

**MINUTES OF VIDEOCONFERENCE MEETING NO. 2378
COMMISSIONERS OF
JEFFERSON COUNTY DRAINAGE DISTRICT NO. 7**

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

Date: August 16, 2022

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

Absent: James Gamble, Sr.

Visitors: Allen Sims, DD7
Dean Depew, DD7
Brady Girouard, DD7
Garrett Boudoin, DD7
Kim Carroll, Texan Engineering & Consulting, LLC (Via Zoom)
Bill Frerking, USD Group (Via Zoom)
Jeff Troan, Ryan, LLC (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. 2377

The Minutes of Meeting No. 2377 was approved as read.

Consider Resolution Authorizing Tax Abatement Agreement with Port Arthur Terminal, LLC

Resolution No. 491 Authorizing Tax Abatement Agreement with Port Arthur Terminal, LLC was presented to the Board for consideration. Mr. Bill Frerking, Chief Administrative Officer for USD Group and Mr. Jeff Troan of Ryan, LLC attended the

meeting via zoom, as representatives for Port Arthur Terminal, LLC. Mr. Phil Kelley stated Port Arthur Terminal had executed an Abatement Agreement back in 2020 with Jefferson County and asked for an explanation to the Board as to why the applicant was just now coming to the District with the request. Mr. Troan stated he was working with quite a few jurisdictions at the time and was under the assumption that the County would take care of the abatements with other ancillary taxing entities. He was told by Fred Jackson that most others went along with the County, but it was not made clear that the applicant still had to get a separate resolution approved and enter into a separate abatement agreement. Mr. Troan further stated a lot of counties within the State of Texas do take care of abatements with other taxing entities, and he took it Jefferson County was one that took care of this. Abatements were processed with both the City of Port Arthur and Jefferson County and then subsequently Mr. Troan was told he needed to correct the paperwork with the District and get the Navigation District on board as well.

Mr. Bill Frerking of USD Group, ("USDG"), which developed Port Arthur Terminal, addressed the Board, and gave a detailed description of the project made the subject of the requested Abatement Agreement. In summary, he stated the project is an advanced intermodal energy terminal and the facility would serve as a strategic origin-destination pair for USDG's Diluent Recovery Unit ("DRU") program within USDG's network of terminal facilities. The DRU program is part of USDG's patented DRUbit™ 1 process, which improves the efficiency/effectiveness of converting Canadian tar sands crude oil into suitable input material for the US energy refining industry. USDG came up

with a technology that substantially takes all of the diluent out to produce approximately a 90% heavy bitumen/5% diluent barrel, and because of that, it significantly advances the economics of the barrel and ships by rail non-hazardous and non-flammable material, which also has a lower carbon intensity. This had never been done before, and Conoco Phillips signed up for first section.,

The facility is strategically located along the Sabine-Neches Waterway on a 220-acre site that USDG has leased from the Kansas City Southern Railway. It will be designed to unload crude oil from railcars, receive condensate and light crude oil from pipeline feeds and barge docks, blend-to-spec, and deliver product to market via pipeline and barge. USDG, by and through its subsidiary Port Arthur Terminal LLC will build, own, and operate the facility, which will consist of Phase I of the project. Future phases are now being discussed, and the importance of this abatement going forward is so that USDG can pursue the location for new development in Jefferson County at the Port Arthur Terminal rather than choosing a new location. The estimated investment for Phase 1 is in excess of \$130 million, and the project has 44 full time employees. Mr. Phil Kelley stated Port Arthur Terminal has come to the District for several permits during the project in order to cross the District's channels in the vicinity, and it is obviously a good project that is well underway and is working. Mr. Kelley encouraged positive consideration of the requested abatement and stated it will be a 5-year abatement, with the same abatement percentages agreed to by Jefferson County. Commissioner Moses moved to approve Resolution No. 491 Authorizing Tax Abatement with Port Arthur Terminal. Commissioner Vincent seconded the motion.

