

## **TAX ABATEMENT AGREEMENT**

This Tax Abatement Agreement ("Agreement") is made and entered into by and between the City of Corpus Christi, Texas ("City") and Cameron International Corporation, a foreign Delaware for profit corporation ("Owner"), the owner of taxable property in the City of Corpus Christi, Texas, located on 6045 Bear Lane, Corpus Christi, Nueces County, Texas ("Property").

### **I. AUTHORIZATION**

This Agreement is authorized by the Texas Property Redevelopment and Tax Abatement Act, Texas Tax Code, Chapter 312, as amended ("Act"), and is subject to the laws of the State of Texas and the charter, ordinances, and orders of the City.

### **II. DEFINITIONS**

A. As used in this Agreement, the following terms have the following meanings:

1. "Abatement" means the temporary or partial exemption from ad valorem taxes of certain added value to real, including certain improvements, and personal property in a zone designated for economic development purposes under the Act.

2. "Base Year Value" means the assessed value of the Improvements on the Property as certified by the Nueces County Appraisal District as of January 1, 2015, plus the agreed upon value of any Improvements made after January 1, 2015 but before the execution of this Agreement.

3. "Construction Phase" means the period during which a material and substantial improvement of the Property occurs which represents a separate and distinct construction operation undertaken for the purpose of erecting the Improvements.

(a) The Construction Phase ends upon the earliest to occur of the following events:

(1) When a certificate of occupancy is issued for the project (if within City limits).

(2) When commercial production of a product or provision of a service is achieved at the facility.

(3) Two (2) years after the date of this Agreement.

(b) The determination of the end of the Construction Phase is made by the City, in its sole and absolute discretion, based upon the above criteria and the other factors as the City may deem relevant.

(c) The determination of the end of the Construction Phase by the City is conclusive, and any judicial review of the determination is governed by the substantial evidence rule.

4. "Eligible Property" means the buildings, structures, site improvements, and that office space and certain personal property necessary to the operation and administration of the





Additional Improvements: \$0

D. Addition of the above amount to the valuation of the Improvements as of the January 1 valuation date prior to the date of execution of this Agreement results in a Base Year Value as follows:

Base Year Value: \$0

#### **IV. TERM OF ABATEMENT AND AGREEMENT**

A. The City agrees to abate the ad valorem taxes on the Eligible Property under this Article and pursuant to Articles V and VI of this Agreement. The Abatement is effective with the January 1, 2016 valuation date immediately following the date of execution of this Agreement, and the Abatement continues for up to two (2) years during the period of the Construction Phase and for the next six (6) full tax years after the Construction Phase, expiring as of December 31 of the 2023 tax year (collectively, the "Abatement Period"). If the period of the Construction Phase exceeds two (2) years, the Facility is considered completed for purposes of Abatement, and in no case may the period of Abatement, inclusive of construction and completion exceed eight (8) tax years. The years of Abatement provided in this Agreement in each instance coincide with the tax year commencing on January 1, 2016 and expiring on December 31, 2023 and in no event may the Abatement extend beyond December 31 of the 2023 tax year. This Abatement also covers as Eligible Property those supplemental improvements to the Eligible Property that are added or constructed during the post-construction two (2) year period of Abatement. In no event, however, may the total Abatement period for the Eligible Property exceed the maximum six (6) year Abatement period for the entire project as specified in this Agreement.

B. The term of this Agreement continues for a period of five (5) years following expiration of the Abatement Period. All terms and conditions imposed upon the Owner continue in effect during the Abatement Period, and the Owner is obligated specifically to continue the minimum employment levels specified in this Agreement during the Abatement Period. Any default is subject to the provisions of Article VIII of this Agreement.

#### **V. TAXABILITY**

During the period that the Abatement is effective, taxes are payable as follows:

1. The value of the land comprising the Property is fully taxable.
2. The Base Year Value of existing Improvements comprising the Property is fully taxable.
3. The value of Ineligible Property is fully taxable.

