESTMENT ZONE boundary, consistent with such final PROJECT, upon request of OWNER.

NOW, THEREFORE, for the mutual consideration set forth below, the Parties hereto agree as follow:

**EXHIBIT "A"**

## **2. AUTHORIZATION**

**THIS AGREEMENT IS AUTHORIZED BY THE TEXAS PROPERTY REDEVELOPMENT AND TAX ABATEMENT ACT, TEX. TAX CODE CHAPTER 312, AS AMENDED, AND BY ORDER OF THE JEFFERSON COUNTY COMMISSIONERS COURT ESTABLISHING AND ADOPTING THE EMERALD BIOFUELS REINVESTMENT ZONE.**

## **3. DEFINITIONS**

For purposes of this AGREEMENT, the following terms shall have the meanings set forth below:

“Abatement” means the full or partial exemption from ad valorem taxes of the value of certain property located in the REINVESTMENT ZONE designated for economic development purposes.

“Affiliate” of any specified person or entity means any other person or entity which, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with such specified person or entity. For purposes of this definition, the term “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person or entity, whether through the ownership of voting securities, by contract or otherwise.

“Base Year Value” means the taxable value of all industrial realty improvements owned by the property owner and/or its Affiliates within Jefferson County on January 1 preceding the execution of the abatement agreement. OWNER will, in consultation with the Jefferson County Appraisal District, provide the DISTRICT with a list of the Jefferson County Appraisal District account numbers identifying the industrial realty improvements owned by the property owner and/or its Affiliates and the taxable value thereof on January 1 preceding the execution of the abatement agreement for use in preparing the schedule to be attached as an exhibit to the abatement agreement before execution specifying the Base Year Value for all purposes of the abatement agreement.

“Base year”, for the parties to this agreement, is defined as the calendar year in which this abatement contract is executed (signed) by all parties hereto.

“Ineligible Property is fully taxable and ineligible for tax abatement and includes land, supplies, inventory, housing, vehicles, 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 integral to the operation of the facility; deferred maintenance, property to be rented or leased, property which has a productive life of less than ten years, or any other property for which abatement is not allowed by state law.

“Eligible Property means the realty improvements, the on-site buildings, structures, fixed machinery and equipment, storage tanks, process units (including all integral components necessary for operations), site improvements, and infrastructure and the permanent office space and related fixed improvements, as defined in the Tax Code, but does not include personal property.

“New Eligible Property” means Eligible Property, the construction of which commences subsequent to the effective date of this AGREEMENT. During the construction phase of the New Eligible Property, the OWNER may make such change orders to the New Eligible Property as are reasonably necessary to accomplish its intended use. It is expressly understood that, notwithstanding anything to the contrary written herein, energy, electricity, manufacturing supplies (e.g., foreign manufactured catalysts), feedstocks, freight, and direct materials that physically become a part of the end product manufactured by the PROJECT) are not subject to the terms of this AGREEMENT.

“Taxable Value” for each taxing entity executing an abatement agreement is determined by deducting from the Market Value of all industrial realty improvements of a property owner and/or its affiliates the amount of any applicable exemptions and abatements granted for that Tax Year.

“Completion” as used herein, shall mean, the successful commissioning of the PROJECT and the attainment of reliable operations. OWNER shall certify in writing to the DISTRICT when such Completion is attained.

“Full-time job”, as used herein, shall mean a permanent full-time position that: requires at least 1,600 hours or work per year, is not a transferred from another area of the state, is not created to replace a previous employee, and is covered by a group health benefit plan, and pays at least 110% of the county average weekly wage for manufacturing jobs in Jefferson County.

“Payment in Lieu of Taxes”. If, during the period of this abatement, any Federal or State law provides an additional tax exemption for the property that is already the subject of this agreement, Applicant agrees to decline that tax exemption during the period of this abatement. If Applicant is unable to decline that tax exemption, Applicant agrees to pay the taxes, or payment in lieu of taxes, on the reduction of property tax revenue to the DISTRICT that is the result of said exemption. Any payment in lieu of taxes shall be due on or before November 15 of the year in which payment is due.

#### **4. TERM OF ABATEMENT**

This AGREEMENT shall be effective and enforceable upon execution by both parties (which date is herein referred to as the "Effective Date"). The Term of the Abatement pursuant to this AGREEMENT shall begin on January 1, 2024, and shall terminate on December 31, 2029, unless sooner terminated pursuant to other provisions of this AGREEMENT. Should OWNER not begin the construction of the PROJECT by December 31, 2020, this AGREEMENT shall be null and void.

