

CITY OF LEAGUE CITY

COUNTY OF GALVESTON

STATE OF TEXAS

CHAPTER 380 ECONOMIC DEVELOPMENT INCENTIVES GRANT AGREEMENT

This Chapter 380 Economic Development Incentives Grant Agreement (hereinafter "Agreement") is made effective March 12, 2015 (hereinafter "Effective Date"), by and between the City of League City, Texas (hereinafter "City"), a home rule Municipal Corporation of the State of Texas, located at 300 West Walker Street, League City, Texas, 77573, and INEOS USA LLC (hereinafter "Grantee"), a Delaware limited liability company located at 2600 South Shore Boulevard, Suite 500, League City, Texas 77573. City and Grantee may be referred to collectively as "Parties" and individually as a "Party". "Affiliate" or "Affiliates" means, with respect to Grantee, any other person or entity directly or indirectly controlling, controlled by, or under direct or indirect common control with the Grantee; for purposes of this definition, "control" when used with respect to a person or entity means the power to direct the management and policies of that person or entity, directly or indirectly, whether through the ownership of voting securities, by contract, or otherwise

RECITALS:

WHEREAS, the City is authorized, pursuant to Chapter 380 of the Texas Local Government Code, to establish and provide for the administration of one or more programs, including programs for making loans and grants of public money, to promote state or local economic development and to stimulate business and commercial activity in the City; and

WHEREAS, on or about June 8, 2006, the City and Grantee entered into that certain *Economic Development Incentives Agreement* which provided for the extension of certain development incentives by City to Grantee in exchange for Grantee's establishment of a leasehold estate consisting of offices for its nitriles and oligomers businesses within the American National Insurance Company building located at 2600 South Shore Boulevard, League City, Texas 77573; and

WHEREAS, the Grantee has re-established a leasehold estate within the American National Insurance Company building consisting of approximately (a) 60,000 square feet of office space and (b) 225 full time employees at the situs; and

WHEREAS, the City believes the development contemplated by Grantee will contribute to the economic development of the City by generating employment and other residual economic benefits to the City; and

WHEREAS, to encourage the Grantee to maintain a long-term presence within the City and to promote local economic development and to stimulate business and commercial activity in the City, the City desires to grant to the Grantee, under the terms and conditions set forth in this Agreement, the Chapter 380 Payments, as defined herein; and

WHEREAS, to further encourage the Grantee to maintain a long-term presence within the City, the City has expressed its intent to begin improvements on an intersection within the City known as "Five Corners" to alleviate traffic congestion, with construction to be completed in late 2015 or early 2016.

NOW, THEREFORE, in consideration of the mutual benefits and premises contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Authorization

The City has concluded that it is authorized to enter into this Agreement pursuant to Section 380.001, et seq. of the Texas Local Government Code and that the obligations of the City are valid and binding, subject to the conditions precedent as stated herein. The Grantee's execution and performance of this Agreement constitutes a valid and binding obligation of Grantee. The City acknowledges that the Grantee is acting in reliance upon the City's performance of its obligations under this Agreement in making its decision to commit substantial resources and money, and Grantee acknowledges that City is acting in reliance upon Grantee's full and complete performance of its obligations under this Agreement in making its decision to commit substantial resources as outlined herein.

2. Definitions

*"Lease Date" means December 31, 2014.*

*"Force Majeure" means any event in which any Party shall be delayed, hindered in or prevented from the performance of any act required under this Agreement by reason of casualty, fire, flood, windstorm, earthquake, explosion, lightning, or other act of God; strikes, lockouts, riots, wars, or other civil disturbances; or similar accident not reasonably within the Party's control which materially impairs the Party's ability to perform any act required under this Agreement.*

3. Term

This Agreement will become enforceable upon the Effective Date and will terminate on the first to occur of: (a) December 31, 2019 (which date is the fifth (5<sup>th</sup>) anniversary date of the Lease Date), (b) a total of \$450,000 has been paid to the Grantee, as Chapter 380 Payments (as defined herein) under this Agreement, or (c) termination of this Agreement by the City as provided herein.

4. Grantee's New Investment

(a) The Grantee understands that the City is entering into this Agreement based upon the following understanding of the Grantee's new investment in the City, and Grantee represents that as of the date of this Agreement and the Grantee's agreement thereto, the following describes its proposed undertaking:

The re-establishment of offices for its olefins, polymers, nitriles, and oligomers businesses within that certain leasehold estate consisting of approximately 60,000 square feet of net rentable area within the American National Insurance Company building located at 2600 South Shore Boulevard, League City, Texas 77573 (hereinafter "Leasehold Estate").

