

JOHNSON COUNTY COMMISSIONERS COURT

Filed For Record 10:59 AM

APR 19 2013

Becky Williams
County Clerk, Johnson County Texas

BY _____ DEPUTY



ROGER HARMON
County Judge

Alison Hitchcock
Assistant to Commissioner's Court

JERRY D. STRINGER
Commissioner Pct. #3

DON BEESON
Commissioner Pct. #4

RICK BAILEY
Commissioner Pct. #1

KENNY HOWELL
Commissioner Pct. #2

THE STATE OF TEXAS

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ORDER #2013-02

COUNTY OF JOHNSON

TAX ABATEMENT AGREEMENT BETWEEN JOHNSON COUNTY AND
ENERGY TRANSFER

The Johnson County Commissioners Court met on January 14, 2013 in regular session and held a public hearing to consider the following resolution:

BE IT ORDERED BY THE COMMISSIONERS COURT OF JOHNSON COUNTY, TEXAS AS FOLLOWS

A motion was made by Commissioner Kenny Howell and seconded by Commissioner Jerry D. Stringer that the following action be taken by the court:

WHEREAS, Johnson County has designated a parcel of property located within the County's jurisdiction as described in Attached Exhibit "A" which is known as the Energy Transfer Reinvestment Zone pursuant to V.T.C.A., Tax Code, Chapter 312; and

WHEREAS, Energy Transfer Fuel GP LLC owns the properties located in said Zone in its own name or through its subsidiaries Energy Transfer Fuel LP and ETC Texas Pipeline Ltd (all collectively referred to hereinafter as "Energy Transfer"); and

WHEREAS, Johnson County is authorized pursuant to Section 312.402 of V.T.C.A., Tax Code to enter into a Tax Abatement Agreement with Energy Transfer; and


WHEREAS, Energy Transfer is proposing to expand their facility on the property by adding new improvements of approximately \$70,000,000.00 and also to hire 6 new employees; and

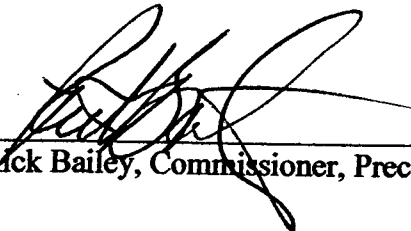
WHEREAS, the Johnson County Commissioners' Court has adopted a policy that establishes the criteria that the County will use to evaluate tax abatement requests; and

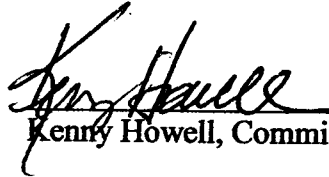
WHEREAS, the proposed Tax Abatement Agreement between Johnson County and Energy Transfer based on both the guidelines and criteria and the type of improvement will provide for an Abatement of _____ percent of the increased value over a _____ year period;

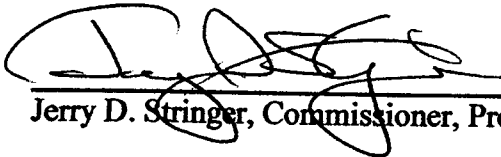
NOW THEREFORE BE IT ORDERED, ADJUDGED AND DECREED, that the Commissioners Court hereby and herewith authorizes the County Judge to execute an abatement agreement between Johnson County and Energy Transfer consistent with both the aforesaid terms as to amount of improvements and the level and term of the abatement and the guidelines and criteria previously adopted by the Commissioners' Court.

This ORDER shall become effective as of January 14, 2013. PASSED AND APPROVED at the public hearing of the Johnson County Commissioners Court at which a quorum as present, on the 14th day of January, 2013