The motion carried. A copy of Resolution No. 491 is attached hereto and made a part hereof.

Consider Proposed Tax Rate for Purposes of Publishing Notice of Public Hearing on Tax Rate

Mr. Phil Kelley stated as was mentioned at the last meeting, he was working toward a tax rate that would have no consequence or increase to the taxpayers of our District. Mr. Allen Sims put together a worksheet showing a comparison of last year's tax rate and the proposed tax rate for this year and sent it to the Tax Assessor's office, who confirmed the proposed tax rate would result in no tax increase. The worksheet shows amounts for average appraised residence homestead value, general homestead exemptions available, average residence homestead taxable value, tax on average residence homestead, and the annual increase/decrease in taxes, with the proposed tax rate showing a \$0.00 increase in tax rate and 0% percentage increase in tax. The proposed rate is 0.258589. Once the Board approves the proposed rate, the Water District advertisement will be published in the newspaper for a public hearing to be held at the next meeting, and there will be an agenda item to adopt this tax rate. Mr. Allen Sims had mentioned at the last meeting that even though this is a 0% increase in tax, that due to increase in appraisals this year, it means an additional \$507,165.00 in the District's revenue. Commissioner Vincent moved to approve a proposed rate of 0.258589 per \$100 value for purposes of publishing the Notice of Public Hearing on Tax Rate. Commissioner Moses seconded the motion. The motion carried.

Consider Interest Payment from Debt Service Fund

Mr. Phil Kelley stated the District had received an invoice from Computershare Corporate Trust for an interest payment in the amount of Two Hundred Fifty-Eight Thousand Eighteen and 75/100 (\$258,018.75) Dollars from the Debt Service Fund for the District's Maintenance Note debt. This is the September 2022 interest payment. Commissioner Moses moved to approve the interest payment in the amount of Two Hundred Fifty-Eight Thousand Eighteen and 75/100 (\$258,018.75) Dollars. Commissioner Vincent seconded the motion. The motion carried.

Consider Progress Payment to Cummins Sales and Service for Pump Station No. 19 Diesel Engine Upgrade

A recommendation letter was received from Allen Sims for Progress Payment No. 1 to Cummins Sales and Service for Diesel Engines and Reduction Gears for Ninth Avenue Pump Station in the amount of One Hundred Two Thousand Two Hundred Twenty and No/100 (\$102,220.00) Dollars. Mr. Kelley stated the District has received two (2) of the four (4) engines, which are the smaller engines. Mr. Dean Depew stated the engines have been installed, and Cummins' engineers were onsite on Monday and one of the engines was tested and performed satisfactorily. The other engine had an ECE module that was bad, which will be replaced on Thursday. Mr. Depew stated he is happy with the engines. Commissioner Vincent moved to approve Progress Payment No. 1 to Cummins Sales and Service in the amount of One Hundred Two Thousand Two Hundred Twenty and No/100 (\$102,220.00) Dollars for Diesel Engines and

Reduction Gears for Ninth Avenue Pump Station. Commissioner Moses seconded the motion. The motion carried.

Consider Pay Request No. 1 to Sigma Engineers for New Administration Building Design

Mr. Phil Kelley stated the title of this agenda item is a total misprint. When the agenda was put together, the reference on the recommendation letter received from the design firm, Sigma Engineers, for this payment referenced the new administration building design instead of the new administration building project and came from Sigma Engineers. Therefore, the reference was picked up incorrectly and was not caught by Mr. Kelley or Mr. Sims. Mr. Kelley stated he talked with the District's attorney on this and if he explains the situation in open session to the Board, there would be no problem with the Board still taking action. The agenda item is for Pay Request No. 1 to N&T Construction, Inc. for Three Hundred Twenty-Five Thousand Five Hundred Ninety-Three and 03/100 (\$325,593.03) Dollars, which Sigma Engineers recommends paying. The pay amount is for work completed to date on the project, which includes mobilization to the site. Commissioner Moses moved to approve Pay Request No. 1 to N&T Construction, Inc. in the amount of Three Hundred Twenty-Five Thousand Five Hundred Ninety-Three and 03/100 (\$325,593.03) Dollars. Commissioner Vincent seconded the motion. The motion carried.