(b) Grantee represents that the primary term of the lease agreement executed for the Leasehold Estate (hereinafter "Lease Agreement") is for a period of not less ten (10) years from the Lease Date. Grantee further represents that it and/or its Affiliates shall endeavor to continuously maintain, at a minimum, 225 full time jobs during the primary term of the Lease Agreement.

5. Chapter 380 Payments – Development Incentive Payments

The City agrees to grant an annual lump sum cash payment equal to \$90,000.00 to the Grantee beginning on the first (1<sup>st</sup>) anniversary date of the Lease Date, and continuing on each successive anniversary date until the fifth (5<sup>th</sup>) anniversary of the Lease Date (the foregoing payments hereinafter, collectively referred to as "Chapter 380 Payment(s)"). The City and Grantee expressly understand and agree for the Chapter 380 Payment to be paid in full (a) Grantee and/or its Affiliates must occupy the entire Leasehold Estate in accordance with the terms and conditions of the Lease Agreement and (b) Grantee and/or its Affiliates must then be employing within the Leasehold Estate, a work force consisting of not less than 225 full time employees.

6. Infrastructure Improvements

To (1) encourage the Grantee to develop the new investment identified in paragraph 4, and (2) promote local economic development and stimulate business and commercial activity, the City will undertake improvements to alleviate traffic congestion to that certain intersection located within the City known as "Five

Corners, with construction of such improvements to be completed in late 2015 or early 2016.

7. Default

(a) If either Party should default with respect to any of its obligations under this Agreement (hereinafter "Defaulting Party"), and should fail, within sixty (60) days after delivery of written notice of such default from the other Party (hereinafter "Complaining Party") to cure such default (hereinafter "Cure Period"), then, if said default is not cured within the expiration of sixty (60) days following the Cure Period, the Complaining Party shall have all remedies at law against the Defaulting Party and shall have a right to terminate this Agreement.

(b) The Grantee expressly agrees that in the event it should cease occupancy of the entire Leasehold Estate during the period between the first (1<sup>st</sup>) and second (2<sup>nd</sup>) anniversary date of the Lease Date, Grantee shall reimburse the City for the amount of \$90,000.00 within thirty (30) days of written request for payment by City. In the event Grantee should cease occupancy of the entire Leasehold Estate during the period between the second (2<sup>nd</sup>) and sixth (6<sup>th</sup>) anniversary date of the Lease Date, Grantee shall reimburse the City for the amount of \$180,000.000 within thirty (30) days of written request for payment by City. In the event Grantee should cease occupancy of the entire Leasehold Estate at any time between the sixth (6<sup>th</sup>) and tenth (10<sup>th</sup>) anniversary date of the Lease Date, Grantee shall reimburse the City within thirty (30) days of written request for payment by City, an amount corresponding to the following schedule:

Occupancy ceased between 6 <sup>th</sup> and 7 <sup>th</sup> anniversary date:	\$144,000
Occupancy ceased between 7 <sup>th</sup> and 8 <sup>th</sup> anniversary date:	\$108,000
Occupancy ceased between 8 <sup>th</sup> and 9 <sup>th</sup> anniversary date:	\$ 72,000
Occupancy ceased between 9 <sup>th</sup> and 10 <sup>th</sup> anniversary date:	\$ 36,000

In the event Grantee should cease occupancy of the entire Leasehold Estate prior to the sixth (6<sup>th</sup>) anniversary date of the Lease Date, any and all further Chapter 380 Payments to be provided by the City to the Grantee under this Agreement shall be considered revoked, and this Agreement shall be considered of no further force and effect.

(c) Anything to the contrary herein notwithstanding, the Grantee further expressly agrees that, if at the time a Chapter 380 Payment shall then be due and payable by City to Grantee, and the Grantee shall then have a work force consisting of less than 225 full time employees, the Chapter 380 Payment shall be reduced proportionately by the ratio that the then number of full time employees bears to 225. At City's request, the Grantee agrees to furnish documentation which will quantify these employment requirements to City's reasonable satisfaction.

8. Limitation of Liability

**In no event will either Party be liable to the other Party for loss of profits or for any consequential, incidental, indirect, special, exemplary, or punitive damages arising out of, or related to, this Agreement, whether based on contract, warranty, negligence, strict liability, or otherwise.**

9. Force Majeure.

(a) Neither Party will be liable to the other Party if rendered unable by an event of Force Majeure to perform in whole or in part any obligation or condition of this Agreement for so long as the event of Force Majeure exists and to the extent performance is hindered by the event of Force Majeure; provided, however, the Party unable to perform will use all commercially reasonable efforts to avoid or remove the event of Force Majeure.

(b) The Party rendered unable to perform will provide notice to the other Party within a reasonable time after learning of the occurrence of a Force Majeure event; such notice will state the nature and extent of the Force Majeure condition claimed, the expected duration of the Force Majeure event, and the degree to which its obligations hereunder will be affected.

