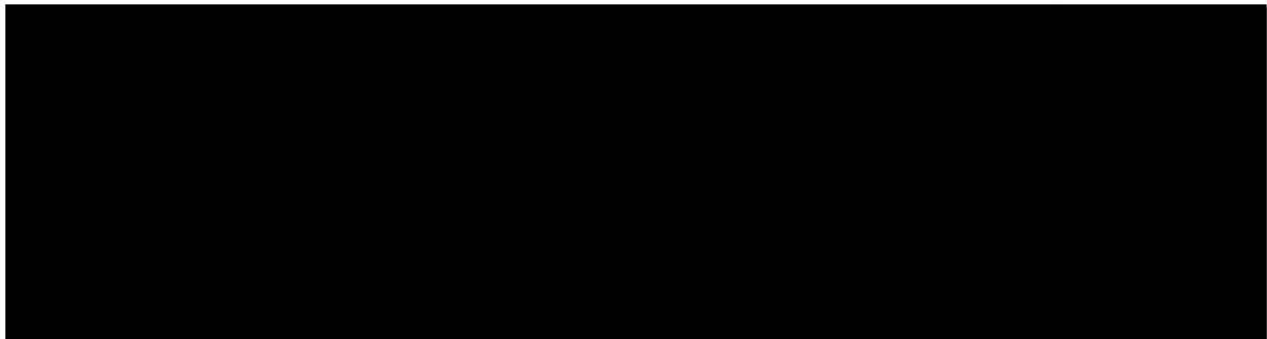


TEXAS ENTERPRISE FUND
Commitment Letters
as of June 30, 2013

| Commitment Letters: | Date of Letter | AY | Amount |
|---|-------------------|------|----------------------|
| Pactiv | 8/23/2012 | 2012 | 930,000.00 |
| The James Skinner Company | 12/7/2012 | 2013 | 1,800,000.00 |
| ADP, Inc. | 12/5/2012 | 2013 | 2,400,000.00 |
| Ascend Performance Materials Operations | 11/27/2012 | 2013 | 1,000,000.00 |
| Tenaris SA | 1/11/2013 | 2013 | 6,000,000.00 |
| Borusan Mannesmann | 1/23/2013 | 2013 | 1,625,000.00 |
| Emerson Process Management | 1/23/2013 | 2013 | 1,000,000.00 |
| National Instruments Corp | 2/13/2013 | 2013 | 4,400,000.00 |
| Kohl's Department Stores, Inc. | 4/24/2013 | 2013 | 864,000.00 |
| <i>Reported by Program Staff</i> | | | <i>20,019,000.00</i> |



| | | | |
|--------------------------------------|-----------|------|----------------------|
| Chevron USA Inc. | 6/12/2013 | 2013 | 12,000,000.00 |
| <i>Not Reported by Program Staff</i> | | | <i>28,600,000.00</i> |

TOTAL COMMITMENT LETTERS

\$ 48,619,000

| | |
|------|-----------------------------|
| 2011 | n/a |
| 2012 | 930,000 |
| 2013 | 47,689,000 |
| | <u>\$ 48,619,000</u> |

Peyton Ritter

From: Clint Harp
Sent: Wednesday, July 10, 2013 1:18 PM
To: Peyton Ritter
Subject: RE: Texas Business Digest - June '13

Ok. good catch. Thanks.

From: Peyton Ritter
Sent: Wednesday, July 10, 2013 1:11 PM
To: Clint Harp
Subject: RE: Texas Business Digest - June '13

From: Clint Harp
Sent: Wednesday, July 10, 2013 1:02 PM
To: Peyton Ritter
Subject: RE: Texas Business Digest - June '13

<http://us2.campaign-archive2.com/?u=b49c30e8db20a358322888854&id=df41c1ab4c&e=d596bbd9fc>

From: Peyton Ritter
Sent: Wednesday, July 10, 2013 12:53 PM
To: Clint Harp
Subject: FW: Texas Business Digest - June '13

Please approve contents so we can send out this afternoon.

Thanks,

Peyton

From: Aaron Demerson [<mailto:biztex@gov.texas.gov>]
Sent: Wednesday, July 10, 2013 12:52 PM
To: Peyton Ritter
Subject: Texas Business Digest - June '13

TEXAS BUSINESS DIGEST

JUNE 2013



TEXASWIDEOPENFORBUSINESS.COM



BUSINESS GROWTH IN TEXAS

Denison frozen food business plans major expansion

Ruiz foods announced its plans to expand its plant and hire dozens of new employees. The Ruiz Foods plant opened several years ago and was the biggest manufacturing investment in Denison. It's grown to a payroll of \$20 million, and a new 50,000-square foot addition is planned. The makers of frozen burritos, tamales and taquitos, say business has been good. "Our business has been growing and we are looking for ways to add capacity specifically in the central part of the United States," says company president/CEO Rachel Cullen. In 2005, Ruiz Foods moved into a plant where Pillsbury had been located. They were set to hire 400 employees, but now have 700. [More...](#)

Texas added fewer jobs in May, but annual growth rate remains strong

Texas' job growth appears to be slowing, similar to the nation's, as global headwinds buffet their economies. The state added 19,500 jobs last month, fewer than the downwardly revised 28,900 jobs in April, the Texas Workforce Commission reported. Still, it was the second-biggest gain in the nation. The state's annual job growth rate is about 3 percent, based on 324,700 jobs added in the year ending in May, said Cheryl Abbot, a Dallas regional economist for the U.S. Bureau of Labor Statistics. That compares with job growth of 2.8 percent for the previous year. [More...](#)

Mtech plans \$3.5 million investment for Pflugerville relocation

Mtech, a commercial heating, ventilation and air conditioning, plumbing and electrical services company will construct a \$3.5 million, 33,000-square-foot regional headquarters for its 200 employees at the Pflugerville Community Development, located 16 miles northeast of Austin and just south of Round Rock. Comfort Systems USA will use the Mtech Pflugerville facility as the hub for customers from Central Texas through San Antonio and the Rio Grande Valley. The company's expansion plans include increasing staff by approximately 50 percent, up to 300 employees within the next few years. Mtech said it will make heavy investments in training and apprenticeship programs to mentor new technicians, which are a hot commodity in Central Texas with a large majority of licensed technicians aging out of the workforce. [More...](#)

TEXAS IN THE NEWS

Trio of Texas cities gets kudos for small-business friendliness

Dallas, San Antonio and Houston are among the best cities for small-business employees based on metrics such as average wages for new hires, job growth and hours worked. Dallas had the second highest job growth at 2.24 percent, and Houston's 2.11 was third best. Although none of the Texas cities cracked the top five, Houston sits right behind at No. 6, followed directly by San Antonio and Dallas. [More...](#)

Even small business is bigger in Texas

When you think of Texas businesses, large corporations like Exxon Mobil, Dell, and Texas Instruments are generally the first that come to mind. But over the past few years, from the inner cities to out-on-the-range, smaller firms have been stirring the Lone Star State economy. According to U.S. Census results for July 2011 to July 2012, Texas had the top two largest growing metro areas (Dallas and Houston) and three (Midland, Odessa, and Austin) of the top 10 fastest growing Metro areas in the country. This swell in population corresponds to a matching surge in small business friendliness [More...](#)

States look to Texas for answers on taxes

When Gov. Bobby Jindal of Louisiana wanted to sell his plan to replace his state's income tax with a higher sales tax, he pointed to Texas as the problem and the solution. Too many Louisiana residents are moving to Texas, because that is where the jobs are, he said. The jobs are there, he argued, because Texas does taxes right. [More...](#)



Texas Business Digest information is compiled by the Economic Development and Tourism Division of the Office of Governor Rick Perry. For more information, visit TexasWideOpenForBusiness.com or contact the Press Office at (512) 463-1826.

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STATE OF TEXAS

DAVID DEWHURST
LIEUTENANT GOVERNOR
P.O. Box 12068
AUSTIN, TEXAS 78711-2068
(512) 463-0001

RICK PERRY
GOVERNOR
P.O. Box 12428
AUSTIN, TEXAS 78711-2428
(512) 463-2000

JOE STRAUS
SPEAKER OF THE HOUSE
P.O. Box 2910
AUSTIN, TEXAS 78768-2910
(512) 463-3000

June 5, 2013

Mr. Charles Johnson
Assistant Secretary
Chevron U.S.A. Inc.
1400 Smith Street, Suite 06016
Houston, Texas 77002

Dear Mr. Johnson:

The State of Texas is honored that Chevron U.S.A. Inc. is considering making investments and creating jobs in our state. We are confident that you will find Texas to be an ideal location, and we are working with community leaders in Houston to promote your success.

During the 78th Legislative Session, the Texas Enterprise Fund was created as a tool to bring jobs to Texas. Allocations from the Texas Enterprise Fund support the creation of quality jobs and leverage private investment for activities that will strengthen the economic future of the state.

We welcome your investment in our state and are prepared to allocate \$12,000,000 to Chevron U.S.A. Inc., contingent upon execution of a formal Economic Development Agreement to be negotiated. This offer by the State of Texas may be rescinded if a finalized Economic Development Agreement is not executed by all applicable parties within six months of the date of this letter.

The State of Texas is pleased to provide this incentive for economic development purposes. We look forward to working with you to help this project achieve its objectives.

Sincerely,

Handwritten signatures of Rick Perry, David Dewhurst, and Joe Straus. Rick Perry's signature is in black ink, David Dewhurst's is in blue ink, and Joe Straus's is in black ink.