Mr. Kelley stated the District is providing its own stormwater detention for the new administration building, and once the building pad was built, the District's Construction Crew began installing the main drainage trunk lines, as well as a section of

the parking lot paving. Everything from the curb around the office building out will be performed by District personnel. Once the drainage is complete, the dirt contractor will bring in the remainder of the dirt needed to get it to the grade, and then the District's crew will pour the parking area on the north side to provide a pad for the concrete pump truck to set up. This thickness of this concrete will be "beefed up" to be sure it will hold the pump truck. Prior to completion of the drainage and parking lot, the dirt on the west side will be brought up to grade and mats will be placed in order for a drill truck to be brought in to drill and pour the underreams for the building structure. After construction of the north pavement area and the underreams, the plumbing will then be ready to be started, and this will give the poured parking area plenty of time to set up and cure before the pump truck is brought in to pour the building slab. Mr. Brady Girouard stated the underreams are currently being drilled and poured at the same time.

Consider Pay Request No. 1 to Rebel Contractors, Inc. for Improvements to Blocks Bayou Ditch Phase 1

A recommendation letter was received from Kim Carroll of Texan Engineering & Consulting for Pay Request No. 1 to Rebel Contractors, Inc. for Improvements to Blocks Bayou Ditch Phase 1 in the amount of One Hundred Forty-Seven Thousand Six Hundred Nine and No/100 (\$147,609.00) Dollars. Mr. Garrett Boudoin stated the pay request is for mobilization and work completed to date. The contractor got started at the beginning of July and has everything dewatered downstream. In addition to clearing of all the stockpile area on the Exxon site, they have poured a small area of concrete on the bottom of the basin and are making progress. The contractor has completed eight

percent (8%) of the work using nine percent (9%) of the contract time. Mr. Kim Carroll stated he agrees, and he and Garrett have been keeping in close contact on the project. Commissioner Moses moved to approve Pay Request No. 1 to Rebel Contractors, Inc. for Improvements to Blocks Bayou Ditch Phase 1 in the amount of One Hundred Forty-Seven Thousand Six Hundred Nine and No/100 (\$147,609.00) 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 Summary (SP2GB) and stated there have been no substantial changes since the last meeting. District staff is continuing to cut through red tape on the environmental issues on Contract 3B. There is a big meeting scheduled tomorrow to try to work out the problems with representatives from the KCS Railroad, the Port of Port Arthur, JBS Packing and the Corps of Engineers. Contract 3B is the next contract the Corps is wanting to advertise. It was thought this Contract was in good shape until these environmental issues came up on hazardous substances and wetlands. The District is waiting on some resolve to these issues before sending the City of Port Arthur, the Port of Port Arthur, and the Railroad the property acquisition offer letters.

Manager's Miscellaneous Reports/Financials

The following report was submitted to give an updated status:

Construction Notes - Alligator Bayou Pump Station Annex
July 25, 2022 – August 5, 2022

Monday, July 25:

DD7's site representative was not on site today, so a daily report was not generated.

Tuesday, July 26:

Alligator Project; Allco crew did not work on site today. Weather conditions were partly cloudy. The site conditions were dry.

Allco superintendent (0) on site with (0) operators/laborers reported.

Wednesday, July 27:

Alligator Project; Allco crew did not work on site today. Weather conditions were partly cloudy. The site conditions were dry.

Allco superintendent (0) on site with (0) operators/laborers reported.

Thursday, July 28:

Alligator Project; Allco crew did not work on site today. Weather conditions were partly cloudy. The site conditions were dry.