(c) The suspension of performance afforded by this paragraph 9 will not apply until requisite notice in accordance with paragraph 9(b) herein is given and will not be available to a Party failing to use reasonable diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch.

(d) The requirement that any Force Majeure be remedied with all reasonable dispatch will not require the settlement of strikes or labor controversies by acceding to the demands of the opposing party or parties.

10. Mutual Assistance

The City and the Grantee shall take all reasonable measures which are necessary or appropriate to carry out the terms and provisions of this Agreement and to aid and assist each other in carrying out such terms and provisions.

11. Representations and Warranties

The City represents and warrants to the Grantee that this Agreement is within the scope of its authority and the provisions of its charter and that it is duly authorized and empowered to enter into this Agreement. The Grantee represents and warrants to the City that it has the requisite authority to enter into this Agreement.

12. Current Revenue

The Chapter 380 Payments by the City to Grantee shall be paid solely from lawfully available funds that have been appropriated by the City from its general funds consistent with Article III, Section 52(a) of the Texas Constitution, as amended. The City will ensure that the amount of funds appropriated for the City's fiscal year is sufficient to ensure the payment of the Chapter 380 Payments for such fiscal year. Under no circumstances shall the obligations of the City hereunder be deemed to create any debt within the meaning of any constitutional or statutory provision.

13. Attorney's Fees

In the event any legal action or proceeding is commenced to enforce or interpret provisions of this Agreement, the prevailing party in any such legal action shall be entitled to recover its reasonable attorney's fees and expenses incurred by reason of such action.

14. Statutes and Ordinances

Nothing in this Agreement shall alter the Grantee's obligation to comply with all state statutes, local ordinances, rules and regulations, covering the operation of its new investment.

15. Section Names, Other Headings, and Construction

Section names or other headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All references to the singular shall include the plural, and to the plural the singular.

16. Severability

If for any reason any provision of this Agreement is held to be invalid by a court of competent jurisdiction, such holding shall not affect, impair or invalidate the remainder of the Agreement but shall be confined in its operation to the specific provision of this Agreement held invalid. The invalidity of any provision of this Agreement in any one or more instances shall not affect or prejudice in any way the validity of this Agreement in any other instance.

17. Amendment

This Agreement may only be amended, altered, or revoked by written instrument signed by both the Grantee and the City.

18. Successors and Assigns

This Agreement shall be binding on and inure to the benefit of the Parties, their respective successors and assigns.

19. 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, or at such other addresses provided by the Parties in writing:

Grantee: INEOS USA LLC  
% INEOS Olefins & Polymers USA  
Attention: Procurement Manager  
2600 South Shore Boulevard, Suite 500  
League City, Texas 77573

City: Mark Rohr, City Manager of the City of League City  
City Hall  
300 West Walker Street  
League City, Texas 77573

20. Interpretation

Regardless of the actual drafter of this Agreement, this Agreement shall, in the event of any dispute over its meaning or application, be interpreted fairly and reasonably, and neither more strongly for or against any Party.

21. Applicable Law

This Agreement is made, and shall be construed and interpreted under the laws of the State of Texas and the exclusive venue of any suit, cause of action, or proceeding to enforce this Agreement shall lie in the state or federal courts of Galveston County, Texas and the Parties hereto hereby waive, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of such suit, action, or proceeding in such court or that any such suit, action, or proceeding which is brought in such court has been brought in an inconvenient forum.

22. Counterparts

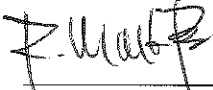
This Agreement may be executed in the original, by Portable Document Format (PDF), or by any other generally accepted electronic means, in one or more counterparts, and by the different Parties in separate counterparts, each of which shall be considered an original, but all of which shall constitute one instrument.

**[Signature Page Follows]**



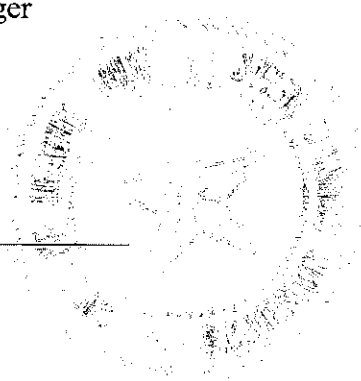
IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

CITY OF LEAGUE CITY, TEXAS

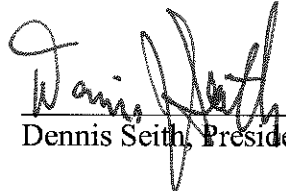
BY:   
Mark Rohr, City Manager

ATTEST:

  
Diana Stapp, City Secretary



INEOS USA LLC

BY:   
Dennis Seith, President

*WNR* 