Rick Perry
Governor

David Dewhurst
Lieutenant Governor

Joe Straus
Speaker of the House

cc: Mr. Fred Welch, Vice President, Regional Economic Development, Greater Houston Partnership



May 13, 2013

Governor Rick Perry
Lt. Governor David Dewhurst
Speaker Joe Strauss
Office of Economic Development
221 E 11th Street, 4th Floor
Austin, TX 78701

Dear Sirs:

On behalf of Central Houston, Inc., I would like to express our full support of the Texas Enterprise Fund (TEF) application for Chevron's expansion project in Houston. This project will significantly impact downtown Houston, the Houston region, and Texas.

Chevron is proposing a LEED Platinum high-rise office tower that would solidify their new urban campus in downtown Houston and be a catalyst for attracting the best and brightest talent to Texas. As a leading global corporation, Chevron has many locations it could choose to create jobs and capital investment, and we encourage them to choose Texas. Should downtown Houston be chosen, this proposed project could cement Chevron's long-term employee growth and capital investment in Houston.

Chevron estimates the project will create a total of 1,752 direct new jobs with an average wage of \$110,000, and \$662 million in total capital investment. The Houston region and the State of Texas will greatly benefit from the proposed new job creation and capital investment. We believe the TEF grant is essential to securing this project and to continuing to build on the energy sector growth in the Houston region.

Thank you all for your continued leadership role in the State of Texas. We greatly appreciate your support on this project and economic development throughout our state. If you have any questions regarding our support of this project, please do not hesitate to contact me.

Best regards,



Robert M. Eury
President

cc: Gary Luquette, President, North America Exploration and Production, Chevron
Annise Parker, Mayor, City of Houston
Bob Harvey, President, Greater Houston Partnership



May 2, 2013

Governor Rick Perry
Lt. Governor David Dewhurst
Speaker Joe Strauss
Office of Economic Development
221 E 11th Street, 4th floor
Austin, TX 78701

Dear Sirs,

On behalf of Greater Houston Partnership (GHP), I would like to fully support the proposed Chevron expansion project in Houston and ask that you strongly consider the project's Texas Enterprise Fund (TEF) application. This potential project will have a significant impact on the entire Houston region and greatly enhance the long term vitality of Houston's Downtown business district.

Chevron is proposing a LEED Platinum high-rise building that would solidify their new urban campus in Downtown Houston and be a catalyst for attracting the best and brightest talent to Texas. As a leading global corporation, Chevron has multiple site locations in which they could potentially locate new jobs and capital investment. My understanding is that no final decisions have been made by the company regarding the construction of the new building, the relocation of additional business units from California or the final site location to accommodate projected future employee growth. This proposed project can cement Chevron's long-term employee growth and capital investment in Houston.

Chevron estimates the project will create a total of 1,752 direct new jobs with an average wage of \$110,000 and \$662 million in total capital investment. The Houston region and the State of Texas will greatly benefit from the proposed new job creation and capital investment. We believe the TEF grant is essential to secure this project in Texas and continue to build on the energy sector growth in the Houston region.

Thank you all for your continued leadership role in the State of Texas. We greatly appreciate your support on this project and economic development throughout our state. If you have any questions regarding GHP's support of this project, please do not hesitate to contact me.

Regards,

A handwritten signature in blue ink that reads "Bob Harvey". The signature is fluid and cursive, written over a white background.

Bob Harvey
President and CEO

Cc: Gary Luquette, President, North America Exploration and Production, Chevron
Annise Parker, Mayor, City of Houston
Bob Eury, President, Central Houston, Inc.

GREATER HOUSTON PARTNERSHIP

houston.org

1200 SMITH, SUITE 700, HOUSTON, TX 77002 | PHONE: 713-844-3600 | FAX: 713-844-0200
AUSTIN | BRAZORIA | CHAMBERS | FORT BEND | GALVESTON | HARRIS | LIBERTY | MONTGOMERY | SAN JACINTO | WALLER



HARRIS COUNTY, TEXAS

COMMUNITY SERVICES DEPARTMENT

David B. Turkel
Director
Nancy E. Powell
Economic Development Director

Office of Economic Development

8410 Lantern Point Drive
Houston, Texas 77054
Tel (713) 578-2000
Fax (713) 578-2250

February 25, 2013

Mr. Kenneth Finley, Sr. Project Manager
Chevron Business & Real Estate Services
Chevron U.S.A. Inc.
1500 Louisiana St., Suite 4459-F
Houston, TX 77002

Subject: Chevron's Proposed New Office Building in Downtown Houston

Dear Mr. Finley:

We were delighted to meet last week with Chevron staff about a new office building on a greenfield site in Houston's central business district within Harris County. We understand that construction may commence within 18 months on the multi-million dollar expansion project, which could result in 2,500 new permanent jobs at the site. Because of the numerous economic benefits to be derived from such a venture, we would like to express our enthusiastic support.

We are eager to hear from you about Chevron's progress and future timetable and will be happy to arrange for you to meet County Commissioner El Franco Lee (Precinct 1) and County Judge Ed Emmett at the appropriate time. In the meantime, we hope you will experience continued success in your ongoing discussions with the State of Texas, the City of Houston, and other potential business partners.

Sincerely,

David B. Turkel

Director
Harris County Community Services Department

c: Mr. Fred Welch, Greater Houston Partnership
Mr. Jesse D. Broderick, CPA, Sumit Credits Tax Credit & Incentive Specialists

Johanna Hopkins

Subject: Conf Call: Summit
Start: Tue 6/11/2013 2:00 PM
End: Tue 6/11/2013 2:30 PM
Recurrence: (none)
Meeting Status: Accepted
Organizer: Scott Smith
Required Attendees: Justin Gordon; Tad Curtis
Optional Attendees: [REDACTED]

When: Tuesday, June 11, 2013 2:00 PM-2:30 PM (GMT-06:00) Central Time (US & Canada).

Note: The GMT offset above does not reflect daylight saving time adjustments.

~~*~*~*~*~*~*~*~*

Dial: 877-820-7831

Passcode: 255818

Johanna Hopkins

Subject: TEF Agreement Discussion - Project Sumit
Location: 866-906-0040 / 4717509#
Start: Mon 6/10/2013 4:00 PM
End: Mon 6/10/2013 5:00 PM
Recurrence: (none)
Meeting Status: Accepted
Organizer: Jesse Broderick

All,

Here is the call-in information for our call at 4pm.

Toll-free: 866-906-0040

Toll/International: 857-288-2640

2. When prompted, the host and participants dial their respective access code followed by the # sign.

Host: 58629594

Participant: 4717509

Johanna Hopkins

From: Jesse Broderick [jbroderick@sumitcredits.com]
Sent: Tuesday, June 25, 2013 4:37 PM
To: Justin Gordon; Scott Smith
Subject: Final PDF

Sorry to be so persistent. But legal wanted me to follow up to see if you'd gotten the final draft yet? They want to include it with the email that goes to the 4 or 5 department heads that have to give final signoff before Berekat can actually sign it.

Thanks!

Jesse Broderick
Sumit Credits, LLC
(225) 938-8301

Sent via the Samsung Galaxy STMIII, an AT&T 4G LTE smartphone

Johanna Hopkins

From: Jesse Broderick [jbroderick@sumitcredits.com]
Sent: Monday, July 08, 2013 4:26 PM
To: Justin Gordon
Cc: Scott Smith
Subject: Finalized Agreement

Hey Justin,

I just wanted to check with you to see if you'd gotten a copy of the finalized TEF agreement with Chevron yet? I just wanted to make sure we had a copy for our records. If you already sent a copy to Mary let me know and I will follow-up with her to get a copy.

Thanks!



JESSE D. BRODERICK
PO BOX 910
WATSON, LA 70786
(225) 664-2160 / CELL (225) 938-8301
JBRODERICK@SUMITCREDITS.COM

Physical Address:
30879 HIGHWAY 16
SUITE D1
DENHAM SPRINGS, LA 70726

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From: Justin Gordon
Sent: Wednesday, July 03, 2013 10:44 AM
To: [REDACTED]
Subject: FW: Gov. Perry Announces TEF Investment in Chevron Creating More Than 1,700 Jobs in Houston

Just released. Thank you for your help on this; it was a pleasure working with you.

Justin Gordon

From: Governor Rick Perry Press Office
Sent: Wednesday, July 03, 2013 10:40 AM
Subject: Gov. Perry Announces TEF Investment in Chevron Creating More Than 1,700 Jobs in Houston



**OFFICE OF THE GOVERNOR
RICK PERRY**

For Immediate Distribution
July 3, 2013
Press Release

Governor's Press Office: 512-463-1826
Lucy Nashed: lucy.nashed@gov.texas.gov
Josh Havens: josh.havens@gov.texas.gov

Gov. Perry Announces TEF Investment in Chevron Creating More Than 1,700 Jobs in Houston

AUSTIN – Gov. Rick Perry today announced Chevron will expand its Houston facilities, creating 1,752 jobs and a multi-million dollar capital investment. The state is providing \$12 million through the Texas Enterprise Fund to close the deal on this expansion and job creation. Execution of the state's agreement is contingent upon finalization of a local incentive offer as required by program criteria.

“Employers looking to expand or relocate their businesses continue to choose Texas’ strong job creation climate, low taxes, smart regulations, fair courts and skilled workforce,” Gov. Perry said. “The Texas model is a blueprint for job creation, and the investment Chevron is making in Houston with more than 1,700 high-paying jobs opens the door to significant opportunities for Texans and their families.”

Headquartered in California, Chevron explores for, produces and transports crude oil and natural gas; refines, markets and distributes transportation fuel and lubricants; manufactures and sells petrochemical products; generates power and produces geothermal energy; provides energy efficiency solutions; and develops the energy resources of the future, including research for advanced biofuels. Chevron plans to construct a new 1.7 million square foot office tower in downtown Houston as part of this expansion. The facility will house professional, technical and administrative personnel to accommodate Chevron's growth in Houston to support its global operations.