Allco superintendent (0) on site with (0) operators/laborers reported.

Friday, July 29:

Alligator Project; Allco crew did not work on site today. Weather conditions were partly cloudy. The site conditions were dry.

Allco superintendent (0) on site with (0) operators/laborers reported.

Monday, August 1:

Alligator Project; Allco crew did not work on site today. Weather conditions were partly cloudy. The site conditions were dry.

Allco superintendent (0) on site with (0) operators/laborers reported.

Tuesday, August 2:

Alligator Project; Allco crew did not work on site today. Weather conditions were partly cloudy. The site conditions were dry.

Allco superintendent (0) on site with (0) operators/laborers reported.

Wednesday, August 3:

Alligator Project; Allco crew did work on site today. Weather conditions were sunny. The site conditions were dry.

Allco superintendent (1) on site with (?) operators/laborers reported.

Allco is bringing in equipment and material for discharge side buoy line.

Thursday, August 4:

Alligator Project; Allco crew did not work on site today. Weather conditions were partly cloudy. The site conditions were dry.

Allco superintendent (0) on site with (0) operators/laborers reported.

Friday, August 5:

Alligator Project; Allco crew did not work on site today. Weather conditions were cloudy with rain showers. The site conditions were dry.

Allco superintendent (0) on site with (0) operators/laborers reported.

Mr. Phil Kelley presented the financial statements prepared by FMW, P.C. for the period ended July 31, 2022, and gave a collateral securities report as of July 31, 2022.

Mr. Kelley stated, as discussed at the last meeting, Mr. Allen Sims had reported that the District is currently below the local industry standard match of 150% on its Texas County & District Retirement System. Mr. Sims submitted a spreadsheet showing amounts for increasing the match to 200%, 225% or 250%. Messrs. Kelley and Sims would like to recommend increasing to the 225% match, and there will be an action item at the next Board meeting to consider approving the increase. Mr. Sims stated currently the District is paying 150% match or \$1.50 per \$1.00 and will currently contribute 13.07% for 2023. Using the total budgeted payroll, the employer contribution was calculated at the three (3) increased percentages mentioned above, and Mr. Sims explained what the increased costs to the District would be for each and how the District would pay the increase. The budgeted costs/long-term contribution rate would go up for the District for the first thirteen (13) to fifteen (15) years if the match percentage is increased to make all employees' accounts retroactive up to the 225% or 250%. When the fund reaches 100% funding, the long-term contribution rate would go back down and be level from that point forward or until further changes to the plan are made. Mr.

Kelley stated if any of the Commissioners have any questions or comments prior to the next Board meeting, feel free to reach out to Mr. Sims to discuss. Commissioner Vincent asked if this would affect the tax rate, and Mr. Kelley stated it will not. He has already completed a lot of work on next year's preliminary budget, and it is just a matter of tweaking some line items. Mr. Kelley submitted a preliminary Special Projects Worksheet for next year's budget and stated once the preliminary budget is complete and if it shows a negative fund balance going into next year, he can adjust some of the special project lines to cover the increase. He plans to have a preliminary budget complete by the next meeting. He went over the dollar amounts included by line in the Special Projects Worksheet and stated there are several items that serve as place holders and amounts can be adjusted. The increase is all inclusive under the proposed tax rate and the District's revenue.