Roger Harmon, Johnson County Judge


Rick Bailey, Commissioner, Precinct #1


Kenny Howell, Commissioner, Precinct #2


Jerry D. Stringer, Commissioner, Precinct #3


Don Beeson, Commissioner, Precinct #4

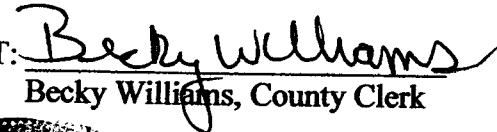
ATTEST: 
Becky Williams, County Clerk



EXHIBIT A

Warranty Deed: Volume 3768, Page 0135

Parcel #126.0440.00510

Parcel #126.0440.00515

TRACT 1: Being 24.49 acres, situated in the Johnson County School Land Survey, A-440, and being out of a called 44.951 acre tract conveyed to MAAK Enterprises, L.P. by deed recorded in Vol. 2186, Pg. 557 of the Johnson County Deed Records (J.C.D.R.) and a called 154.19 acre tract conveyed to MAAK Enterprises, L.P. by deed recorded in Vol. 2186, Pg. 565 J.C.I.). Said 24.49 acre tract is further described by metes and bounds as follows with bearings referenced to the Texas State Plane Coordinate System (NAT) 83), North Central Zone.

TRACT 2: Being 13.18 acres, situated in the Johnson County School Land Survey, A-440, and being out of a called 44.951 acre tract conveyed to MAAK Enterprises, L.P. by deed recorded in Vol. 2186, Pg. 557 of the Johnson County Deed Records (J.C.D.R) and a called 154.19 acre tract conveyed to MAAK Enterprises, L.P. by deed recorded in Vol. 2186, Pg. 565 J.C.D.R.). Said 13.18 acre tract is further described by metes and bounds as follows with bearings referenced to the Texas State Plane Coordinate System (NAD 83), North Central Zone.

Warranty Deed: Volume 4087, Page 0937

Parcel #126.3106.00050

LOT 5, BLOCK 1, BREEZY ACRES ADDITION, AN ADDITION TO THE CITY OF GODLEY, JOHNSON COUNTY, TEXAS, ACCORDING TO MAP OR PLAT THEREOF RECORDED IN VOLUME 9, PAGE 308, OF THE PLAT RECORDS OF JOHNSON COUNTY, TEXAS.

Warranty Deed: Volume 4217, Page 0246

Parcel #126.0440.00498

Parcel #126.0440.00499

16.9 acres of land, more or less, lying and situated in Tract 13, Johnson County School Land Survey, Survey No. 2, Abstract No. 440, Johnson County, Texas, and being more fully described on Exhibit "A." of the above referenced Deed.