#### **5. OWNER REPRESENTATIONS/OBLIGATIONS**

In order to receive a tax abatement with respect to a tax year listed on EXHIBIT: Tax Abatement Schedule,” OWNER shall comply with the following:

- a. As a result of the PROJECT, and upon its Completion (currently estimated to be not later than the first quarter, 2023), maintain a level of not less than 40 new full-time jobs

(consisting of both permanent direct employee jobs and permanent contractor jobs), using headcount as of January 1, 2024 as the starting point, relating to the PROJECT during the remaining term of this AGREEMENT; provided, however that OWNER may reduce employment levels due to improved efficiencies or changing economic conditions during the term of this AGREEMENT as long as such employment levels do not fall below 40 full-time jobs for total on site employment by owner during said term. In the event that such employment falls below 40 full-time jobs for total on site employment, Abatement shall be reduced proportionate to such employment decline beginning with the tax year in which the decline occurs and each tax year thereafter per the example calculation cited below where:

A1 = initial Abatement \$s

A2 = revised Abatement \$s

E1 = 40 full-time jobs

E2 = revised employee count

$A2 = A1 \times (E2/E1)$

- b. Report and certify the requisite job levels to the DISTRICT, annually during each tax year under this AGREEMENT;
- c. Construct the PROJECT with an estimated investment in excess of \$330 million;
- d. Make available to the DISTRICT information concerning the details of contractor bids, every quarter, during the construction phase of the PROJECT under the express understanding that COMPANY is providing the DISTRICT such contractor bid information on a strictly confidential basis so as to maintain the integrity of the competitive bid process;
- e. Report and certify to the DISTRICT the requisite cost of the PROJECT within 120 days after the completion of the PROJECT (or 120 days after the Effective Date, whichever is later);
- f. Ensure that qualified local labor, vendors, suppliers, and sub-contractors are given a timely opportunity to bid on contracts for the provision of supplies, goods and services (including engineering and construction services, *e.g.*, piping, electrical, civil, fabrication) in connection with construction of the PROJECT and any turnaround project which is undertaken as part of or in connection with the PROJECT during the term of the abatement period. Such consideration shall be made in good faith without discrimination. For purposes of the foregoing:
  - i. “Local labor” is defined as those qualified laborers or craftsmen who are residents and domiciliaries of the nine county regions comprised of Jefferson, Orange, Hardin, Jasper, Newton, Liberty, Tyler and Chambers Counties, as well as the Bolivar Peninsula area of Galveston County. “Local vendors” and “local suppliers” shall include only those located or having a principal office in Jefferson

County. "Local subcontractors" shall include only those located or having a principal office in Jefferson County.

- ii. OWNER agrees to give preference and priority to local manufacturers, suppliers, vendors, contractors and labor, except where not reasonably possible to do so without significant added expense, substantial inconvenience, or sacrifice in operating efficiency. For any such exception in cases involving purchases over \$1 million, a justification for such purchase shall be included in OWNER'S annual letter of compliance. OWNER further acknowledges that it is a contractual obligation, under this agreement, of persons receiving property tax abatements to favor local manufacturers, suppliers, contractors, and labor, all other factors being equal. In the event of a breach of this "buy local" provision, OWNER agrees that the percentage of abatement shall be proportionately reduced in an amount equal to the amount the disqualified contract bears to the total construction cost for the PROJECT.
  - iii. OWNER agrees that it will provide sufficient notice and information regarding of the project to qualified local contractors to enable them to submit bids for materials in the initial procurement processes, including but not limited PROJECT information provided in job fairs to be conducted by OWNER.
  - g. Report and certify to the DISTRICT, quarterly the total number of dollars spent on local labor, local subcontractors and local vendors/suppliers, as total and percentage compared to total dollars spent in connection with the PROJECT;
  - h. OWNER will invoice purchases locally to ensure that sales taxes credited to the benefit of Jefferson County, Texas. As further clarification OWNER will enter into a Separate Contract as defined in 34 Texas Administrative Code 3.291 (a) (13) with an EPC contractor (EPC) for the construction of the new plant facility Project to be located in the Reinvestment Zone of OWNER in Jefferson County Texas.
- OWNER will obtain a Texas Direct Payment Permit (DPP) and issue a DPP exemption certificate in lieu of sales tax to EPC. OWNER will remit use taxes on taxable purchases made for use in the PROJECT directly to the state of Texas on its monthly Texas Direct Payment Return for both state and county taxes at the applicable rates. The State of Texas collects Limited, Sales, Excise and Use Taxes for both the state and local tax jurisdictions. The state is responsible for distributing the local taxes it collected to the applicable local jurisdiction.
- i. Not in any way discriminate against or treat disparately union contractors who choose to participate in the competitive bid process relating to work on the PROJECT, nor discriminate against or treat disparately union members who seek employment on the PROJECT; and
  - j. Encourage and promote the utilization of Historically Underutilized Businesses (HUBs) (also known as Disadvantaged Business Enterprises, or DBEs) by the general contractor engaged by OWNER to construct the PROJECT and any turnaround project which is



undertaken as part of or in connection with the PROJECT during the term of the abatement period by ensuring qualified HUB/DBE vendors and contractors are given a timely opportunity to bid on contracts for supplies and services. For purposes of the foregoing:

