

CHAPTER 381 ECONOMIC DEVELOPMENT AGREEMENT BETWEEN TOM GREEN COUNTY AND SES HOLDINGS, LLC

STATE OF TEXAS

COUNTY OF TOM GREEN

This Chapter 381 Agreement (“Agreement”) is entered into on March 18, 2014 (“Effective Date”) by and between **TOM GREEN COUNTY (“County”)**, Texas, duly acting herein by and through its County Judge, and **SES HOLDINGS, LLC (“SES”)** acting herein by and through its duly authorized officers.

WITNESSETH:

WHEREAS, in accordance with Article III, Section 52-a of the Texas Constitution and Chapter 381 of the Texas Local Government Code under which the County has the authority to make loans or grants of public funds for the purposes of promoting local economic development by stimulating business and commercial activity within the County for new, developing, and expanding businesses; and

WHEREAS, SES intends to locate equipment (personal property) in the County, which would increase the County’s property tax base, and SES’s operations in the region will create employment opportunities for residents of the County; and

WHEREAS, in order to encourage SES to locate equipment in the County, County intends to provide SES a personal property tax rebate; and

WHEREAS, the County has concluded and hereby finds that this Agreement promotes economic development in the County and, as such, meets the requirements under Chapter 381 and is in the best interests of the County; and

WHEREAS, on the Effective Date, the commitments contained in this Agreement shall become legally binding obligations of County and SES; and

NOW, THEREFORE, in consideration of the mutual benefits described in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, County and SES agree as follows:

1. **Definitions.** For the purposes of this Agreement, when not inconsistent with the context, words, used in the present tense include the future tense, words in the plural include the singular, and words in the singular include the plural, and the use of any gender shall be applicable to all genders whenever the sense requires. The words “shall” and “will” are mandatory and the word “may” is permissive. Words not defined in this Agreement shall be given their common and ordinary meaning. The following words shall be given the meanings designated.

- a. **Baseline Date or Baseline** shall mean the date from which SES's capital assessed value requirements shall be measured, which shall be January 1, 2013.
 - b. **Property** shall refer to as tangible personal property.
 - c. **Subsidiaries** shall refer to Select Energy Services, LLC, Peak Oilfield Services, LLC, Affirm Oilfield Services, LLC, Trupoint Wellsite Services, LLC, Schneider Energy Consulting, LLC, and any other existing or new subsidiary of SES Holdings.
2. **Capital Investment / Assessed Value.** SES represents that it and/or its Subsidiaries shall make a capital investment in Property with a minimum assessed value of thirty million dollars (\$30,000,000) by December 31, 2014 and agrees to maintain during the term of the Agreement this minimum assessed value.
 3. **Grant of Personal Property Tax Rebate.** In consideration of SES's and its Subsidiaries making a capital investment in Property in the County with a guaranteed thirty million dollars (\$30,000,000) assessed value, the County agrees, subject to the terms and conditions contained herein, that Property shall be entitled to a fifty percent (50%) rebate of County property taxes paid, hereinafter ("Property Tax Rebate") for the increase in value of said Property over the Base Year for a period of five (5) years. The first Property Tax Rebate shall be for property taxes paid on Property assessed on January 1, 2014. The County, in its sole discretion, may extend this Agreement for an additional period of five (5) years.
 4. **Payment of Rebate.** All Property Tax Rebate payments subject to this Agreement shall be paid to SES or a designated Subsidiary by the County no later than March 31st of each year following the January 1st assessment date for which the County receives an annual report from SES. The first payment shall be due March 31, 2015.
 5. **Vehicle Registration.** SES represents that it and/or its Subsidiaries shall make its best effort to register all new vehicles subject to this Agreement in County.
 6. **Facility Location.** In the event that SES and/or its Subsidiaries establish a facility or yard which operates or stores commercial vehicles subject to this Agreement, it shall make its best effort to locate such facility or yard within one-half mile of US 67 South or FM 853 and west of FM 2288 to mitigate the impact of commercial traffic in the County.
 7. **Compliance with Law.** SES and its Subsidiaries agree to abide by all applicable laws, ordinances, codes, rules, requirements, or regulations of the County and the State of Texas, and any subdivision, agency, or authority thereof in effect at the time of the development.
 8. **Payment of Taxes and Assessments.** SES and its Subsidiaries agree to pay all property taxes that may be owed to the County or any other taxing entity prior to such taxes and/or assessments becoming delinquent; provided that SES and its Subsidiaries shall have the