Warranty Deed: Instrument # 19293

Parcel #126.0440.00506

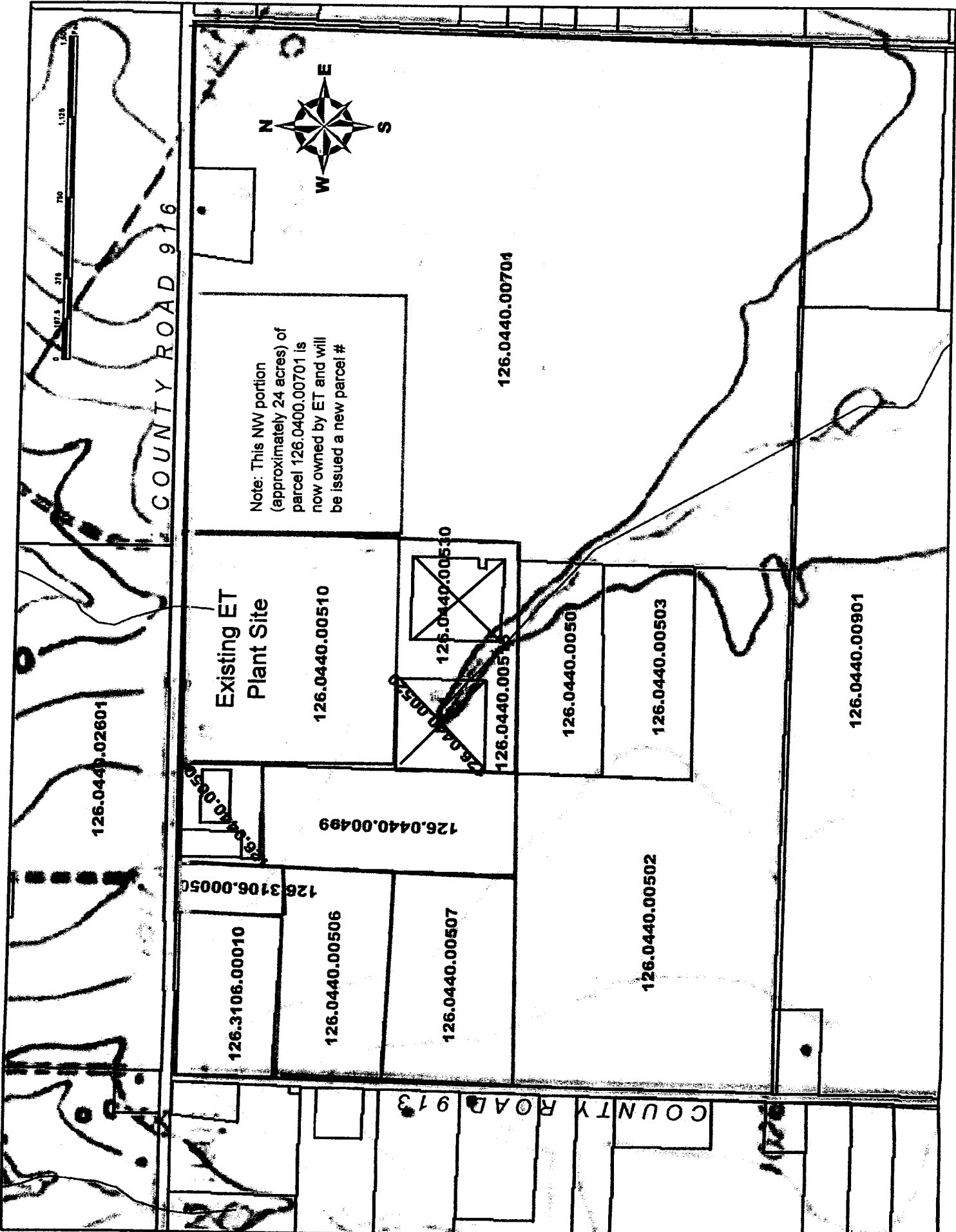
Parcel #126.0440.00507

Being 24.00 acres in the Johnson County School Land Survey, No. 2, Abstract 440 in Johnson County, Texas and being Tract C and Tract D of a 51.685 acre subdivision of said Survey.

General Warranty Deed, Instrument # 6831

Parcel # 126.0440.00710

Being 24.238 Acres of land situated in the West 1/2 of Lot 14, of the subdivision of Johnson County School Land Survey No. 2, Abstract No. 440, Johnson County, Texas, and being part of a called 154-1/3 Acres as recorded in Volume 2186 at Page 565, O.P.R.J.C.T.



TAX ABATEMENT AGREEMENT

STATE OF TEXAS

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COUNTY OF JOHNSON

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WHEREAS, the Johnson County, Texas has designated the Energy Transfer Reinvestment Zone under the provisions Title 3, Subtitle B, of Chapter 312 of V.T.C.A., Tax Code; and

WHEREAS, Energy Transfer Fuel GP LLC owns the properties located in said Zone in its own name or through its subsidiaries Energy Transfer Fuel LP and ETC Texas Pipeline Ltd (all collectively referred to hereinafter as "Energy Transfer"); and

WHEREAS, Johnson County, herein after referred to as the County, has determined that the proposed improvements, as described in this Agreement to be constructed by Energy Transfer, meet the requirements for eligibility for tax abatement under V.T.C.A. Tax Code; and

WHEREAS, it is reasonably likely that this Agreement will contribute to the retention, expansion and creation of primary employment and will attract major investment in the Zone that would be a benefit to property within the Zone and that would contribute to the economic development of the County; and

WHEREAS, the County has determined that the Improvements are practical and are of benefit to the area within the Zone and to the County; and

WHEREAS, Commissioners Court of Johnson County, Texas (the "Commissioners Court") finds that the terms of this Agreement meet the applicable requirements of the Guidelines and Criteria for the Johnson County Tax Abatement Policy Statement, adopted by the Commissioners Court pursuant to Court Order 2012-13; and

WHEREAS, this Agreement shall become effective upon the approval by Johnson County and the execution of said agreement by both the County and Energy Transfer;

NOW, THEREFORE, the parties hereto, for and in consideration of the premises and mutual promises stated herein, agree as follows:

Section 1. The real property, improvements thereto, and related items of tangible personal property, which are described in Section 2 hereof, shall be those constructed on the property constituting the Zone as described by the following legal description; That tract or parcel of land more particularly described and shown on Exhibit "A" that is attached hereto and incorporated by reference herein for all purposes.