#### **VI. AMOUNT OF ABATEMENT**

A. The Abatement provided by this Agreement is based upon a Manufacturing Facility located in an enterprise zone. Owner represents and warrants that this project will add forty (40) new jobs additional and retain one hundred fourteen (114) permanent or full-time operating or contract employees and will maintain the same level of employment for the term of the Abatement Period. The percentage of tax abated is under the following schedule:

Percentage of Abatement

Construction Period (not to exceed 2 years)	100%
Year 1 (January 1- December 31, 2018 tax year)	100%
Year 2 (January 1- December 31, 2019 tax year)	100%
Year 3 (January 1 –December 31, 2020 tax year)	100%
Year 4 (January 1- December 31, 2021 tax year)	75%
Year 5 (January 1- December 31, 2022 tax year)	50%
Year 6 (January 1-December 31, 2023 tax year)	25%

B. In order to be counted as a permanent job under this Agreement, the job must be a full-time position providing regular work schedules at least 35 hours per week. For compliance purposes, the determination date is January 1 of each year commencing with the January 1 following the date of completion of construction. The percentage of abatement provided each year under this Agreement is based upon the employment information as of January 1 of the year. As a result, the actual amount of abatement may vary from year to year based upon employment levels and property valuations.

C. At the time of execution of this Agreement, the Owner states to the City that the minimum investment comprising permanent Improvements upon completion of the Construction Phase is:

\$29,000,000 ("Minimum Investment"), of which \$16,000,000 is eligible for tax abatement.

**VII. CONTEMPLATED IMPROVEMENTS**

A. The contemplated improvements are set forth in the Project Description attached as Exhibit "A." During the Construction Phase, the Owner may make the change orders to the project that are reasonably necessary, provided that no change order may be made that will change the qualification of the project as a "Facility" under the Guidelines and Criteria for Granting Tax Abatement approved by the City. All improvements must be completed under all applicable laws, ordinances, rules or regulations. During the term of this Agreement, use of the Property is limited to operation of the Facility described in the Project Description consistent with the general purpose of encouraging development or redevelopment of the zone during the period of this Agreement.



B. Owner represents and warrants that this project will add forty (40) new jobs and retain one hundred fourteen (114) permanent or full-time operating or contract employees, and Owner will maintain the same level of employment or higher from Year 1 thru Year 6 of the Abatement Period.

## **VIII. EVENTS OF DEFAULT AND RECAPTURE**

A. *Failure to Commence Operation During Term of Agreement.* In the event that the Facility is not completed and does not begin operation with the minimum number of one hundred fourteen (114) permanent jobs by the January 1, 2018, no abatement is given for that tax year, and the full amount of taxes assessed against the Property is due and payable for that tax year.

B. *Discontinuance of Operations During Abatement Period.* In the event the Facility is completed and begins operation with the required minimum number of permanent jobs, but subsequently discontinues operations or the minimum number of permanent jobs is not maintained on any January 1 during the years within the Abatement Period after the completion of construction, for any reason except on a temporary basis due to fire, explosion, or other casualty, accident, or natural disaster, the Agreement may be terminated by the City, and all taxes abated for the calendar year(s) in which the default occurred by virtue of this Agreement are recaptured and must be paid within 60 days of the termination.

C. *Delinquent Taxes.* In the event that the Owner allows its ad valorem taxes to become delinquent or fails to timely and properly follow the legal procedures for their protest or contest, this Agreement terminates and the abatement of the taxes for the calendar year of the delinquency also terminates. The total taxes assessed without abatement for that calendar year must be paid within sixty (60) days from the date of termination. Penalty and interest do not begin to accrue on the additional amount of taxes due as the result of recapture under this provision until the first day of the month following the sixty (60) day notice, at which time penalty and interest accrues under the laws of the State of Texas. Penalty and interest on the amount of taxes originally levied based upon the Abatement begin to accrue as of the date the taxes were due under the laws of the State of Texas.