“The announcement of our new office building underscores Chevron’s long-term commitment to Houston and Texas,” said Bereket Haregot, president of Chevron’s Business and Real Estate Services group. “The Lone Star State and its largest city play a vital and growing role in Chevron’s global business.”

“Houston is supportive and very excited about Chevron’s plans to expand its Houston operations,” Houston Mayor Annise Parker said. “Through its sponsorship of the annual Houston Marathon and its involvement in many other community events, Chevron has shown its strong support and commitment to Houston over the years. The company’s expansion, supported by the Texas Enterprise Fund grant, will broaden its local presence even more, boosting the local economy with hundreds of new jobs while also fostering synergy and collaboration with their existing business units and other Houston businesses.”

“This Enterprise Fund grant will create jobs and expand Chevron's commitment to Houston and Texas,” Rep. Garnet Coleman said. “Thank you to Gov. Perry, Speaker Straus and Lt. Gov. Dewhurst.”

The Legislature created the TEF in 2003 and re-appropriated funding in 2005, 2007, 2009, 2011 and 2013 to help ensure the growth of Texas businesses and create more jobs throughout the state. TEF projects must be approved by the governor, lieutenant governor and speaker of the House. The fund has since become one of the state’s most competitive tools to recruit and bolster business. To date, the TEF has invested more than \$498 million and closed the deal on projects generating 69,027 new jobs and more than \$20.8 billion in capital investment in the state.

For more information about the TEF, please visit <http://www.texaswideopenforbusiness.com/incentives-financing/tef.php> or <http://www.governor.state.tx.us>.

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From: Jennifer Scholl [REDACTED]
Sent: Monday, July 08, 2013 11:25 AM
To: Justin Gordon
Subject: Re: Gov. Perry Announces TEF Investment in Chevron Creating More Than 1,700 Jobs in Houston

Justin,

Thank you so much for forwarding me this. That is great to hear! It was great working with you too. If you wouldn't mind, could I list you as a reference or get a letter of recommendation from you in the future?

Thanks,

Jenn Scholl

On Jul 3, 2013, at 10:44 AM, Justin Gordon wrote:

Just released. Thank you for your help on this; it was a pleasure working with you.

Justin Gordon

From: Governor Rick Perry Press Office
Sent: Wednesday, July 03, 2013 10:40 AM
Subject: Gov. Perry Announces TEF Investment in Chevron Creating More Than 1,700 Jobs in Houston

<image001.jpg>

**OFFICE OF THE GOVERNOR
RICK PERRY**

For Immediate Distribution

July 3, 2013
Press Release

Governor's Press Office: 512-463-1826

Lucy Nashed: lucy.nashed@gov.texas.gov
Josh Havens: josh.havens@gov.texas.gov

Gov. Perry Announces TEF Investment in Chevron Creating More Than 1,700 Jobs in Houston

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"This Enterprise Fund grant will create jobs and expand Chevron's commitment to Houston and Texas," Rep. Garnet Coleman said. "Thank you to Gov. Perry, Speaker Straus and Lt. Gov. Dewhurst."

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###

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From: Scott Smith
Sent: Monday, June 24, 2013 2:36 PM
To: jbroderick@sumitcredits.com
Cc: Justin Gordon
Subject: FW: Project Sumit - Draft TEF Agreement for Company Review - 6.20.13
Attachments: Project Sumit - Draft Execution Copy - 6.24.13.docx

Jesse,

Attached is the cleaned up draft we discussed this morning. Please let Justin and me know if additional changes are warranted.

Scott

Scott Smith
Office of Governor Rick Perry
(512) 936-0278 office
ssmith@governor.state.tx.us

From: Jesse Broderick [<mailto:jbroderick@sumitcredits.com>]
Sent: Friday, June 21, 2013 8:28 AM
To: Scott Smith; Justin Gordon
Subject: RE: Project Sumit - Draft TEF Agreement for Company Review - 6.20.13

Can we get a final "clean" version of this agreement? Or are you ok with us just accepting the revisions as you've provided?

Thanks!

Jesse D. Broderick

SUMIT CREDITS, LLC

PO Box 910

Watson, LA 70786

Wk. (225) 664-2160

Cl. (225) 938-8301

jbroderick@sumitcredits.com<mailto:jbroderick@sumitcredits.com>

ECONOMIC DEVELOPMENT AGREEMENT

BETWEEN

THE STATE OF TEXAS

AND

CHEVRON U.S.A. INC.

MONTH XX, 2013

THIS AGREEMENT (“Agreement”) is by and between the State of Texas (the “State”), acting by and through the Office of Economic Development and Tourism, a division within the Office of the Governor (“OOG”), and Chevron U.S.A. Inc., a Pennsylvania company, (“Chevron”). The State and Chevron are hereinafter referred to either individually as the “party,” or collectively as the “parties.” The Effective Date of this Agreement is _____, 2013.

RECITALS

WHEREAS, Texas’ low taxes, budgetary discipline, reasonable regulations and educated workforce continue to make the state a top location for businesses looking to expand or relocate; and

WHEREAS, Chevron is known for being one of the world’s leading integrated energy companies, with subsidiaries that conduct business worldwide in virtually every facet of the energy industry; and

WHEREAS, Chevron employs approximately 61,900 people worldwide with 2012 sales and other operating revenues of approximately \$231 billion; and

WHEREAS, Chevron has proposed expanding its existing operations in Houston, Harris County, Texas; and

WHEREAS, Chevron is proposing to invest approximately \$662 million in the expansion of its existing operations in Houston, Harris County, Texas, and is expected to create at least 1,752 new full-time jobs for Texans, with an average annual payroll of approximately \$193 million; and

WHEREAS, Article III, Section 52-a of the Texas Constitution expressly authorizes the State to use public funds for the public purposes of development and diversification of the economy of the State, the elimination of unemployment or underemployment in the State, or the development of commerce in the State; and

WHEREAS, SB 1771 of the 78th Texas Legislature established the Texas Enterprise Fund (“TEF”) to be used with the express written approval of the Governor, Lieutenant Governor, and Speaker of the House of Representatives for economic development, infrastructure development,

community development, job training programs, and business incentives, and the 82nd Texas Legislature reauthorized the TEF for the 2012 and 2013 biennium; and

WHEREAS, the State values Chevron as a distinguished and important corporate citizen, and wishes to receive a commitment that Chevron will expand its existing operations in Texas, and Chevron wishes to provide such a commitment; and

WHEREAS, the Governor, Lieutenant Governor, and Speaker have each approved a grant from the TEF to Chevron, as evidenced in the letter attached as Exhibit A hereto; and

WHEREAS, to ensure that the benefits the State provides under this Agreement are utilized in a manner consistent with Article III, Section 52-a of the Texas Constitution, and other laws, the State requires Chevron to comply with conditions and deliver certain performance as set forth herein, including achieving measurable job creation and retention commitments, in exchange for receiving these benefits; and

WHEREAS, the parties desire to have such proposals set forth in a valid, binding and enforceable agreement; and

WHEREAS, the State believes it is in the best public interest to enter into this Agreement for the reasons set forth above.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual promises herein, the parties agree as follows:

1. STATE OF TEXAS COMMITMENT

Grant of Funds from the Texas Enterprise Fund. The State agrees to pay cash from the Texas Enterprise Fund to Chevron in the amount of Twelve Million Dollars (\$12,000,000) (the "Funds") as follows:

- (i) **First Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "First Payment") within thirty days following the execution of this Agreement, provided that the following accounting documents required for disbursement have been provided in acceptable form to the State: Request for Taxpayer Identification Number and Certification; Texas Application for Payee Identification Number; and Vendor Direct Deposit Authorization.
- (ii) **Second Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "Second Payment") within thirty days following receipt from Chevron of reasonable evidence of creating at least Four Hundred Fifty-Five (455) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.
- (iii) **Third Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million

Dollars (\$3,000,000) (the “Third Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Two Hundred Twenty-Seven (1,227) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

- (iv) **Fourth Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “Fourth Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

2. CHEVRON FUNDING CONDITIONS

Chevron must meet all of the following “Funding Conditions”, or will be subject to liquidated damages and/or repayment in accordance with the Agreement. The Funding Conditions are as follows:

a. Expanding Chevron Operations. Chevron commits to expanding its operations in downtown Houston, Harris County, which currently consist of owned buildings at 1400 Smith St., Houston, Harris County and 1500 Louisiana Street, Houston, Harris County, and leased spaces in the vicinity, by one or more of the following actions: (i) constructing a new multi-story office building at 1600 Louisiana St., in Houston, Harris County, Texas, (ii) leasing and occupying additional office space in downtown Houston, Harris County, or (iii) expanding the use of its existing owned office buildings (as expanded, the “Facility”). The Facility shall be open and operational by December 31, 2017.

b. Job Target. Chevron commits to meeting a job target of (i) creating a total of at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions by December 31, 2020, in total at the Facility and of (ii) maintaining these Employment Positions through December 31, 2022 (collectively, the “Job Target”). Chevron also commits to the following job creation schedule:

- (i) One Hundred Forty-Four Employment Positions by December 31, 2013;
- (ii) One Hundred Fifty-Four additional Employment Positions (298 total) on December 31, 2014;
- (iii) One Hundred Fifty-Seven additional Employment Positions (455 total) on December 31, 2015;
- (iv) One Hundred Fifty-Seven additional Employment Positions (612 total) on December 31, 2016;
- (v) Six Hundred Fifteen additional Employment Positions (1,227 total) on December 31, 2017;
- (vi) One Hundred Seventy-Five additional Employment Positions (1,402 total) on December 31, 2018;
- (vii) One Hundred Seventy-Five additional Employment Positions (1,577 total) on December 31, 2019;
- (viii) One Hundred Seventy-Five additional Employment Positions (1,752 total) on December 31, 2020.