Section 2. The proposed project is expansion/development of the Property to include buildings, structures, fixed machinery and equipment, site improvements plus office space and related fixed improvements necessary to the operation and administration of the facility to accommodate an industrial gas plant and all associated transmission equipment/lines. The cost of the improvement is Seventy Million Dollars (\$70,000,000.00). Energy Transfer anticipates that the improvements will be completed by January 1, 2014.

In consideration of this Agreement, ENERGY TRANSFER agrees to the following covenants that must be fulfilled in order to receive tax abatement:

(A) Develop the Improvements resulting in a Capital Investment in an amount equal to at least Seventy Million Dollars (\$70,000,000.00) and the creation of at least six (6) full-time jobs at the Property by January 1, 2014.

(B) ENERGY TRANSFER shall be responsible for all on-site improvements and related development fees required for the construction and development of the Improvements.

(C) ENERGY TRANSFER shall remain current and paid on all property taxes, subject to appeal rights in accordance with law and subject to a right to cure any delinquency.

(D) ENERGY TRANSFER shall install and maintain a sound barrier around the plant facilities as part of the expansion project.

Section 3. For purposes of this Agreement:

- (a) the "Abatement Property" means the Premises, the Improvements and the related items of tangible personal property described in Sections 1 and 2 hereof,
- (b) the "Effective Date of Abatement" means January 1, 2014; and
- (c) the "Abatement Period" means that period commencing on the first day of the Effective Date of Abatement and ending seven (7) years thereafter.

Section 4. Subject to the terms and conditions of this Agreement, and subject to the rights of holders of any outstanding bonds of the County, fifty percent (50%) of the appraised value for property tax purposes of the Abated Property (to the extent the appraised value of the Abated Property for each year exceeds its value as of January 1, 2013) shall be abated and exempted from taxation for a period of seven (7) years beginning

with the first day of the Effective Date of Abatement. As a result, said abatement shall result in a reduction by fifty percent (50%) of the taxes that would otherwise be assessed upon that portion of the appraised value of the Abated Property that for each year of abatement exceeds its value as of January 1, 2013. It is the intent of the parties that the abatement granted hereby shall extend for a period of seven (7) years beginning with the first day of the Effective Date of Abatement, and shall apply only to all improvements and items of tangible personal property constructed or placed on the Premises that resulted from this expansion. To the extent necessary, it is the intent of the parties that this Agreement shall not be amended to include such additional improvements and items of tangible personal property. A separate tax abatement agreement shall be entered into with respect to any additional property. It is also agreed that if the appraised value of the improvements should decline the percent abated will be reduced per the table on page four (4) of the Guidelines and Criteria For Johnson County Tax Abatement Policy, if said reduction in value would result in a percent of abatement less than provided for by this Agreement.

Section 5.

It is agreed that employees of the County shall have access to the premises for inspection to ensure that the Improvements are made according to the conditions of this Agreement and that the Improvements are of substantially the same character as described in Section 2 hereof (subject to the right of Energy Transfer to revise the plans and specifications for the Improvements prior to and during construction). All inspections will be made only after giving Energy Transfer at least twenty-four (24) hours advance notice and will be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the project. All inspections will be made with one or more representatives of Energy Transfer, and in accordance with Energy Transfer's safety standards.