D. *Notice of Default.* Subject to Section VIII B, should the City determine that the Owner is in default under the terms and conditions of this Agreement, City must notify the Owner that if the default is not cured within sixty (60) days from the date of the notice ("Cure Period"), then this Agreement may be terminated. In the event the Owner fails to cure the default during the Cure Period, this Agreement may be terminated and the taxes abated by virtue of the Agreement for the calendar year in which the default was not cured by the expiration of the Cure Period will be recaptured and must be paid as provided in this Agreement.

E. *Actual Investment.* Should the Company not reach the Minimum Investment as stated in Section 6. C., the difference between the tax abated on the Minimum Investment and the tax that should have been abated based upon the actual investment as determined by the City must be paid within 60 days of notification to the Owner of the determination. Penalty and interest do not begin to accrue upon the sum until the first day of the month following the sixty (60) day notice, at which time penalty and interest accrue under the laws of the State of Texas.

F. *Reduction in Rollback Tax Rate.*

1. If during any year of the Abatement Period any portion of the abated value is added to the current total value of the City, but is not treated as "new property value" (as



defined in Section 26.012 (17) of the Texas Tax Code) for the purpose of establishing the "effective maintenance rate" in calculating the "rollback tax rate" under Section 26.04 (c) (2) of the Texas Tax Code and if the City's budget calculations indicate that a tax rate in excess of the "rollback tax rate" is required to fund the operations of the City for the succeeding year, then the City recaptures from the Owner a tax in an amount equal to the lesser of the following:

(a) The amount of the taxes abated for that year by the City with respect to the Property.

(b) The amount obtained by subtracting the rollback tax rate computed without the abated property value being treated as new property value from the rollback tax rate computed with the abated property value being treated as new property value and multiplying the difference by the total assessed value of the City.

2. If the City has granted an abatement of taxes to more than one taxpayer, then the amount of the recapture calculated under subparagraph (b) above is prorated on the basis of the value of the abatement with respect to each taxpayer.

3. This event does not constitute a "default" under this Agreement, and the sixty (60) day Cure Period provided above does not apply. The recaptured taxes must be paid within thirty (30) days after notice of the rollback in tax rate has been given to the Owner. Penalty and interest do not begin to accrue upon the sum until the first day of the month following the thirty (30) day notice, at which time penalty and interest accrue under the laws of the State of Texas.

*G. Continuation of Tax Lien.*

1. The amount of tax abated each year during the Abatement Period is secured by a first and prior tax lien, which continue in existence from year to year until the time as this Agreement between the City and Owner is fully performed by Owner, or until any and all taxes, whether assessed or recaptured, are paid in full in accordance with the terms of this Agreement.

*H. City Council Reserves Right to Terminate or Modify Agreement.* In the event of any default by Owner, the City Council reserves the right to terminate or modify this Agreement.

*I. Owner's right to appeal.*

1. Owner must be afforded written notice of the default and the opportunity to cure as provided above.

2. If Owner believes the action was improper, Owner may file an appeal in Nueces County district court within sixty (60) days after written notice of the action by the City.

3. Owner shall remit to the City, within the 60-day period, any additional or recaptured taxes levied under the payment provisions of Texas Tax Code § 42.08.

4. If the final determination of the appeal increases Owner's tax liability above the amount paid, Owner shall remit the additional tax under Tax Code § 42.42.

5. If the final determination of the appeal decreases Owner's tax liability, the City will refund the Owner the difference between the amount of tax paid and the amount of tax for which Owner is liable under Tax Code § 42.43.

## **IX. ADMINISTRATION**

A. *Inspections.* The Owner shall allow employees and/or representatives of the City to have access to the Property during the term of this Agreement to inspect the Facility to determine compliance with the terms and conditions of this Agreement. All inspections will be made during normal business hours and only after the giving of twenty-four (24) hours prior notice, and conducted in the manner as to not unreasonably interfere with the construction or operation of the Facility. All inspections must be made with one or more representatives of the Owner and under Owner's safety standards.