- i. A HUB/DBE is a business owned or controlled by Socially and Economically Disadvantaged Individuals as defined by all applicable federal or state laws and local policies, including Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Asian Indian Americans, women, and individuals with disabilities.
- ii. A HUB/DBE is one that is at least 51 percent owned or controlled by one or more women or Socially and Economically Disadvantaged Individuals or, in the case of a publicly-owned business, one that at least 51 percent of the stock of which is controlled by one or more women or Socially and Economically Disadvantaged Individuals.
- iii. A business that has been certified as a HUB/DBE by an agency of the federal government or the State of Texas is presumed to be a HUB/DBE for purposes of Agreement.
- iv. Only a HUB/DBE with its principal office in the State of Texas will be recognized as a HUB/DBE for purposes of this Agreement. A list of HUB/DBE vendors/suppliers is maintained in the DISTRICT office and a list of same is attached hereto as Exhibit D. As to the use of qualified local and HUB/DBE vendors, suppliers and sub-contractors, OWNER will, at a minimum:
  - k. Consult with chambers of commerce, minority business associations, trade associations and other regional economic development organizations to identify local and HUB/DBE vendors, suppliers and sub-contractors;
  - l. Notify qualified local and HUB/DBE vendors, suppliers and sub-contractors, allowing sufficient time for effective preparation of bids for the planned work to be sub-contracted or materials, supplies or equipment to be purchased;
  - m. Provide qualified local and HUB/DBE vendors, suppliers and sub-contractors who are interested in bidding on a subcontract or contract for materials, supplies, equipment, or the provision of engineering and construction services and labor adequate information regarding the project as early as is practicable in the bidding process in order to allow the HUB/DBE vendors, suppliers and sub-contractors sufficient time to prepare a bid (*i.e.*, plans, specifications, scope of work, bonding and insurance requirements, and a point of contact within the general/prime contractor);
  - n. Negotiate in good faith with interested qualified local and HUB/DBE vendors, suppliers or sub-contractors, and award sub-contracts or contracts for materials, supplies equipment, or the provision of engineering and construction services and labor to local or HUB/DBE

vendors, suppliers or sub-contractors when they are the lowest qualified responsive bidder who meets all of the applicable bid specifications; and

Include a provision in OWNER'S contract with the general/prime contractor on the PROJECT which requires the general/prime contractor to read and comply with the terms of this AGREEMENT, provide access to and authorize the inspection of the Eligible Property by the District's personnel to ensure that the improvements or repairs thereto are made according to the specifications and conditions of this AGREEMENT.

- o. Provide access to and authorize the inspection of the Eligible Property by the DISTRICT's personnel to ensure that the improvements or repairs thereto are made according to the specifications and conditions of this AGREEMENT.
- p. Provide access to and authorize the inspection of the Eligible Property by the DISTRICT'S personnel to ensure that the improvements or repairs thereto are made according to the specifications and conditions of this AGREEMENT.

## **6. VALUE OF ABATEMENT**

For each year under this Agreement, the abatement percentage received by OWNER under this AGREEMENT with respect to the value of New Eligible Property, is set forth on attached Exhibit: "Tax Abatement Schedule"

The Abatement during each year covered by this Agreement shall be the value attributable to the Project multiplied by Abatement Schedule, adjusted by the Base Year Value.

## **7. QUARTERLY MONITORING MEETINGS**

With respect to the quarterly monitoring meetings referenced in Section 5(d) above, the County Judge, County Commissioners, DISTRICT'S Manager, Commissioners, or their respective designee(s) shall be allowed to attend such quarterly monitoring meetings, on the express condition that they execute a confidentiality agreement prepared by OWNER so as to protect confidential information which may be disclosed to them during or as a result of such monitoring meetings. OWNER agrees to reimburse the DISTRICT in an amount not to exceed to \$4,000.00 annually for the costs or expenses actually incurred by the DISTRICT in monitoring the status of the bidding process every quarter during the construction phase of the PROJECT. OWNER will provide the DISTRICT with quarterly reports which detail procurement of services, equipment and labor utilized in construction.