Energy Transfer shall indemnify, hold harmless and defend the County, its members, agents, officials, employees, from and against any and all obligations, claims, suits, damages, and liability, or alleged liability, including, but not limited to liability without fault and liability by virtue of the obligations of Energy Transfer, pursuant to this Agreement or the acts or omissions of Energy Transfer, its agents, contractors, employees, licensees, or invitees, on or with respect to the Premises, Improvements and/or equipment, including costs of suit, attorney fees and other related costs and expenses of whatever kind or character arising directly or indirectly from any cause whatsoever in connection with or incidental to this Agreement or such acts or omissions, provided, however, that Energy Transfer, shall not be required to indemnify and hold harmless any indemnified party for any such injury or harm caused by the gross negligence or willful misconduct of any indemnified party. The indemnity set forth herein shall specifically include, without limitation all actions, damages, claims and liabilities for personal injury, death or property damage occurring on, or arising out of or resulting from the use of premises, improvements and/or equipment by Energy Transfer, its sublessee or representative, agents, contractors, employees, licensees or invitees.

Section 6.

- (a) During the Abatement Period, the County may declare a default hereunder by Energy Transfer, only if Energy Transfer, refuses or neglects to comply with any of the terms of this Agreement, or if any representation made by Energy Transfer, in this Agreement is false or misleading in any material respect, or if Energy Transfer, allows its ad valorem taxes owed the County to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest.
- (b) Should the County determine Energy Transfer, to be in default of this agreement, the County shall notify Energy Transfer, in writing prior to the end of the abatement period, and if such default is not cured within sixty (60) days from the date of such notice (the "Cure Period"), then the Agreement may be terminated; provided, however, that in the case of a default that, for causes beyond Energy Transfer's reasonable control, cannot with due diligence be cured within such sixty day period, the "Cure Period" shall be deemed extended if Energy Transfer, (i) shall immediately, upon the receipt of such notice, advise the County of Energy Transfer's intention to institute all steps necessary to cure such default, and (ii) shall institute and thereafter prosecute to completion with reasonable dispatch all steps necessary to cure same.
- (c) Except as provided in Subsection (d) below, if Energy Transfer, violates any of the terms and conditions of this Agreement and fails to cure during the Cure Period, this Agreement may then be terminated and all taxes previously abated by virtue of this Agreement will be recaptured and paid within sixty (60) days of the termination.
- (d) During the period of time when Energy Transfer, is constructing, renovating, repairing, or installing the improvements and/or equipment on the premises, and at all times thereafter, during the term of this Agreement, Energy Transfer, shall keep the improvements and equipment insured against all loss or damage by fire or any other casualty. Energy Transfer, shall furnish the County with all Certificates of Insurance that are required by this Agreement within thirty (30) days after the initiation of construction, repairs, or installation, and within thirty (30) days succeeding the renewal of each policy required herein.

In the event, improvements and/or equipment are damaged by fire or any other casualty, should Energy Transfer, decide not to repair, remodel, renovate or reinstall; or fails to begin repair, remodeling, renovation or reinstallation on the damaged Improvements and/or equipment within six (6) months of the fire and/or other casualty, then the abatement shall terminate and all taxes previously abated by virtue of this Agreement will be recaptured and paid within sixty (60) days of the termination.

Section 7. For purposes of this Agreement, the value of the Premises, the Improvements and all items of tangible personal property situated on the Premises shall be the same as the value of such property as determined annually by the Chief Appraiser of the Johnson County Appraisal District, subject to the appeal procedures set forth in the Texas Property Tax Code (V.T.C.A. Tax Code).

Prior to October 1st of each year that this Agreement is in effect, Energy Transfer, shall certify to the County that Energy Transfer, is in compliance with each applicable term of this Agreement. This annual certification shall include a rendition of the property value.

Energy Transfer, is solely responsible for meeting any and all additional requirements for the completion of this Agreement. These additional requirements include the application for the Abatement which will need to be filed with the Central Appraisal District of Johnson County, Texas.