Jobs will only be counted as Employment Positions for purposes of this Agreement if they are above the total number of employment positions with Chevron's operations, in Texas (the "Threshold"). The parties agree that for purposes of this Agreement, the Threshold shall be Eight Thousand Two Hundred Forty Three (8,243).

c. Employment Positions. For the purposes of this Agreement, "Employment Positions" shall be defined as jobs meeting all of the following criteria:

- (i) New full-time employment positions with Chevron at the Facility; and
- (ii) With an average annual gross compensation (excluding benefits) each year of at least:

- (A) \$110,000 for 2013;
- (B) \$112,200 for 2014;
- (C) \$114,444 for 2015;
- (D) \$116,733 for 2016;
- (E) \$119,068 for 2017;
- (F) \$121,449 for 2018;
- (G) \$123,878 for 2019;
- (H) \$126,355 for 2020;
- (I) \$128,883 for 2021;
- (J) \$131,460 for 2022.

- (iii) Unless specifically provided by this Agreement, no jobs created by Chevron subsidiaries, affiliates, contractors, or any other party not identified in this Agreement constitute Employment Positions.

d. Annual Compliance Verification. Beginning in January 2014, and continuing every year thereafter through January 2023, each year by January 31 Chevron must deliver to OOG a compliance verification signed by a duly authorized representative of Chevron that shall certify the number of and generally describe the Employment Positions existing as of December 31 of the year preceding and provide the median wage for all Employment Positions (the "Annual Compliance Verification"). There will be a total of Ten (10) Annual Compliance Verifications due, covering jobs created and maintained in years 2013 through 2022. All Annual Compliance Verifications shall be in a form reasonably satisfactory to OOG and shall provide appropriate back-up data for the Employment Position numbers provided and for the Threshold. In addition, Chevron must submit each year a copy of the Annual Compliance Verification to the Office of the Lieutenant Governor and the Office of the Speaker of the House of Representatives at the addresses listed below.

Lt. Governor of Texas
P.O. Box 12068
Austin, Texas 78711

Speaker of the House of Representatives of Texas
P.O. Box 2910
Austin, TX 78768

e. Certification of Good Standing/Delinquent Taxes. By execution of this Agreement, Chevron certifies that it is in good standing under the laws of the State in which it was formed or organized, and has provided the State sufficient evidence of such. In addition, Chevron certifies that it owes no delinquent taxes to any taxing unit of this State at the time of execution of this Agreement.

f. Certification Relating to Undocumented Workers. By execution of this Agreement, Chevron, including any branch, division, and department of Chevron, certifies that it does not and will not knowingly employ an undocumented worker (as defined by Texas Government Code Section 2264.001(4)). If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

3. LIQUIDATED DAMAGES

a. Failure to Meet 2013 “Floor” Job Target. If Chevron’s first Annual Compliance Verification demonstrates that it has failed to create and maintain at least Seventy-Two (72) Employment Positions as of December 31, 2013, the State may terminate the Agreement and require Chevron to repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

b. Job Target. As set forth in Section 2 above, annually during the term of this Agreement through 2023 Chevron must deliver to OOG an Annual Compliance Verification demonstrating that it has met the Job Target for the year just ended. The consequences to Chevron of satisfying, failing to satisfy, or exceeding the Job Target are as follows:

(i) Compliance with Job Target. If Chevron has met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then Chevron will be deemed to have met its obligations for such preceding year and no liquidated damages will be due.

(ii) Failure to Meet Job Target. If Chevron has not met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then OOG may require Chevron to pay liquidated damages in the amount of One Thousand Six Hundred Ten Dollars (\$1,610) per job for every Employment Position by which it is short that year.

(iii) Exceeding Job Target. If an Annual Compliance Verification filed by Chevron demonstrates that it has exceeded the job target for that year, then Chevron will be deemed to have exceeded its obligations, and will receive a “Surplus Job Credit” for each extra Employment Position that it has maintained above the job target for that year. Chevron may utilize any earned Surplus Job Credits in following years as follows:

A. Chevron may expend a Surplus Job Credit in lieu of paying liquidated damages in the amount of \$1,610 per job (for example, if Chevron owes liquidated damages in the amount of \$161,000 for 100 Employment Positions lacking in a particular year, Chevron may discharge completely or reduce this amount by expending up to 100 Surplus Job Credits it has earned in prior years); or

B. Chevron may apply any Surplus Job Credits toward meeting the remaining Job Target for future years, such that if Chevron accumulates enough Surplus Job Credits it will be deemed to have fulfilled all of its obligations under the Agreement, and will be released from the Agreement early (for example, if Chevron has accumulated at least One Thousand Seven Hundred Fifty-Two (1,752) Surplus Job Credits by December 31, 2021, then it may apply these

Surplus Job Credits forward to fulfill its Job Target for 2022, and may thereby fulfill its obligations and be released from the Agreement one year early).

4. CHEVRON ADDITIONAL COMMITMENTS

a. OOG Audit Rights.

(i) **Duty to Maintain Records.** Chevron shall maintain adequate records to support its charges, procedures and performances to OOG for all work related to this Agreement. Chevron also shall maintain such records as are deemed necessary by the OOG and auditors of the State of Texas or United States, or such other persons or entities designated by the OOG, to ensure proper accounting for all costs and performances related to this Agreement.

(ii) **Records Retention.** Chevron shall maintain and retain for a period of four (4) years after the submission of the final Annual Compliance Verification, or until full and final resolution of all audit or litigation matters which arise after the expiration of the four (4) year period after the submission of the final Annual Compliance Verification, whichever time period is longer, such records as are necessary to fully disclose the extent of services provided under this Agreement, including but not limited to any daily activity reports and time distribution and attendance records, and other records which may show the basis for the calculation of full time positions.

(iii) **Audit Trails.** Appropriate audit trails shall be maintained by Chevron to provide accountability for updates and changes to automated personnel and financial systems. Audit trails maintained by Chevron will, at a minimum, identify the changes made, the individual making the change and the date the change was made. An adequate history of transactions shall be maintained by Chevron to permit an audit of the system by tracing the activities of individuals through the system. Chevron's automated systems must provide the means whereby authorized personnel have the ability to audit and establish individual accountability for any action that can potentially cause access to, generation of, or modification of information related to the performances of this Agreement. Chevron agrees that Chevron's failure to maintain adequate audit trails and corresponding documentation shall create a rebuttable presumption that the performances were not performed.

(iv) **Access.** Chevron shall grant access to all paper and electronic records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement to OOG and auditors of the State of Texas, or such other persons or entities designated by OOG for the purposes of inspecting, auditing, or copying such books and records. All records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement shall be subject to examination or audit by the OOG and auditors of the State of Texas, or such other persons or entities designated by the OOG in accordance with all applicable state and federal laws, regulations or directives. Chevron will direct any subcontractor with whom it has established a contractual relationship to discharge Chevron's obligations to likewise permit access to, inspection of, and reproduction of all books and records of Chevron's subcontractor(s) which pertain to this Agreement.

(v) **Location.** Any such audit shall be conducted during Chevron's normal business hours at a Chevron location chosen by OOG and at OOG's expense, provided all costs incurred by OOG in conducting any such audit shall be reimbursed by Chevron in the event such audit reveals a material discrepancy in any Chevron reporting of compliance as required by the Agreement.

(vi) **Reimbursement.** If any audit or examination reveals that Chevron's reports for the audited period are not accurate in the calculation of the Job Target for such period, Chevron shall promptly reimburse the OOG for the liquidated damages amount(s) in accordance with section 3.b.ii.

(vii) **Corrective Action Plan.** If any audit reveals any discrepancies or inadequacies which are necessary in order to maintain compliance with this Agreement, applicable laws, regulations, or Chevron's obligations hereunder, Chevron agrees within thirty (30) calendar days after Chevron's receipt of the audit findings, to propose and submit to OOG a corrective action plan to correct such discrepancies or inadequacies subject to the approval of the OOG. Chevron further agrees to complete the corrective action approved by OOG within thirty (30) calendar days after OOG approves Chevron's corrective action plan, at the sole cost of Chevron.

(viii) **Reports.** Chevron shall provide to OOG periodic status reports in accordance with OOG's audit procedures regarding Chevron's resolution of any audit-related compliance activity for which Chevron is responsible.

b. Economic Impact Reports; Periodic Progress Briefings. In a manner consistent with the need to protect privacy and the intellectual property of Chevron and third parties, Chevron will provide periodic briefings as reasonably requested by OOG on the general activities, economic impact and progress of the new project development and business operations in Texas.

c. Use and Retention of Texas Suppliers. Chevron will use reasonable efforts to use qualified Texas-based suppliers to provide products and services under this Agreement, provided however, Chevron may in its sole discretion select suppliers and contractors based on program needs, scientific criteria, and industry standards.

d. Financial Information. Chevron will furnish to OOG on an annual basis by April 30, of each year throughout the term of the Agreement, information regarding the general business status, market and general summary financial updates regarding Chevron. Such financial information shall be in a form reasonably satisfactory to OOG.

e. Indemnity and Hold Harmless. Chevron agrees to indemnify and hold the State, the maker of this grant, and its agents, officers, and employees harmless for any and all losses, claims, suits, actions, and liability, including any litigation costs, that arise from any act or omission of Chevron or any of its officers and employees, agents, contractors, assignees, and affiliates relating to the project for which this grant is made regardless of whether the act or omission is related to job creation or other stated purpose of the grant.

f. EXPRESS NEGLIGENCE. THE INDEMNITY SET FORTH IN THIS AGREEMENT IS INTENDED TO BE ENFORCEABLE AGAINST CHEVRON AND ITS SUCCESSORS AND ASSIGNS IN ACCORDANCE WITH THE

EXPRESS TERMS AND SCOPE HEREOF NOTWITHSTANDING TEXAS' EXPRESS NEGLIGENCE RULE OR ANY SIMILAR DIRECTIVE THAT WOULD PROHIBIT OR OTHERWISE LIMIT INDEMNITIES BECAUSE OF THE NEGLIGENCE (WHETHER SOLE, CONCURRENT, ACTIVE OR PASSIVE) OR OTHER FAULT OR STRICT LIABILITY OF THE OOG.