Mr. Kelley stated the Commissioners were given a copy of a letter he received from the Southeast Texas Regional Planning Commission (SETRPC). The General Land Office has allocated \$142,878,000 to develop a method of distribution (MOD) for the Regional Mitigation Program. Jefferson, Orange, and Hardin County Judges have all pushed to have this money spent on drainage projects. Therefore, the funds will go to Drainage District No. 7, Drainage District No. 6, Orange County Drainage District and Hardin County. The potential share that will come to Drainage District No. 7 is \$41,367,400. SETRPC is in the middle of a public comment period, and Barron Cook is attending the public comment meeting today on behalf of the District. Depending on the outcome of the public comment period, the District's potential share can change, but the

Executive Director of SETRPC has asked the District to either accept or decline whatever funds are allocated through the MOD by August 17, 2022. Mr. Kelley wanted to bring this item to the Board for action because most grant programs require Board approval, but the item was not received in time to get on the agenda for today's meeting for consideration. If there is a positive consensus to accept the funding, Mr. Kelley will go ahead and sign and send the letter to accept the funding by the deadline and will have an action item on the agenda for the next Board meeting for ratification. If the Board votes to decline the funding, Mr. Kelley will withdraw the letter and application. Fifty percent (50%) of the funding must go towards benefiting low-to-moderate-income areas, which represents \$20,683,700 of the total grant amount. The District has already identified several projects that would qualify and has been trying to qualify for a grant to completely rebuild the Shreveport Pump Station located in the downtown Port Arthur area for some time now. The estimate to rebuild is approximately \$24,000,000, so this would fit perfectly. If the City of Port Arthur improves all the drainage downtown like they are wanting to do, more water will be sent to that Pump Station. The District has previously filed for grants but has not been successful. This grant is 100% funding with no local match. The grant project will need to be administered, so the District will have to go through advertisement for qualifications for environmental, engineering and grant administrators.

The District has been asked to sign a Letter of Support for the Gulf Coast Protection District's (GCPD) proposal to amend the existing authority for the SP2GB project to credit the value of public lands or easements required for the project against

the non-federal share of project costs. The Corps put a stipulation on the supplemental money that came down from Congress so that it does not credit the District for public lands on its 35% share. The District is trying to get this turned around and tried to get language into the Water Resources and Development Act of 2022 but was too late. Ray Russo is working with the GCPD, and they are asking the District to sign a Letter of Support to go along with the approach to Congress to get language into the next Water Resources and Development Act 2024 bill that the Congress will hopefully consider. This matter came up too late to get on the agenda for today's meeting, and the letter must be submitted prior to the next Board meeting. However, a Resolution was previously passed that gave Mr. Kelley authority to sign off on certain agreements relative to lands, easements, and rights-of-way, so the Letter of Support would fall under this Resolution. A vote cannot be taken, but if a Board member has any objection, Mr. Kelley asked that he be advised. The Letter must be submitted by August 25, and if Mr. Kelley does not hear anything regarding objections, the Letter of Support will be signed by the Chairman and sent.

Mr. Kelley gave a brief update on the property acquisition of the 3033 Oak West property in Nederland and stated the closing was set for last Friday, but the Deed received was signed back in 2020 and the District's attorney requested that the Deed be updated to reflect the current title work. Once this is complete, the closing will be rescheduled and completed.

Checks & Purchase Orders
Maintenance Fund

Ck. No. 20711 – 4 Horn Industrial

\$3,238.70 – John Deere Backhoe Rental 7/22-8/3/22

Ck. No. 20712 – Advanced Staffing, Inc.

\$12,163.84 – Summer Help Labor 7/25-8/7/22

Ck. No. 20713 – Cummins Sales and Service

\$102,220.00 – Diesel Engine Replacement PS 19

Ck. No. 20714 - FILMR, LLC

\$96.00 – Social Media Posts

Ck. No. 20715 – FMW, P.C

\$2,300.00 – Accounting Services for July 2022

Ck. No. 20717 – LJA Engineering, Inc.

\$14,222.59 – Stormwater Management Plan, Halbouty Detention
HMGP Project, Rodair Gully Detention HMGP Project and
Develop Data Collection System (2)

Ck. No. 20718 – N&T Construction Co., Inc.