## **8. TAXABILITY**

During the period that this AGREEMENT is effective, taxes shall be payable as follows:

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

- b. The Taxable Value of existing Eligible Property as determined each shall be fully taxable; and
- c. The value of New Eligible Property shall be abated as set forth in Section 6, hereinabove.

## **9. ADJUSTMENTS TO ABATEMENT FOR BASE YEAR VALUE DECLINE**

The Jefferson Central Appraisal District will establish the certified values of Eligible Property as of January 1, 2020 (year abatement executed) as set forth on attached Exhibit "B," and such values shall be the values used to calculate the Base Year Value as herein defined. If on January 1<sup>st</sup> of any tax year listed on the "Tax Abatement Schedule" the Taxable Value is less than the Base Year Value, then the abatement of value otherwise available shall be reduced by one dollar for each dollar that the Taxable Value of realty improvements is less than the Base Year Value, except that no such reduction of OWNER's abatement shall be made should any reduction to Taxable Value of OWNER's Eligible Property result from a Force Majeure event.

In the event OWNER reduces its ad valorem taxes on personal property otherwise payable to the DISTRICT by participating in a foreign trade zone, then the amount of abated value otherwise available shall be reduced by one dollar for each dollar of tax value reduction attributable to special treatment from trade zone participation. The parties hereto stipulate and agree that they have received certified appraisal value for this property, as calculated by the Jefferson Central Appraisal District.

It is specifically understood and agreed by OWNER, that, if at any time during the effective dates of this agreement relating to abatement, OWNER files or prosecutes an action in district court to contest the appraised value of any property of OWNER or OWNER's affiliates within Jefferson County for unequal appraisal or revision thereof pursuant to Sec. 42.26, Texas Tax Code, any and all abatements granted by the DISTRICT to OWNER or its affiliates shall become null and void and cancelled.

## **10. POLLUTION CONTROL EXEMPTION**

The DISTRICT understands that OWNER plans (i) to request from the TCEQ a determination under Section 11.31 of the Texas Tax Code that certain property included in the New Eligible Property is pollution control property, and (ii) to apply for an exemption from ad valorem taxes under Section 11.31 of the Texas Tax Code with respect to all or a portion of such property determined by the TCEQ to be pollution control property. The maximum dollar value for equipment that OWNER intends to claim to the TCEQ as exempt from taxation under Section 11.31 is fifteen percent (15%) of cost ("Intended Maximum"), though that number could change as current estimated project costs are refined. It is understood that the DISTRICT would not have agreed to this abatement percentage if it were known that the actual exempt property claimed by OWNER would exceed the Intended Maximum. In the event OWNER ultimately obtains an amount in excess of the Intended Maximum in any year of Abatement under this AGREEMENT (such amount the "Exempt Property Excess"), the percentage of abatement described in the "Abatement Schedule" shall be reduced pro rata so as to reimburse the DISTRICT for the total decrease in District tax revenue during the abatement period beginning on January 1, 2020 which is expected to result from the Exempt Property Excess. It is understood and agreed that

OWNER will not seek a tax exemption for any equipment or portion of the facility which merely reduces the pollution characteristics of the finished product produced by the facility and that an exemption will only be sought for equipment and technology utilized to reduce pollution at or around the facility.

## **11. EVENT OF DEFAULT**

If either party should default in performing any obligation under this AGREEMENT, the other party shall provide such defaulting party written notice of default and provide the defaulting party with a minimum period of thirty (30) days to cure such default prior to instituting an action for breach or pursuing any other remedy for default, provided however, that, if the default is of such a nature that it cannot, with the exercise of reasonable diligence, be cured within thirty (30) days, then such party shall not be in default so long as such party has commenced such cure within thirty (30) days after receiving written notice of such default and is diligently prosecuting such cure to completion. Subject to providing such notice of default and the aforesaid opportunity to cure same, the party aggrieved by default shall have the right to terminate this AGREEMENT and to pursue any remedy available at law or in equity, for breach hereof. In addition, if a party (the "Affected Party") shall become unable to timely perform any of its obligations under this AGREEMENT, other than any obligation to pay money, as a consequence of a Force Majeure Event, the Affected Party shall be relieved of such obligation (and such failure to timely perform such obligation shall not constitute a default) to the extent that and for so long as (but only to the extent that and only for so long as) it is unable to timely perform such obligation as a consequence of such Force Majeure Event. A "Force Majeure Event" means any of the following: (a) acts of God, earthquakes, tidal waves, lightning, floods, and storms; (b) explosions and fires; (c) strikes and lockouts; (d) wars, riots, acts of the public enemy, civil disturbances, hostilities, sabotage, blockades, insurrections, terrorism, and epidemics; (e) acts of expropriation, confiscation, nationalization, requisitioning, or other taking; and (f) any other event, condition, or circumstance beyond the reasonable control of the party claiming relief as a consequence thereof; provided, however, that "Force Majeure Event" does not include the inability to make payment or financial distress.