5. DEFAULTS AND REMEDIES

Each of the following acts or omissions of Chevron or occurrences shall constitute an act of default under this Agreement:

a. Failure to Invest and Expand the Facility. If Chevron fails to invest and expand the Facility by December 31, 2017, then the State may terminate the Agreement and require Chevron to immediately repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment, reduced by any funds refunded to the State for failure to meet Job Targets.

b. Failure to pay liquidated damages for job creation. Upon receipt of notice, Chevron shall have thirty (30) days to pay outstanding damages for job creation. If Chevron does not pay after this period, all amounts that could potentially be claimed for failure to meet job targets shall become due and payable immediately on demand of the State of Texas.

c. Failure to provide verification. If after the end of a calendar year Chevron fails to provide an Annual Compliance Verification by the deadline for that year, OOG may make a good faith estimate, based on information available to OOG, of the Employment Positions at Chevron as of December 31 of that year and, if the estimated Employment Positions fall short of the Job Target, require corresponding liquidated damages in accordance with Section 3.b.ii. above. Chevron will not be eligible to earn Surplus Job Credits for any such year for which it fails to provide an Annual Compliance Verification by the deadline for that year.

d. Failure to comply with Section 2.f. If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

6. GENERAL PROVISIONS

a. Authority. Each party represents that it has obtained all necessary authority to enter into this Agreement.

b. Relationship of Parties and Disclaimer of Liability. The parties will perform their respective obligations under this Agreement as independent contractors and not as agents, employees, partners, joint venturers, or representatives of the other party. Neither party can make representations or commitments that bind the other party. Chevron is not a "governmental body" by virtue of this Agreement or the use of TEF or other funding.

c. Limitation of Liability. In no event will either party be liable to the other party for any indirect, special, punitive, exemplary, incidental or consequential damages. This limitation will apply regardless of whether or not the other party has been advised of the possibility of such

damages. Chevron's total liability under this Agreement shall not exceed the amount of Funds actually received by Chevron plus interest at a rate of 2.2%.

d. Term. The term of this Agreement commences on the Effective Date of the Agreement and continues until January 31, 2023, unless terminated earlier pursuant to the terms of this Agreement.

e. Termination for Cause. Either party may terminate this Agreement for Cause upon thirty (30) days prior written notice to the other party. "Cause" is any failure to perform a material obligation under this Agreement within the specified time, including a material breach of a Funding Condition. This Agreement may not be terminated if the alleged Cause is cured within the specified thirty-day period. The sole remedy for any termination for Cause (and for the "cause" giving rise to the termination) shall be that each party is relieved of its obligation to perform hereunder, however, following termination by the State, Chevron will continue to be obligated to the State for liquidated damages and/or repayment of funds in accordance with applicable provisions of this Agreement.

f. Repayment upon Early Termination. In the event of early termination of the Agreement for Cause or by mutual agreement of the parties, Chevron shall repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

g. Dispute Resolution and Applicable Law.

(i) Informal Meetings. The parties' representatives will meet as needed to implement the terms of this Agreement and will make a good faith attempt to informally resolve any disputes.

(ii) Non-binding Mediation. Except to prevent irreparable harm for which there is no adequate remedy at law, neither party shall file suit to enforce this Agreement without first submitting the dispute to confidential, non-binding mediation before a mediator mutually agreed upon by the parties.

(iii) Applicable Law and Venue. This Agreement is made and entered into in the state of Texas, and this Agreement and all disputes arising out of or relating thereto shall be governed by the laws of the state of Texas, without regard to any otherwise applicable conflict of law rules or requirements.

Chevron agrees that any action, suit, litigation or other proceeding (collectively "litigation") arising out of or in any way relating to this Agreement, or the matters referred to therein, shall be commenced exclusively in the Travis County District Court or the United States District Court for the Western District of Texas, Austin Division, and hereby irrevocably and unconditionally consents to the exclusive jurisdiction of those courts for the purpose of prosecuting and/or defending such litigation. Chevron hereby waives and agrees not to assert by way of motion, as a defense, or otherwise, in any suit, action or proceeding, any claim that (a) Chevron is not personally subject to the jurisdiction of the above-named courts, (b) the suit, action or proceeding is brought in an inconvenient forum or (c) the venue of the suit, action or proceeding is improper.

h. Publicity. Upon request by OOG, Chevron agrees to cooperate fully with OOG to assist in the preparation of any press release or other public disclosure regarding this Agreement.

Chevron agrees to obtain OOG's approval prior to Chevron's issuance of any press release or other public disclosure concerning this Agreement, unless otherwise required by law.

i. No Waiver of Sovereign Immunity. Nothing in this Agreement may be construed to be a waiver of the sovereign immunity of the State to suit.

7. MISCELLANEOUS PROVISIONS

a. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in establishing proof of this Agreement to produce or account for more than one such counterpart.

b. Merger. This document constitutes the final entire agreement between the parties and supersedes any and all prior oral or written communication, representation or agreement relating to the subject matter of this Agreement.

c. Severability. Any term in this Agreement prohibited by, or unlawful or unenforceable under, any applicable law or jurisdiction is void without invalidating the remaining terms of this said Agreement. However, where the provisions of any such applicable law may be waived, they are hereby waived by either party, as the case may be, to the fullest extent permitted by the law, and the affected terms are enforceable in accordance with the parties' original intent.

d. Survival of Promises. Notwithstanding any expiration, termination or cancellation of this Agreement, the rights and obligations pertaining to payment or repayment of funds and/or liquidated damages, confidentiality, disclaimers and limitation of liability, indemnification, and any other provision implying survivability will remain in effect after this Agreement ends.

e. Binding Effect. This Agreement and all terms, provisions and obligations set forth herein shall be binding upon and shall inure to the benefit of the parties and their successors and assigns and shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns and all other state agencies and any other agencies, departments, divisions, governmental entities, public corporations and other entities which shall be successors to each of the parties or which shall succeed to or become obligated to perform or become bound by any of the covenants, agreements or obligations hereunder of each of the parties hereto.

f. Successors and Assigns/Notice. Chevron, or any legal successor thereto or prior assignee thereof, may assign its rights and obligations under this Agreement, including by merger or operation of law, to any legal successor or any person or entity that acquires all or substantially all of its business and operations. In addition, with the prior written consent of the State, which consent shall not be unreasonably withheld, or delayed, Chevron, or any legal successor company thereto or prior assignee thereof, may assign its rights and obligations under this Agreement to any parent or wholly owned subsidiary that it currently has in place or later establishes, if it is constituted as a separate legally recognized business entity. Any such assignment will be made without additional consideration being payable to the State. This Agreement shall survive any sale, change of control or similar transaction involving Chevron, any successor thereto or prior assignee thereof and no such transaction shall require the consent of the State. Chevron shall provide the State written notice of any assignment, sale, change of control or similar transaction pursuant to this section as soon as possible and in no event not later than thirty (30) calendar days following such event.

g. Force Majeure. Neither party shall be required to perform any obligation under this Agreement or be liable or responsible for any loss or damage resulting from its failure to perform so long as performance is delayed by force majeure or acts of God, including but not limited to strikes, lockouts or labor shortages, embargo, riot, war, revolution, terrorism, rebellion, insurrection, flood, natural disaster, or interruption of utilities from external causes.

h. Notice. All notices, requests, demands and other communications will be in writing and will be deemed given and received (i) on the date of delivery when delivered by hand, (ii) on the following business day when sent by confirmed simultaneous telecopy, (iii) on the following business day when sent by receipted overnight courier, or (iv) three (3) business days after deposit in the United States Mail when mailed by registered or certified mail, return receipt requested, first class postage prepaid, as follows:

If to the State to:

TEF Compliance
Compliance and Oversight Division
PO Box 12428
Austin, TX 78711

with a concurrent copy to:

General Counsel
Office of the Governor
P.O. Box 12428
Austin, Texas 78711
Phone: 512-463-1788
Fax: 512-463-1932

If to Chevron to:

Chevron Corporation
6001 Bollinger Canyon Road
San Ramon, CA 94583
Attn: Corporate Real Estate Counsel
Phone: 925-842-4337
Fax: 925-842-2011

with a concurrent copy to:

Manager of State and Local Tax Counsel
Corporate Tax
6001 Bollinger Canyon Rd.
San Ramon, CA 94583
Phone: 925-842-1173

{Signature Page Follows}

The parties have caused this Economic Development Agreement to be executed by their duly authorized representatives to be effective as of the date first specified above.

THE STATE OF TEXAS

CHEVRON U.S.A. INC.

BRANDY MARTY
CHIEF OF STAFF
OFFICE OF THE GOVERNOR

[NAME]
[TITLE]

EXHIBIT A

LETTER FROM GOVERNOR, LIEUTENANT GOVERNOR AND SPEAKER
APPROVING GRANT TO CHEVRON FROM THE TEXAS ENTERPRISE FUND

Johanna Hopkins

From: Jesse Broderick [jbroderick@sumitcredits.com]
Sent: Tuesday, June 25, 2013 11:09 AM
To: Justin Gordon; Scott Smith
Subject: Fwd: Question on Section 5b

Importance: High

Change that...sorry guys. See below....after further internal discussion.