\$325,593.03 – New Administration Building Contract

Ck. No. 20719 – Nerbert Frelow

\$4,500.00 – Dump Truck Rental, 08/01-08/11/22

Ck. No. 20720 – Rebel Contractors

\$147,609.00 – Blocks Bayou Improvements Contract

Ck. No. 20721 – Richard Beaumont

\$207.58 – Health Insurance Payment

Ck. No. 20722 - Ron Lewis & Associates

\$3,500.00 – Legislative Consulting Fees

Ck. No. 20723 – Soutex Surveyors, Inc.

\$2,714.30 – Admin. Bldg. Project, Construction Staking-July 2022

Ck. No. 20724 – Sprint Waste Services, LP

\$6,874.28 – Rollbox and Holding Tank Rental, Various Pump Stations

Ck. No. 20725 – Tallman Pools

\$5,600.00 – Guniting Repair under Bulkhead, Blocks Bayou Improvements

Ck. No. 20726 – Texan Engineering & Consulting, LLC

\$12,330.00 – General Engineering Services and Blocks Bayou Improvements

Ck. No. 20727 - Thorpe Plant Services, Inc.

\$2,215.24 – Scaffolding Rental for PS 15 Pump Replacement

Ck. No. 20728 – TWCA Risk Management Fund

\$4,098.00 – Auto Liability and Physical Damage Amendments

Ck. No. 20729 – Xylem Dewatering Solutions, Inc.

\$5,625.00 – PS3 Discharge Pipe Support Rehab

Ck. No. 20730 – GP Evans Contractors

\$10,551.60 – Seasonal Mowing Contract

Ck. No. 20731 – Duck's Dragline Service, Inc.

\$11,050.00 – Trackhoe Rental for Main C Loop Ext. Project and
New Administration Building Project

Ck. No. 20732 – Beaumont Bone and Joint Institute

\$344.00 – Employee Medical Expense

Ck. No. 20733 – National Networks

\$3,719.70 – Monthly Computer Service for September 2022

Ck. No. 20734 – Occucare International

\$420.00 – Employee Medical Expense

Ck. No. 20764 – LJA Engineering, Inc.

\$172.48 0 Data Collection System, May 2022

Ck. No. 20765 – Sigma Engineers, Inc.

\$3,276.00 – Office Upgrade

Debt Service Fund

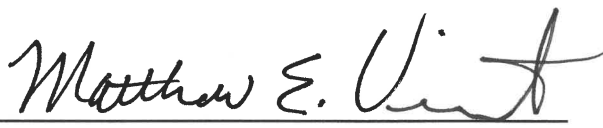
Ck. No. 2024 – Computershare Trust Company, N.A.

\$258,018.75 – Maintenance Note Interest Payment

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

Chairman Beaumont asked if there was any other business to come before the Board. There was none.

At 2:55 p.m., Commissioner Vincent moved that the meeting be adjourned. Commissioner Moses seconded the motion. The motion carried.


Matthew E. Vincent., Assistant Secretary


Richard Beaumont, Chairman

**RESOLUTION NO. 491
AUTHORIZING TAX ABATEMENT AGREEMENT WITH
PORT ARTHUR TERMINAL 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 Port Arthur Terminal 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 Port Arthur Terminal LLC for property located within the Port Arthur Terminal LLC Reinvestment Zone for construction of a new advanced intermodal energy distribution and blending facility and related improvements and authorize its Manager, Phil Kelley, to execute on behalf of the District the Tax Abatement Agreement attached hereto 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. 2378 held on the 16th day of August 2022, upon motion made by Commissioner Moses and seconded by Commissioner Vincent and adopted unanimously by said Board, a quorum being present.

Given under my hand this 16th day of August 2022.


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 Port Arthur Terminal LLC. (hereinafter sometimes referred to as "PAT" or "OWNER").