right to contest in good faith the validity or application of any such property tax or assessment and shall not be considered in default hereunder so long as such contest is diligently pursued to completion.

9. **Submission of Reports**

- a. SES shall submit to the County, on an annual basis on or before March 31st, the information or reports necessary for the monitoring of the performance criteria established in this Agreement for SES and its Subsidiaries.
- b. Because of the highly competitive nature of the industry in which SES and its Subsidiaries does business, the County agrees that the reports which SES and its Subsidiaries are required to submit may contain information which SES and its Subsidiaries considers to be valuable proprietary information. As such, the County agrees to keep any and all reports provided by SES and Subsidiaries as confidential information to the extent the documents are not public information under the Public Information Act, Chapter 552, TEXAS GOVERNMENT CODE, as amended.

10. **Default.** If SES and its Subsidiaries fail to maintain the minimum required assessed value outlined in Section 2, SES shall be in default of this Agreement. The County shall provide SES written notice of SES's default. If such default is not cured within thirty (30) days from the date written notice is received by SES from the County, then the County may at the County's sole option, terminate this Agreement.

11. **Term.** The term of this Agreement shall be from the Effective Date through December 31, 2019, unless this Agreement is extended by the County, which would extend the term of this Agreement through December 31, 2024.

12. **Miscellaneous.**

- a. **Severability.** If any provision of this Agreement is held to be illegal, invalid, or unenforceable under the present or future laws effective while this Agreement is in effect, such provision shall be automatically deleted from this Agreement and the legality, validity, and enforceability of the remaining provision, there shall be added automatically as part of this Agreement a provision that is similar in terms and substance to such deleted provision as may be possible and yet be legal, valid, and enforceable. The failure of the County to approve this Agreement does not affect the legality, validity or enforceability of this Agreement for the County or SES.
- b. **Texas Law to Apply.** This Agreement shall be construed under and in accordance with the laws of the State of Texas and all obligations of the parties created hereunder are performable in Tom Green County, Texas. In the event of litigation, jurisdiction shall lie in Tom Green County, Texas.

- c. **Amendments.** No amendment, modification or alteration of the terms hereof shall be binding unless the same shall be in writing, dated subsequent to the date hereof and duly executed by the parties hereto.
- d. **No Waiver.** No waiver by any party to this Agreement in any event of default, or breach of any covenant, condition or stipulation herein contained shall be treated as a waiver of any subsequent default or breach of the same or any other covenant, condition, or stipulation.
- e. **Assignment.** SES may not assign this Agreement without the prior written consent of the County, which consent shall not be unreasonably withheld or delayed; provided, however, that SES may assign this Agreement to an Affiliate or to a party which acquires all or substantially all of the capital stock of SES, upon written notice to the County but without the requirement of prior consent.
- f. **Binding.** This Agreement is binding on the parties herein their successor, assigns, parent corporations and subsidiaries.
- g. **Notice.** All notices by this Agreement (i) shall be in writing, (ii) shall be addressed to the parties as set forth below unless notified in writing of a change in address, and (iii) shall be deemed to have been delivered either when personally delivered or, if sent by mail, in which event it shall be sent by registered or certified mail, return receipt requested, three (3) business days after mailing. The addresses of the parties are as follows:

SES Holdings, LLC
PO Box 1715
Gainesville, Texas 76241
Attention: Melissa Pence

Tom Green County
112 W. Beauregard
San Angelo, Texas 76903
Attention County Judge

The parties hereto have executed or caused to be executed by their duly authorized officials, this Agreement in multiple counterparts, each of equal dignity.