Section 8. If the County terminates this Agreement upon an event of default as defined in Section 6 hereof, it shall provide Energy Transfer, written notice of such termination. If Energy Transfer, believes that such termination was improper, Energy Transfer, may file suit in Johnson County District Courts appealing such termination within one hundred twenty (120) days after receipt from the County of written notice of the termination. If an appeal suit is filed, Energy Transfer, shall remit to the County, within one hundred twenty (120) days after receipt of the notice of termination, any additional and/or recaptured taxes as may be payable pursuant to Section 6 of this Agreement during the pendency of the litigation pursuant to the payment provisions of section 42.08, V.T.C.A. Tax Code. If the final determination of the appeal increases Energy Transfer, tax liability above the amount of tax paid, Energy Transfer, shall remit the additional tax to the County pursuant to section 42.42, V.T.C.A. Tax Code and this agreement. If the final determination of the appeal decreases Energy Transfer's tax liability, the County shall refund to Energy Transfer, the difference between the amount of tax paid and the amount of tax for which Energy Transfer, is liable pursuant to section 42.43, V.T.C.A. Tax Code, and this agreement.

Section 9. Any notice required to be given under the provisions of this Agreement shall be in writing and shall be duly served when it shall have been deposited, enclosed in a wrapper with the proper postage prepaid thereon, and duly registered or certified, return receipt requested, in a United States Post Office, addressed to the County or Energy Transfer, at the following addresses. If mailed, any notice or communication shall be deemed to be received three days after the date of deposit in the United States Mail. Unless otherwise provided in this Agreement, all notices shall be delivered to the following addresses:

To Energy Transfer:

Energy Transfer
800 Sonterra Blvd., Ste 400
San Antonio, Texas 78258
Attn: Megan McKavanagh
Telephone: (512) 671-5575

To the County:

Johnson County Courthouse
2 Main Street
Cleburne, Texas 76033
Attention: Roger Harmon
County Judge

Any party may designate a different address by giving the other parties ten days' written notice.

Section 10. All provisions of this Agreement shall be executed in compliance with the Order of the Commissioners Court. A copy of the Order is attached hereto as Attachment I and incorporated herein by reference for all purposes.

Section 11. Energy Transfer, warrants to the best of its knowledge that the Premises do not include any property that is owned by a member of the Commissioners Court or any board, commission or other governmental body approving, or having responsibility for the approval of this Agreement.

Section 12. If any provision of this Agreement or the application thereof to any person or circumstances shall be invalid or unenforceable to any extent, and such invalidity or unenforceability does not destroy the basis of the bargain between the parties, then the remainder of this Agreement and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

Section 13. The terms and conditions of this Agreement are binding upon the successors and assigns of all parties hereto.

Section 14. This Agreement was authorized by the Order adopted by the Commissioners Court of Johnson County, Texas, at a meeting open to the public, and that public notice of the time, place and purpose of said meeting was given, all as required by Texas Open Meetings Act, V.T.C.A., government code, Chapter 551, and such Order authorizes the County Judge to execute this Agreement on behalf of the County. This Agreement shall constitute a valid and binding agreement between the County and Energy Transfer, upon (i) execution by the County and Energy Transfer This Agreement shall constitute a covenant running with the land and shall be recorded upon execution in the Real Property Records of Johnson County, Texas. This

agreement is performable in Johnson County, Texas, and venue over any action to enforce any of the provisions hereof shall lie exclusively in Johnson County, Texas. The laws of the State of Texas shall apply in all respects to interpretation of this Agreement.

Section 15. This Agreement has been executed by the parties in multiple originals, each having full force and effect.

in cc 1-14-13

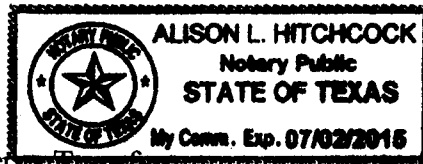
EXECUTED THE 19th, DAY OF April, 2013.

JOHNSON COUNTY, TEXAS

By: *Roger Harmon*
Roger Harmon
County Judge

This instrument was acknowledged before me on the 19th day of April, 2013, by Roger Harmon as County Judge.

Alison L. Hitchcock
Notary Public Signature
My commission expires: 7/2/15



Energy Transfer

By: *AAAM*
Title: VP | Controller

State of Texas
County of Bexar

This instrument was acknowledged before me on the 18 day of April, 2013, by Steven Stellato as VP-Controller.

Beverly M. Hernandez
Notary Public Signature
My commission expires: 9.3.14