1. RECITALS

WHEREAS, OWNER possesses interests in taxable real property (a land lease) located within the Project Fairway Reinvestment Zone, the designation of which was implemented by Jefferson County by an Order dated August 4, 2020 (hereinafter referred to as the "REINVESTMENT ZONE"; and

WHEREAS, Jefferson County has passed an abatement agreement for the PROJECT with the same annual abatements as contained herein; 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 advanced intermodal energy distribution and blending facility and related improvements (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, generally described as being within the Port of Port Arthur, 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 Jefferson County has agreed 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:

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 PROJECT FAIRWAY 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 (See Exhibit E).

"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 this AGREEMENT. OWNER will, in consultation with the Jefferson Central Appraisal District, provide the DISTRICT with a list of the Jefferson Central 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, 2020, preceding the execution of this AGREEMENT for use in preparing the schedule to be attached as an exhibit to this AGREEMENT before execution specifying the Base Year Value for all purposes of the AGREEMENT.

"Base year", for the parties to this AGREEMENT, is defined as the calendar year in which the county abatement agreement was executed.

"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 gasses, 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 by the Tax Code but does not include personal tangible property.

"New Eligible Property" means Eligible Property, the construction of which commences subsequent to the effective date of the county abatement 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 this 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 of work per year, is not 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/blending 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, 2022 and shall terminate on December 31, 2026, unless sooner terminated pursuant to other provisions of this AGREEMENT. Should OWNER not have commenced construction by December 31, 2020, this AGREEMENT shall be null and void. Termination of the abatement agreement with Jefferson County will cause automatic termination of this AGREEMENT.

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, maintain a level of not less than 32 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 32 full-time jobs for total on site employment by owner (including affiliates as defined in Exhibit E) during said term. In the event that such employment falls below 32 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 \$\$
A2 = revised Abatement \$\$
E1 = 32 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 \$130 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 (and affiliates as defined in Exhibit E) 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 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 OPP 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 County's personnel to ensure that the improvements or repairs thereto are made according to the specifications and conditions of this AGREEMENT.
- o. Notwithstanding anything to the contrary set forth in this Article 5 or elsewhere in this Agreement, neither OWNER nor any of its contractors shall be obligated by this AGREEMENT to hire, engage or otherwise involve or permit the involvement of any local

labor, vendors, suppliers, contractors, or HUB/DBE vendors, or permit any of the foregoing to participate in bidding processes.

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 of the New Eligible Property attributable to the Project multiplied by the 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, District general manager and/or his designees, the Jefferson County Judge, Jefferson County Commissioners, or their 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. As a public entity the District's confidentiality rights are controlled not by this AGREEMENT but by the applicable provisions of the Public Information Act found in the Texas Government Code.

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 year 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 County 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 1st 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.

It is specifically understood and agreed by OWNER that, if at any time during the term of the abatement pursuant to this agreement, 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 the abatement percentages set forth in this AGREEMENT 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, pandemics 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 not resulting from a Force Majeure Event.

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. This AGREEMENT may be terminated pursuant to Section 4 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 DISTRICT's Board of such assignment, and approval shall not be unreasonably withheld or delayed. It shall not be unreasonable for the DISTRICT to withhold approval if OWNER or the proposed assignee is liable to the DISTRICT for outstanding taxes or other obligations not subject to reasonable challenge by OWNER.

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, applications, 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: Mr. Adam Altsuler
Chief Financial Officer
Port Arthur Terminal LLC
811 Main Street #2800
Houston, TX 77002

With copies to: Mr. Keith Benson
General Counsel
Port Arthur Terminal LLC
811 Main Street #2800
Houston, TX 77002

Mr. Geoffrey Troan
Director, Site Selection and Business Incentives
301 E. Pine Street
Suite 700
Orlando, FL 32801

DISTRICT: Mr. Phil Kelley
General Manager
Jefferson County Drainage District 7
P.O. Box 3244
Port Arthur, TX 77643

With copies to: Mr. Pete Steele
Attorney at Law
Glenn H Steele Jr, PLLC
PO Box 1117
Port Neches, TX 77651

18. MERGER

This clause intentionally deleted as repetitive for this Agreement to Article 15.