SES HOLDINGS, LLC

By: _____

Date: _____

TOM GREEN COUNTY

By: Sherryl H. County, Judge

Date: 3-25-14

TAX ABATEMENT APPLICATION

Tom Green County

Please submit the answers to the following questions and attach any additional pages as needed along with the application fee.

Business Name: SES Holdings, Inc. (Select Energy Services, LLC, Peak Oilfield Services, LLC, Affirm Oilfield Services, LLC, Trupoint Wellsite Services, LLC, Schneider Energy Consulting, LLC and other potential subsidiaries of SES Holdings).

Address: TBD for Tom Green County

Mailing Address: 1410 N. Westshore Blvd., Suite 111, Tampa, Florida 33609

Telephone: 813-289-5600

Fax: 813-289-1213

Email: cjevans@meritatc.com

Contact Person: C.J. Evans

Project Description/Work Plan:

1. Legal Description of all property where proposed improvements will be located: TBD
2. Value of existing improvements, if any: \$0
3. Detailed description and value of each proposed improvements:
 - a. Capital Investment (attach schedule of costs): \$30,000,000 (guarantee this amount of assessed value for the January 1, 2014 assessment date)
 - b. Building: \$0
 - c. Machinery/Equipment: \$30,000,000
 - d. Other: \$0
4. Project Dates:
 - a. Construction Start Date: TBD
 - b. Construction Completion Date: TBD
 - c. Operations Start Date: TBD
5. Productive Life of proposed improvements: 15 years
6. Number and type of new jobs to be retained by proposed improvements: 0
7. Number and type of new jobs to be created by proposed improvements: 30
8. Amount of local payroll to be created: \$1,350,000 (30 jobs x \$45,000 average annual wage)

9. Whether new jobs to be created will be filled by persons residing or projected to reside within or projected to reside within affected taxing jurisdiction: An estimated 80% of the 30 new jobs created (24 jobs) will reside or are projected to reside in Tom Green County.
10. Amount of local sales taxes to be generated directly: \$0
11. Amount which property tax base valuation will be increased during term of Abatement and after Abatement, which shall include a definitive commitment that such valuation shall not, in any case, be less than \$100,000: At least \$30,000,000 of assessed value in year one and project that the assessed value will reach \$100,000,000 during the term of the abatement. Project an assessed value of between \$20,000,000 and \$80,000,000 after the abatement.
12. The costs to be incurred by Tom Green County to provide facilities or services directly resulting from the new improvements: \$0
13. The amount of ad valorem taxes to be paid to Tom Green County during the Abatement period considering the (a) the existing values, (b) the percentage of new value abated, (c) the Abatement period, and (d) the value after expiration of the Abatement period.
 - a. \$0
 - b. 50%
 - c. 10 years
 - d. \$3,000,000
14. The population growth of Tom Green County that occurs directly as a result of the new improvements: De minimis. We believe that Tom Green County has sufficient population and existing labor workforce sufficient for SES Holdings and its subsidiaries' operational needs.
15. The types and values of public improvements, if any, to be made by applicant seeking abatement: None
16. Whether the proposed improvements compete with existing businesses to the detriment of the local economy: No
17. The impact on the business opportunities of existing businesses: The new jobs and high wages will help existing businesses by injecting a significant amount of spending power into the local economy.
18. The attraction of other new businesses to the area: SES Holdings and its subsidiaries have numerous other service lines/companies. Having SES Holdings and its subsidiaries locate its assets in Tom Green County will have a positive effect on future location decisions for other companies if the opportunity arises.
19. The overall compatibility with the zoning ordinances and comprehensive plan for the area: N/A
20. Whether the project obtains all necessary permits from the applicable environmental agencies: N/A or TBD