Jesse Broderick
Sumit Credits, LLC
(225) 938-8301

Sent via the Samsung Galaxy S™III, an AT&T 4G LTE smartphone

----- Original message -----

From: "Tindle, Mia" <mia.tindle@chevron.com>

Date:

To: "Nash, Sandra B" <Sandra.Nash@chevron.com>,"Parish, Mary A." <MAParish@chevron.com>,"Finley, Kenneth (KFIN) (finley.kj81)" <finley.kj81@chevron.com>

Cc: Jesse Broderick <jbroderick@sumitcredits.com>

Subject: RE: Question on Section 5b

All, Mary just called me and indicated that CUSA will be the contracting entity, not through CBRES. Therefore, please revise as follows:

The first paragraph of the Agreement to "Chevron U.S.A. Inc., a Pennsylvania corporation".

The signature block as follows:

Chevron U.S.A. Inc., a Pennsylvania corporation

By: _____

Bereket Haregot

Its: Vice-President

Johanna Hopkins

From: Jesse Broderick [jbroderick@sumitcredits.com]
Sent: Tuesday, June 25, 2013 11:01 AM
To: Justin Gordon; Scott Smith
Subject: Fwd: Question on Section 5b

Hey Justin see below...is this clarification also acceptable? I just got this after my last email.

Thanks,

Jesse Broderick
Sumit Credits, LLC
(225) 938-8301

Sent via the Samsung Galaxy S™III, an AT&T 4G LTE smartphone

----- Original message -----

From: "Tindle, Mia" <mia.tindle@chevron.com>
Date:
To: "Nash, Sandra B" <Sandra.Nash@chevron.com>,"Parish, Mary A." <MAParish@chevron.com>,"Finley, Kenneth (KFIN) (finley.kj81)" <finley.kj81@chevron.com>
Cc: Jesse Broderick <jbroderick@sumitcredits.com>
Subject: RE: Question on Section 5b

Sandra,

The first paragraph of the Agreement should change "Chevron U.S.A. Inc., a Pennsylvania company" to "Chevron U.S.A. Inc., a Pennsylvania corporation, through its division, Chevron Business and Real Estate Services".

The signature block should be revised as follows:

Chevron U.S.A. Inc., a Pennsylvania corporation,
through its division, Chevron Business and Real Estate Services

By: _____
Bereket Haregot
Its: President

[Note: Ordinarily the name/title of the signatory would be left blank and filled in at the time of signature. Where as here we know which officer will sign, I think it's fine to specify.]

Mia

From: Governor Rick Perry Press Office
Sent: Wednesday, July 03, 2013 10:40 AM
Subject: Gov. Perry Announces TEF Investment in Chevron Creating More Than 1,700 Jobs in Houston



**OFFICE OF THE GOVERNOR
RICK PERRY**

For Immediate Distribution

July 3, 2013
Press Release

Governor's Press Office: 512-463-1826

Lucy Nashed: lucy.nashed@gov.texas.gov

Josh Havens: josh.havens@gov.texas.gov

Gov. Perry Announces TEF Investment in Chevron Creating More Than 1,700 Jobs in Houston

AUSTIN – Gov. Rick Perry today announced Chevron will expand its Houston facilities, creating 1,752 jobs and a multi-million dollar capital investment. The state is providing \$12 million through the Texas Enterprise Fund to close the deal on this expansion and job creation. Execution of the state's agreement is contingent upon finalization of a local incentive offer as required by program criteria.

"Employers looking to expand or relocate their businesses continue to choose Texas' strong job creation climate, low taxes, smart regulations, fair courts and skilled workforce," Gov. Perry said. "The Texas model is a blueprint for job creation, and the investment Chevron is making in Houston with more than 1,700 high-paying jobs opens the door to significant opportunities for Texans and their families."

Headquartered in California, Chevron explores for, produces and transports crude oil and natural gas; refines, markets and distributes transportation fuel and lubricants; manufactures and sells petrochemical products; generates power and produces geothermal energy; provides energy efficiency solutions; and develops the energy resources of the future, including research for advanced biofuels. Chevron plans to construct a new 1.7 million square foot office tower in downtown Houston as part of this expansion. The facility will house professional, technical and administrative personnel to accommodate Chevron's growth in Houston to support its global operations.

"The announcement of our new office building underscores Chevron's long-term commitment to Houston and Texas," said Bereket Haregot, president of Chevron's Business and Real Estate Services group. "The Lone Star State and its largest city play a vital and growing role in Chevron's global business."

"Houston is supportive and very excited about Chevron's plans to expand its Houston operations," Houston Mayor Annise Parker said. "Through its sponsorship of the annual Houston Marathon and its involvement in many other community events, Chevron has shown its strong support and commitment to Houston over the years. The company's expansion, supported by the Texas Enterprise Fund grant, will broaden its local presence even more, boosting the local economy with hundreds of new jobs while also fostering synergy and collaboration with their existing business units and other Houston businesses."

“This Enterprise Fund grant will create jobs and expand Chevron's commitment to Houston and Texas,” Rep. Garnet Coleman said. “Thank you to Gov. Perry, Speaker Straus and Lt. Gov. Dewhurst.”

The Legislature created the TEF in 2003 and re-appropriated funding in 2005, 2007, 2009, 2011 and 2013 to help ensure the growth of Texas businesses and create more jobs throughout the state. TEF projects must be approved by the governor, lieutenant governor and speaker of the House. The fund has since become one of the state’s most competitive tools to recruit and bolster business. To date, the TEF has invested more than \$498 million and closed the deal on projects generating 69,027 new jobs and more than \$20.8 billion in capital investment in the state.

For more information about the TEF, please visit <http://www.texaswideopenforbusiness.com/incentives-financing/tef.php> or <http://www.governor.state.tx.us>.

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Please DO NOT REPLY to this message. It comes from an un-monitored mailbox. If you have any questions regarding this announcement, please contact the Governor’s Press Office at (512) 463-1826.

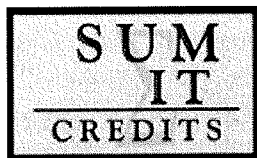
From: Jesse Broderick [jbroderick@sumitcredits.com]
Sent: Thursday, June 13, 2013 5:35 PM
To: Scott Smith; Justin Gordon
Cc: Tad Curtis; Clint Harp; 'Parish, Mary A.'; 'Pham, Yen T'
Subject: Project Sumit - Chevron Final Revisions
Attachments: Project Sumit - Draft TEF Agreement for Company Review - 6 13 13 (revised).docx

Hi Scott & Justin,

Attached is the agreement with Chevron's proposed revisions. The biggest requested change is to revise the Baseline Threshold to reflect the statewide headcount of Chevron USA only and not affiliates. Scott, as per our discussion, none of the proposed jobs will be from other entities, it will all fall under Chevron USA. Chevron is not interested in adding other affiliated entities to this agreement. Further, we'd like to revise the number to reflect the baseline as per the TWC reports. The number provided in the application is as per the HR reports which tend to have some duplicates or other coding errors. Since we will be documenting the jobs based on the TWC numbers (as reported to by Chevron USA) and that is how you track headcount growth as well, we'd like to stick with this number if at all possible. Either way, we just want to be consistent and use the same methodology for tracking the baseline and net new jobs going forward.

The Chevron team is prepared to move forward next week if these revisions are acceptable on your end. I've copied Yen and Mary from Chevron's legal team on this email, we are happy to address any questions or concerns if you have any, just let us know.

Sincerely,



JESSE D. BRODERICK
PO BOX 910
WATSON, LA 70786
(225) 664-2160 / CELL (225) 938-8301
JBRODERICK@SUMITCREDITS.COM

Physical Address:
30879 HIGHWAY 16
SUITE D1
DENHAM SPRINGS, LA 70726

Any advice in this communication is limited to the conclusions specifically set forth herein and is based on the completeness and accuracy of the stated facts, assumptions and/or representations included. In rendering advice, we may consider tax authorities that are subject to change, retroactively and/or prospectively, and any such changes could affect the validity of the advice. We will not update our advice for subsequent changes to the law and regulations, or to the judicial and administrative interpretations thereof.

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DRAFT AGREEMENT

ECONOMIC DEVELOPMENT AGREEMENT

BETWEEN

THE STATE OF TEXAS

AND

CHEVRON U.S.A. INC.

MONTH XX, 2013

THIS AGREEMENT ("Agreement") is by and between the State of Texas (the "State"), acting by and through the Office of Economic Development and Tourism, a division within the Office of the Governor ("OOG"), and Chevron U.S.A. Inc., a Pennsylvania company, ("Chevron"). The State and Chevron are hereinafter referred to either individually as the "party," or collectively as the "parties." The Effective Date of this Agreement is _____, 2013.

RECITALS

WHEREAS, Texas' low taxes, budgetary discipline, reasonable regulations and educated workforce continue to make the state a top location for businesses looking to expand or relocate; and

WHEREAS, Chevron is known for being one of the world's leading integrated energy companies; with subsidiaries that conduct business worldwide in virtually every facet of the energy industry; and

WHEREAS, Chevron employs approximately 61,900 people throughout the United States worldwide with 2012 sales and other operating revenues annual revenues of approximately \$231 billion; and

WHEREAS, Chevron has proposed expanding its existing operations in Houston, Harris County, Texas; and

WHEREAS, the new facility will involve Chevron is proposing to invest investing approximately \$662 million in the expansion of its existing operations an additional facility in Houston, Harris County, Texas, and is expected to create at least 1,752 new full-time jobs for Texans, with an average annual payroll of approximately \$193 million; and

WHEREAS, Article III, Section 52-a of the Texas Constitution expressly authorizes the State to use public funds for the public purposes of development and diversification of the economy of the State, the elimination of unemployment or underemployment in the State, or the development of commerce in the State; and

WHEREAS, SB 1771 of the 78th Texas Legislature established the Texas Enterprise Fund ("TEF") to be used with the express written approval of the Governor, Lieutenant Governor, and Speaker

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of the House of Representatives for economic development, infrastructure development, community development, job training programs, and business incentives, and the 82nd Texas Legislature reauthorized the TEF for the 2012 and 2013 biennium; and

WHEREAS, the State values Chevron as a distinguished and important corporate citizen, and wishes to receive a commitment that Chevron will expand its existing operations in Texas, and Chevron wishes to provide such a commitment; and

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WHEREAS, the Governor, Lieutenant Governor, and Speaker have each approved a grant from the TEF to Chevron, as evidenced in the letter attached as Exhibit A hereto; and

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WHEREAS, to ensure that the benefits the State provides under this Agreement are utilized in a manner consistent with Article III, Section 52-a of the Texas Constitution, and other laws, the State requires Chevron to comply with conditions and deliver certain performance as set forth herein, including achieving measurable job creation and retention commitments, in exchange for receiving these benefits; and

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WHEREAS, the parties desire to have such proposals set forth in a valid, binding and enforceable agreement; and

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WHEREAS, the State believes it is in the best public interest to enter into this Agreement for the reasons set forth above.