## **12. RECAPTURE OF TAXES**

In the event the DISTRICT terminates this AGREEMENT pursuant to the provisions of Section 11 as a result of any event of default by OWNER under such Section 11, including, for the avoidance of doubt, if OWNER fails to make the improvements to the Eligible Property as provided by this AGREEMENT, the DISTRICT shall be entitled to recapture and be paid all taxes previously abated by virtue of this AGREEMENT within thirty (30) days of the termination, together with all penalties and interest required by the Texas Property Tax Code.

## **13. TERMINATION**

OWNER shall have the right to terminate this agreement at any time upon thirty (30) days' written notice to the DISTRICT and DISTRICT shall have the right of recapture per Provision number 12 above.

#### **14. ASSIGNMENT**

OWNER may assign this AGREEMENT, in whole or in part, to a new owner or lessee of the same PROJECT, or a portion thereof, or to an Affiliate of OWNER upon written approval by resolution of the COMMISSIONERS OF THE DISTRICT of such assignment, and approval shall not be unreasonably withheld or delayed. It shall not be unreasonable for the COURT to withhold approval if OWNER or the proposed assignee is liable to the DISTRICT for outstanding taxes or other obligations.

#### **15. ENTIRE AGREEMENT**

The Parties agree that this AGREEMENT contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence and preliminary understandings between the parties and others relating hereto are superseded by the AGREEMENT.

#### **16. SUCCESSORS AND ASSIGNS**

This AGREEMENT shall be binding on and inure to the benefit of the parties, their respective successors and assigns. OWNER may not assign all or part of its rights and obligations hereunder without the prior written consent of the DISTRICT, which shall not be unreasonably withheld or delayed. It shall not be unreasonable to withhold consent to assignment if OWNER or the proposed assignee(s) is/are delinquent in the payment of any ad valorem taxes.

#### **17. NOTICE**

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

**OWNER:** Howard C. Jensen, Manager  
Emerald Biofuel, LLC  
P.O. Box 318  
Lake Wynoka, Ohio 45171

**DISTRICT:** Phil Kelley, Manager  
Jefferson County Drainage District No. 7  
P.O. Box 3244  
Port Arthur, Texas 77643  
(409) 985-4369  
(409) 983-7564 (facsimile)

With a copy to: Pete Steele, General Counsel  
Jefferson County Drainage District No. 7 (409) 985-4369  
P.O. Box 3244 (409) 983-7564 (facsimile)  
Port Arthur, Texas 77643

## **18. MERGER**

The Parties agree that this AGREEMENT contains all of the terms and conditions of the understanding of the parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence and preliminary understandings between the parties and others relating hereto are superseded by this AGREEMENT.

## **19. INTERPRETATION**

The Parties acknowledge that both have been represented by counsel of their choosing in the negotiation and preparation of the AGREEMENT. Regardless of which party prepared the initial draft of this AGREEMENT, this AGREEMENT shall, in the event of any dispute over its meaning or application, be interpreted without reference to the principle of construction favoring the party who did not draft the AGREEMENT under construction.

## **20. APPLICABLE LAW AND VENUE**

This AGREEMENT is made, and shall be construed and interpreted under the laws of the State of Texas and venue shall lie in Jefferson County, Texas.

## **21. SEVERABILITY**

In the event any provision of this AGREEMENT is illegal, invalid, or unenforceable under present or future laws, then, and in that event, it is the intention of the Parties hereto that the remainder of this AGREEMENT shall not be affected thereby, and it is also the intention of the Parties to this AGREEMENT that in lieu of each clause or provision that is found to be illegal, invalid, or unenforceable, a provision be added to this AGREEMENT which is legal, valid, and enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

Executed in duplicate this the \_\_\_\_\_ day of \_\_\_\_\_, 2021.

**FOR THE DISTRICT:**

**FOR OWNER:**

\_\_\_\_\_  
Phil Kelley, Manager  
Jefferson County Drainage District No. 7

\_\_\_\_\_  
Howard Jensen, Manager  
Emerald Biofuel, LLC

**“Tax Abatement Schedule”**

<b>Tax Year</b>		<b>Abatement Percentage</b>
1	2024	90%
2	2025	90%
3	2026	90%
4	2027	90%
5	2028	90%
6	2029	90%