### **B. Appraisals.**

1. The Chief Appraiser of the Nueces County Appraisal District annually determines:
  - (a) The taxable value of the real and personal property comprising the Property taking into consideration the Abatement provided by this Agreement.
  - (b) The full taxable value without Abatement of the real and personal property comprising the Property.
2. The Chief Appraiser records both the abated taxable value and the full taxable value in the appraisal records.
3. Each year the Owner shall furnish the Chief Appraiser with the information outlined in Chapter 22, Texas Tax Code, as amended, as may be necessary for the administration of the Agreement specified in this Agreement.

### **C. Annual Reports.**

1. Owner shall certify to the governing body of the City on or before April 1 each year that the Owner is in compliance with each applicable term of this Agreement.
2. Additionally, during the initial four years of the Abatement Period, Owner shall provide to the City an annual report covering those items listed on Schedule I attached to this Agreement in order to document the efforts of the Owner to acquire goods and services on a local basis.
3. The annual report is prepared on a calendar year basis and is submitted to the City no later than ninety (90) days following the end of each the calendar year.
4. Submit to the Nueces County Appraisal District an Application for Property Tax Abatement Exemption (Texas Comptroller of Public Accounts Property Tax Form 50-116). A copy must be forwarded to the City.

D. *Utilization of Local Contractors and Suppliers.* Owner agrees to exercise reasonable efforts in utilizing local contractors and suppliers in the construction of the Project, except where not reasonably possible to do so without added expense, substantial inconvenience, or sacrifice in



operating efficiency in the normal course of business, with a goal of 50% of the total dollar amount of all construction contracts and supply agreements, excluding any equipment related purchase contracts. For the purposes of this section, the term "local" as used to describe manufacturers, suppliers, contractors, and labor includes firms, businesses, and persons who reside in or maintain an office within a 50 mile radius of Nueces County. Owner agrees, during the construction of the Project and for four years after completion of the Construction Phase, to maintain written records documenting the efforts of Owner to comply with the Local Requirement, and to provide an annual report to the City Manager or designee, from which the City Manager or designee shall determine if Owner is in compliance with this requirement. Failure to substantially comply with this requirement, in the sole determination of the City Manager or designee, shall be a default hereunder.

E. *Utilization of Disadvantaged Business Enterprises ("DBE")*. Owner agrees to exercise reasonable efforts in utilizing contractors and suppliers that are determined to be disadvantaged business enterprises, including minority business enterprises, women-owned business enterprises and historically-underutilized business enterprises. In order to qualify as a business enterprise under this provision, the firm must be certified by the City, the Regional Transportation Authority or another governmental entity in the jurisdiction of the home office of the business as complying with state or federal standards for qualification as such an enterprise. Owner agrees to a goal of 30% of the total dollar amount of all construction contracts and supply agreements being paid to disadvantaged business enterprises, with a priority made for disadvantaged business enterprises which are local. Owner agrees, during the construction of the Project and for four years after completion of the Construction Phase, to maintain written records documenting the efforts of Owner to comply with the DBE Requirement, and to provide an annual report to the City Manager or designee, from which the City Manager or designee shall determine if Owner is in compliance with this requirement. Failure to substantially comply with this requirement, in the sole determination of the City Manager or designee, shall be a default hereunder. For the purposes of this section, the term "local" as used to describe contractors and suppliers that are determined to be disadvantaged business enterprises, including minority business enterprises women-owned business enterprises and historically-underutilized business enterprises includes firms, businesses, and persons who reside in or maintain an office within a 50 mile radius of Nueces County.