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AGREEMENTS

NOW, THEREFORE, in consideration of the mutual promises herein, the parties agree as follows:

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1. STATE OF TEXAS COMMITMENT

Grant of Funds from the Texas Enterprise Fund. The State agrees to pay cash from the Texas Enterprise Fund to Chevron in the amount of Twelve Million Dollars (\$12,000,000) (the "Funds") as follows:

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(i) **First Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "First Payment") within thirty days following the execution of this Agreement, provided that the following accounting documents required for disbursement have been provided in acceptable form to the State: Request for Taxpayer Identification Number and Certification; Texas Application for Payee Identification Number; and Vendor Direct Deposit Authorization.

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(ii) **Second Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "Second Payment") within thirty days following receipt from Chevron of reasonable evidence of creating at least Four Hundred Fifty-Five (455) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

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(iii) **Third Grant Payment from the Texas Enterprise Fund.** The State shall pay

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cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "Third Payment") within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Two Hundred Twenty-Seven (1,227) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

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- (iv) **Fourth Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "Fourth Payment") within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

2. CHEVRON FUNDING CONDITIONS

Chevron must meet all of the following "Funding Conditions", or will be subject to liquidated damages and/or repayment in accordance with the Agreement. The Funding Conditions are as follows:

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a. Expanding Chevron Operations. ~~Chevron commits to expanding operations at its business locations operations in downtown Houston, Harris County which currently includes consist of its owned buildings at 1400 Smith St., Houston, Harris County and 1500 Louisiana St., Houston, Harris County, and leased spaces in the vicinity. (the "Campus") campus (the "Facility")~~ by one or more of the following actions: (i) ~~possibly~~ constructing a new multi-story office building at 1600 Louisiana St., in Houston, Harris County, Texas, (ii) leasing and occupying additional office space in downtown Houston, Harris County, or (iii) ~~expanding the use of its existing owned office buildings (as expanded, the "Campus") Campus (the "Facility")~~ use of existing facilities at 1500 Louisiana St. and 1400 Smith St., Houston, Harris County. The ~~Facility~~ Campus shall be open and operational by December 31, 2017.

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b. Job Target. Chevron commits to meeting a job target of (i) creating a total of at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions by December 31, 2020, ~~in total at the Campus-Campus and Facility~~ and of (ii) maintaining these Employment Positions through December 31, 2022 (collectively, the "Job Target"). Chevron also commits to the following job creation schedule:

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- (i) One Hundred Forty-Four Employment Positions by December 31, 2013;
- (ii) One Hundred Fifty-Four additional Employment Positions (298 total) on December 31, 2014;
- (iii) One Hundred Fifty-Seven additional Employment Positions (455 total) on December 31, 2015;
- (iv) One Hundred Fifty-Seven additional Employment Positions (612 total) on December 31, 2016;
- (v) Six Hundred Fifteen additional Employment Positions (1,227 total) on December 31, 2017;
- (vi) One Hundred Seventy-Five additional Employment Positions (1,402 total) on December 31, 2018;
- (vii) One Hundred Seventy-Five additional Employment Positions (1,577 total) on December 31, 2019;

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(viii) One Hundred Seventy-Five additional Employment Positions (1,752 total) on December 31, 2020.

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Jobs will only be counted as Employment Positions for purposes of this Agreement if they are above the total number of employment positions with Chevron's operations, in Texas at the time this Agreement is executed (the "Threshold"). The parties agree that for purposes of this Agreement, the Threshold shall be Nine Eight Thousand Four Two Hundred hundred Forty Five Nine Three (9,459,243).

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c. Employment Positions. For the purposes of this Agreement, "Employment Positions" shall be defined as jobs meeting all of the following criteria:

(i) New full-time employment positions with Chevron at the ~~Campus~~ and the ~~Facility~~ Facility; and

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(ii) With an average annual gross compensation (excluding benefits) each year of at least:

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(A) \$110,000 for 2013;

(B) \$112,200 for 2014;

(C) \$114,444 for 2015;

(D) \$116,733 for 2016;

(E) \$119,068 for 2017;

(F) \$121,449 for 2018;

(G) \$123,878 for 2019;

(H) \$126,355 for 2020;

(I) \$128,883 for 2021;

(J) \$131,460 for 2022.

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(iii) Unless specifically provided by this Agreement, no jobs created by Chevron subsidiaries, affiliates, contractors, or any other party not identified in this Agreement constitute Employment Positions.

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d. Annual Compliance Verification. Beginning in January 2014, and continuing every year thereafter through January 2023, each year by January 31 Chevron must deliver to OOG a compliance verification signed by a duly authorized representative of Chevron that shall certify the number of and generally describe the Employment Positions existing as of December 31 of the year preceding and provide the median wage for all Employment Positions (the "Annual Compliance Verification"). There will be a total of Ten (10) Annual Compliance Verifications due, covering jobs created and maintained in years 2013 through 2022. All Annual Compliance Verifications shall be in a form reasonably satisfactory to OOG and shall provide appropriate back-up data for the Employment Position numbers provided and for the Threshold. In addition, Chevron must submit each year a copy of the Annual Compliance Verification to the Office of the Lieutenant Governor and the Office of the Speaker of the House of Representatives at the addresses listed below.

Lt. Governor of Texas
P.O. Box 12068
Austin, Texas 78711

Speaker of the House of Representatives of Texas
P.O. Box 2910
Austin, TX 78768

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e. Certification of Good Standing/Delinquent Taxes. By execution of this Agreement, Chevron certifies that it is in good standing under the laws of the State in which it was formed or organized, and has provided the State sufficient evidence of such. In addition, Chevron certifies that it owes no delinquent taxes to any taxing unit of this State at the time of execution of this Agreement.

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f. Certification relating to undocumented workers. By execution of this Agreement, Chevron, including any branch, division, and department of Chevron, certifies that it does not and will not knowingly employ an undocumented worker (as defined by Texas Government Code Section 2264.001(4)). If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

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3. LIQUIDATED DAMAGES

a. Failure to Meet 2013 "Floor" Job Target. If Chevron's first Annual Compliance Verification demonstrates that it has failed to create and maintain at least Seventy-Two (72) Employment Positions as of December 31, 2013, the State may terminate the Agreement and require Chevron to repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

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b. Job Target. As set forth in Section 2 above, annually during the term of this Agreement through 2023 Chevron must deliver to OOG an Annual Compliance Verification demonstrating that it has met the Job Target for the year just ended. The consequences to Chevron of satisfying, failing to satisfy, or exceeding the Job Target are as follows:

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(i) Compliance with Job Target. If Chevron has met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then Chevron will be deemed to have met its obligations for such preceding year and no liquidated damages will be due.

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(ii) Failure to Meet Job Target. Except as provided in Section 3(a), if Chevron has not met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then OOG may require Chevron to pay liquidated damages in the amount of One Thousand Six Hundred Ten Dollars (\$1,610) per job for every Employment Position by which it is short that year.

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(iii) Exceeding Job Target. If an Annual Compliance Verification filed by Chevron demonstrates that it has exceeded the job target for that year, then Chevron will be deemed to have exceeded its obligations, and will receive a "Surplus Job Credit" for each extra Employment Position that it has maintained above the job target for that year. Chevron may utilize any earned Surplus Job Credits in following years as follows:

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A. Chevron may expend a Surplus Job Credit in lieu of paying liquidated damages in the amount of \$1,610 per job (for example, if Chevron owes liquidated damages in the amount of \$161,000 for 100 Employment Positions lacking in a particular year, Chevron may discharge completely or reduce this amount by expending up to 100 Surplus Job Credits it has earned in prior years); or

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B. Chevron may apply any Surplus Job Credits toward meeting the remaining Job Target for future years, such that if Chevron accumulates enough Surplus Job Credits it will be deemed to have fulfilled all of its obligations under the Agreement, and will be released from the Agreement early (for example, if Chevron has accumulated at least One Thousand Seven Hundred Fifty-Two (1,752) Surplus Job Credits by December 31, 2021, then it may apply these Surplus Job Credits forward to fulfill its Job Target for 2022, and may thereby fulfill its obligations and be released from the Agreement one year early).

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4. CHEVRON ADDITIONAL COMMITMENTS

a. OOG Audit Rights.

(i) **Duty to Maintain Records.** Chevron shall maintain adequate records to support its charges, procedures and performances to OOG for all work related to this Agreement. Chevron also shall maintain such records as are deemed necessary by the OOG and auditors of the State of Texas or United States, or such other persons or entities designated by the OOG, to ensure proper accounting for all costs and performances related to this Agreement.