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 _____ day of _____ 2022.

FOR THE DISTRICT:

Name: _____

Title: _____

FOR OWNER:

Name: _____

Title: _____

EXHIBIT A "Description of Project"

The Project:

The proposed project is an advanced intermodal energy terminal. The proposed facility would serve as a strategic origin-destination pair for USDG's Diluent Recovery Unit ("DRU") program within USDG's network of terminal facilities. The DRU program is part of USDG's patented DRUbit™1 process, which improves the efficiency/effectiveness of converting Canadian tar sands into suitable input material for the US energy refining industry.

The proposed facility will be strategically located along the Sabine-Neches Waterway on a 220-acre site that USDG has leased from the Kansas City Southern Railway. It will be designed to unload crude oil from railcars, receive condensate and light crude oil from pipeline feeds and barge docks, blend-to-spec, and deliver product to market via pipeline and barge.

USDG, by and through its subsidiary Port Arthur Terminal LLC ("PAT"), will build, own, and operate the facility, which will consist of the following Phase I components: a) Rail track and unloading infrastructure to accommodate unit trains; b) Internal floating roof storage tanks; c) Blend manifold for custom blending; d) Dock facilities for inland barges; and e) A bidirectional pipeline to the Phillips 66 refinery.

The OWNER:

US Development Group, or USDG, and its Affiliates are engaged in designing, developing, owning and managing large-scale multi-modal logistics centers and energy-related midstream infrastructure across North America. USDG is currently owned by its employees, Energy Capital Partners and Goldman Sachs.

USDG has historically utilized rail transportation as its competitive platform to provide timely, efficient, flexible and cost-effective midstream infrastructure for its customers to access the most competitive markets. USDG seeks to understand the underlying energy industry dynamics in order to develop logistic solutions and proactively solve the strategic needs of its customers and partners in a sustainable fashion. USDG's approach includes managing the entire process of designing, financing, constructing, operating and owning a growing North American network of rail terminal facilities and other high quality, complementary infrastructure across the midstream value chain.

USDG believes that its operating and project development expertise is unparalleled.

USDG was among the first companies to successfully develop the hydrocarbon-by-rail concept. USDG has built or operated 14 unit train-capable origination and destination terminals with an aggregate capacity of over 850,000 barrels per day and has safely handled over 170 million barrels of liquid hydrocarbons and biofuels. USDG's senior management team has an average of over 25 years of experience in the energy, transportation, refining, commodities trading, logistics and financial industries. Additionally, USDG has an outstanding track record for safety, as evidenced by over a dozen nationally recognized safety awards received in recent years.

Additional information on USDG, the parent company for Port Arthur Terminal LLC is available at the following web address: www.usdg.com.

DRUbit™ is a trademark of DRU Assets LLC, an Affiliate of USDG. All rights reserved.

"Tax Abatement Schedule"

Tax Year		Abatement Percentage
1	2022	100%
2	2023	100%
3	2024	90%
4	2025	80%
5	2026	70%

EXHIBIT B "Base Year Property"

This base year taxable value as certified will be attached, by consent of the parties, when same is calculated and adopted by the Jefferson County Appraisal District.

EXHIBIT C - "Reinvestment Zone Order"

EXHIBIT D- "List of HUB/ DBE Companies"

Property Owner acknowledges Jefferson County has previously provided this.

EXHIBIT "E" - AFFILIATES OF OWNER

The project will be constructed and managed by Port Arthur Terminal LLC ("PAT"), which operates as a wholly owned subsidiary of US Development Group, LLC. US Development Group, LLC has no other affiliates in Jefferson County Texas.

The jobs generated by the project will be employees of Port Arthur Terminal LLC, US Development Group, LLC and its other Affiliates, and PAT's contractors, including RailServe Inc. RailServe is a division of Marmon Inc, which is in turn a division of Berkshire Hathaway Inc.