F. *Living Wage Requirement*. In order to count as a permanent full-time job under this tax abatement program, the job should provide a "living wage" for the employee. The target living wage under this abatement program is that annual amount equal or greater than poverty level for a family of three, established by the U.S. Department of Health and Human Services Poverty Guidelines, divided by 2,080 hours per year for that year.

G. *Health Insurance*. To qualify for this incentive, an employer shall certify that it has offered a health insurance program for its employees during the Abatement Period.

H. *Undocumented Workers*. Owner does not and agrees that it will not knowingly employ an undocumented worker. If, after receiving payments under this Agreement, [Company] is convicted of a violation under §U.S.C. Section 1324a(f), [Company] shall repay the payments at the rate and according to the terms as specified by City Ordinance, as amended, not later than the 120<sup>th</sup> day after the date [Company] has been notified of the violation.

## **X. ASSIGNMENT**



A. The Owner may assign this Agreement to any one or more corporation(s), 50% or more of the outstanding voting securities of which are owned, directly or indirectly, by one of the Owners, or any partnership(s) or limited partnership(s) in which an Owner, or a subsidiary of an Owner, is a general partner.

B. The Owner may assign this Agreement to any other new owner or lessee of the Facility with the prior written consent of the City, which consent may not be unreasonably withheld.

C. Any assignment must provide that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the assignor and become the Owner upon the same terms and conditions as set out in this Agreement.

D. In the event more than one entity is Owner under this Agreement, the obligations of the entities are joint and several.

E. Any assignment of this Agreement is to an entity that must provide substantially the same improvements to the Property, except to the extent the improvements have been completed.

F. No assignment is approved if the Owner or any assignee is indebted to the City for ad valorem taxes or other obligations.

## **XI. NOTICES**

A. Any notice required to be given under the provisions of this Agreement must be in writing and is duly served when deposited, with the proper postage prepaid, and registered or certified, return receipt requested, with the United States Postal Service, addressed to the City or Owner at the addresses listed below.

B. If mailed, any notice or communication is deemed to be received three days after the date of deposit in the United States Mail. Unless otherwise provided in this Agreement, all notices are delivered to the following addresses:

To the City:                   CITY OF CORPUS CHRISTI  
1201 Leopard Street  
P. O. Box 9277  
Corpus Christi, Texas 78469  
Attn: City Manager

To the Owner:               Cameron International Corporation  
1333 West Loop South  
Suite 1700  
Houston, Texas 77027  
  
Attn: Director of Corporate Real Estate

C. Either party may designate a different address by giving the other party ten days written notice.

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

Executed this \_\_\_\_ day of \_\_\_\_\_, 2015.

ATTEST:

CITY OF CORPUS CHRISTI, TEXAS

By:

Rebecca Huerta  
City Secretary

By:


Ronald L. Olson  
City Manager

APPROVED AS TO FORM: \_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
\_\_\_\_\_  
Assistant City Attorney  
For City Attorney

OWNER: CAMERON INTERNATIONAL CORPORATION

By:

  
Printed Name: H. Keith Jennings  
Title: VP & Treasurer

#### ACKNOWLEDGMENT

STATE OF TEXAS

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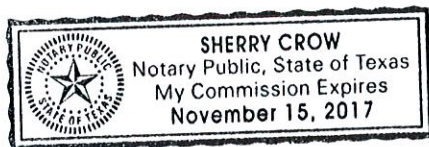
KNOW ALL BY THESE PRESENTS

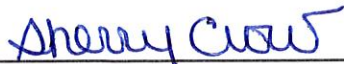
COUNTY OF Harris

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This instrument was acknowledged before me on July 29, 2015,  
by H. Keith Jennings VP & Treasurer Cameron International Corporation, a Delaware for  
profit corporation, on behalf of the corporation.



  
NOTARY PUBLIC, State of Texas



SCHEDULE 1  
"Buy Local" Annual Reports

The following information is reported to the City on a calendar-year basis during the first four years of the Abatement Period:

1. Dollar amount spent for materials\* (local).
2. Dollar amount spent for materials (total).
3. Dollar amount spent for labor\*\* (local).
4. Dollar amount spent for labor\*\* (total).
5. Number of jobs created in the construction project (local).
6. Number of jobs created in the construction project (total).
7. Number of jobs created on a permanent basis (local).
8. Number of jobs created on a permanent basis (total).

\* "Materials" are defined to include all materials used in excavation, site improvement, demolition, concrete, structural steel, fire proofing, piping, electrical, instruments, paintings and scaffolding, insulation, temporary construction facilities, supplies, equipment rental in construction, small tools and consumables. This term does not include major items of machinery and equipment not readily-available locally.

\*\* "Labor" is defined to include all labor in connection with the excavation, site improvement, demolition, concrete construction, structural steel, fire proofing, equipment placement, piping, electrical, instruments, painting and scaffolding, insulation, construction services, craft benefits, payroll burdens, and related labor expenses. This term does not include engineering services in connection with the project design.

The term "local" as used to describe manufacturers, suppliers, contractors, and labor includes firms, businesses, and persons who reside in or maintain an office within a 50 mile radius of Nueces County.

**Exhibit A**  
**Project Plan**

Cameron International Corporation (CAM) plans to construct a new facility to serve as both new manufacturing and remanufacturing of CAM Frac Valve and Gate Valve/Components servicing South Texas and North American assets. The capital improvements will include machine tools such as CNC Horizontal Boring Mills, CNC Horizontal Machining Centers, CNC Lathes and Robotic Clad welding machines. The building and site will consist of the following: 105,405 square foot building which includes: 11,825 SF office (level 1); 11,825 SF office, 73,000 SF workshop; 8,800 SF warehouse and 10 acres of stabilized yard. The total capital investment for site, building and equipment is approximately \$29 million.



**EXHIBIT B**  
**Property Description**

Being a tract situated in Corpus Christi, Nueces County, Texas, generally described as the Northeast 40.0 acres of Lot 1 of the Subdivision of the Margaret Kelly Land, as shown by map thereof recorded in Volume 8 at Page 40, Map Records of Nueces County, Texas, and being that tract described in the Deed from Eleanor M. Kelly to The Sisters of Divine Providence, Our Lady of the Lake Convent, San Antonio, Texas, recorded Volume 972 at Page 356 of the Deed Records of Nueces County, Texas, and being more particularly described by metes and bounds as follows:

Beginning at a 5/8 inch iron rod with a cap, found in the centerline of Bear Lane for the northeast corner of Lot 1 of the Subdivision of the Margaret Kelly Lands and the northeast corner of this tract;

THENCE S 1°11'13" E along the east boundary of Lot 1 at 30.0 feet pass a 5/8 inch iron rod found for a point in the south right-of-way line of Bear Lane at 50.0 feet pass a 1/4 inch iron pipe found for the northwest corner of Lot 1, Industrial Technology Park Unit, as shown on the map thereof recorded in Volume 46 at Page 105-107, Map Records of Nueces County, Texas, and in all a distance of 1333.46 feet to a 5/8 inch road with an aluminum cap for the southeast corner of this tract;

THENCE S 88°37'10" W a distance of 1307.04 feet to a 5/8 inch rod with an aluminum cap found for the southwest corner of this tract;

THENCE N 1°11'13" W at 1303.46 feet pass a 5/8 inch iron rod with an aluminum cap found in the south right-of-way of Bear Lane and in all a distance of 1333.46 feet to a 5/8 inch iron rod set in the centerline of Bear Lane for the northwest corner of this tract;

THENCE N 88°37'10" E along the centerline of Bear Lane, a distance of 1307.04 feet to the point of beginning, forming a tract embracing 40.01 acres, 0.90 acres of which lie within the right-of-way of Bear Lane leaving a net acreage of 39.11 acres of land, more or less.