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(ii) **Records Retention.** Chevron shall maintain and retain for a period of four (4) years after the submission of the final Annual Compliance Verification, or until full and final resolution of all audit or litigation matters which arise after the expiration of the four (4) year period after the submission of the final Annual Compliance Verification, whichever time period is longer, such records as are necessary to fully disclose the extent of services provided under this Agreement, including but not limited to any daily activity reports and time distribution and attendance records, and other records which may show the basis for the calculation of full time positions.

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(iii) **Audit Trails.** Appropriate audit trails shall be maintained by Chevron to provide accountability for updates and changes to automated personnel and financial systems. Audit trails maintained by Chevron will, at a minimum, identify the changes made, the individual making the change and the date the change was made. An adequate history of transactions shall be maintained by Chevron to permit an audit of the system by tracing the activities of individuals through the system. Chevron's automated systems must provide the means whereby authorized personnel have the ability to audit and establish individual accountability for any action that can potentially cause access to, generation of, or modification of information related to the performances of this Agreement. Chevron agrees that Chevron's failure to maintain adequate audit trails and corresponding documentation shall create a rebuttable presumption that the performances were not performed.

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(iv) **Access.** Chevron shall grant access to all paper and electronic records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement to OOG and auditors of the State of Texas, or such other persons or entities designated by OOG for the purposes of inspecting, auditing, or copying such books and records. All records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement shall be subject to examination or audit by the OOG and auditors of the State of Texas, or such other persons or entities designated by the OOG in accordance with all applicable state

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and federal laws, regulations or directives. Chevron will direct any subcontractor with whom it has established a contractual relationship to discharge Chevron's obligations to likewise permit access to, inspection of, and reproduction of all books and records of Chevron's subcontractor(s) which pertain to this Agreement.

(v) **Location.** Any such audit shall be conducted during Chevron's normal business hours at a Chevron location chosen by OOG and at OOG's expense, provided all costs incurred by OOG in conducting any such audit shall be reimbursed by Chevron in the event such audit reveals a material discrepancy in any Chevron reporting of compliance as required by the Agreement.

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(vi) **Reimbursement.** If any audit or examination reveals that Chevron's reports for the audited period are not accurate in the calculation of the Job Target for such period, Chevron shall promptly reimburse the OOG for the liquidated damages amount(s) in accordance with section 3.b.ii.

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(vii) **Corrective Action Plan.** If any audit reveals any discrepancies or inadequacies which are necessary in order to maintain compliance with this Agreement, applicable laws, regulations, or Chevron's obligations hereunder, Chevron agrees within thirty (30) calendar days after Chevron's receipt of the audit findings, to propose and submit to OOG a corrective action plan to correct such discrepancies or inadequacies subject to the approval of the OOG. Chevron further agrees to complete the corrective action approved by OOG within thirty (30) calendar days after OOG approves Chevron's corrective action plan, at the sole cost of Chevron.

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(viii) **Reports.** Chevron shall provide to OOG periodic status reports in accordance with OOG's audit procedures regarding Chevron's resolution of any audit-related compliance activity for which Chevron is responsible.

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b. Economic Impact Reports; Periodic Progress Briefings. In a manner consistent with the need to protect privacy and the intellectual property of Chevron and third parties, Chevron will provide periodic briefings as reasonably requested by OOG on the general activities, economic impact and progress of the new project development and business operations in Texas.

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c. Use and Retention of Texas Suppliers. Chevron will use reasonable efforts to use qualified Texas-based suppliers to provide products and services under this Agreement, provided however, Chevron may in its sole discretion select suppliers and contractors based on program needs, scientific criteria, and industry standards.

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d. Financial Information. Chevron will furnish to OOG on an annual basis by ~~January 31~~ April 30, of each year throughout the term of the Agreement, information regarding the general business status, market and general summary financial updates regarding Chevron. Such financial information shall be in a form reasonably satisfactory to OOG.

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Comment [YTPH1]: We need to wait for the publication of Chevron's annual report for the prior year.

c. Indemnity and Hold Harmless. Chevron agrees to indemnify and hold the State, the maker of this grant, and its agents, officers, and employees harmless for any and all losses, claims, suits, actions, and liability, including any litigation costs, that arise from any act or omission of Chevron or any of its officers and employees, agents, contractors, assignees, and affiliates relating to the project for which this grant is made regardless of whether the act or omission is related to job creation or other stated purpose of the grant.

f. EXPRESS NEGLIGENCE. THE INDEMNITY SET FORTH IN THIS AGREEMENT IS INTENDED TO BE ENFORCEABLE AGAINST CHEVRON AND ITS SUCCESSORS AND ASSIGNS IN ACCORDANCE WITH THE EXPRESS TERMS AND SCOPE HEREOF NOTWITHSTANDING TEXAS' EXPRESS NEGLIGENCE RULE OR ANY SIMILAR DIRECTIVE THAT WOULD PROHIBIT OR OTHERWISE LIMIT INDEMNITIES BECAUSE OF THE NEGLIGENCE (WHETHER SOLE, CONCURRENT, ACTIVE OR PASSIVE) OR OTHER FAULT OR STRICT LIABILITY OF THE OOG.

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5. DEFAULTS AND REMEDIES

Each of the following acts or omissions of Chevron or occurrences shall constitute an act of default under this Agreement:

a. Failure to Invest and Expand the Facility/Complete Campus. If Chevron fails to invest and ~~expand-complete~~ the ~~Campus/Facility~~ by December 31, 2017, then the State may terminate the Agreement and require Chevron to immediately repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment, reduced by any funds refunded to the State for failure to meet Job Targets.

b. Failure to pay liquidated damages for job creation. Upon receipt of ~~After~~ notice, Chevron shall have ~~fourty-fivethirty (3045)~~ days to pay outstanding damages for job creation. If Chevron does not pay after this period, all amounts that could potentially be claimed for failure to meet job targets shall become due and payable immediately on demand of the State of Texas.

Comment [YTPH2]: Given how large Chevron is, it could take awhile for the notice to reach the appropriate person for handling. It also takes on average 1 week for a payment request to be approved and processed.

c. Failure to provide verification. If after the end of a calendar year Chevron fails to provide an Annual Compliance Verification by the deadline for that year, OOG may make a good faith estimate, based on information available to OOG, of the Employment Positions at Chevron as of December 31 of that year and, if the estimated Employment Positions fall short of the Job Target, require corresponding liquidated damages in accordance with Section 3.b.ii. above. Chevron will not be eligible to earn Surplus Job Credits for any such year for which it fails to provide an Annual Compliance Verification by the deadline for that year.

d. Failure to comply with Section 2.f. If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

6. GENERAL PROVISIONS

a. Authority. Each party represents that it has obtained all necessary authority to enter into this Agreement.

b. Relationship of Parties and Disclaimer of Liability. The parties will perform their respective obligations under this Agreement as independent contractors and not as agents, employees, partners, joint venturers, or representatives of the other party. Neither party can make

representations or commitments that bind the other party. Chevron is not a “governmental body” by virtue of this Agreement or the use of TEF or other funding.

c. Limitation of Liability. In no event will either party be liable to the other party for any indirect, special, punitive, exemplary, incidental or consequential damages. This limitation will apply regardless of whether or not the other party has been advised of the possibility of such damages. Chevron’s total liability under this Agreement shall not exceed the amount of Funds actually received by Chevron plus interest at a rate of 2.2%.

d. Term. The term of this Agreement commences on the Effective Date of the Agreement and continues until January 31, 2023, unless terminated earlier pursuant to the terms of this Agreement.

e. Termination for Cause. Either party may terminate this Agreement for Cause upon thirty (30) days prior written notice to the other party. “Cause” is any failure to perform a material obligation under this Agreement within the specified time, including a material breach of a Funding Condition. This Agreement may not be terminated if the alleged Cause is cured within the specified thirty-day period. The sole remedy for any termination for Cause (and for the “cause” giving rise to the termination) shall be that each party is relieved of its obligation to perform hereunder, however, following termination by the State, Chevron will continue to be obligated to the State for liquidated damages and/or repayment of funds in accordance with applicable provisions of this Agreement.

f. Repayment upon Early Termination. In the event of early termination of the Agreement for Cause or by mutual agreement of the parties, Chevron shall repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

g. Dispute Resolution and Applicable Law.

(i) Informal Meetings. The parties’ representatives will meet as needed to implement the terms of this Agreement and will make a good faith attempt to informally resolve any disputes.

(ii) Non-binding Mediation. Except to prevent irreparable harm for which there is no adequate remedy at law, neither party shall file suit to enforce this Agreement without first submitting the dispute to confidential, non-binding mediation before a mediator mutually agreed upon by the parties.

(iii) Applicable Law and Venue. This Agreement is made and entered into in the state of Texas, and this Agreement and all disputes arising out of or relating thereto shall be governed by the laws of the state of Texas, without regard to any otherwise applicable conflict of law rules or requirements.

Chevron agrees that any action, suit, litigation or other proceeding (collectively “litigation”) arising out of or in any way relating to this Agreement, or the matters referred to therein, shall be commenced exclusively in the Travis County District Court or the United States District Court for the Western District of Texas, Austin Division, and hereby irrevocably and unconditionally consents to the exclusive jurisdiction of those courts for the purpose of prosecuting and/or defending such litigation. Chevron hereby waives and agrees not to assert by way of motion, as a defense, or otherwise, in any suit, action or proceeding, any claim that (a)

Chevron is not personally subject to the jurisdiction of the above-named courts, (b) the suit, action or proceeding is brought in an inconvenient forum or (c) the venue of the suit, action or proceeding is improper.

h. Publicity. Upon request by OOG, Chevron agrees to cooperate fully with OOG to assist in the preparation of any press release or other public disclosure regarding this Agreement. ~~Chevron agrees to obtain will provide OOG with a copy of its approval prior to any proposed press release or public disclosure Chevron desires to issue before the issuance of any such press release or other public disclosure concerning this Agreement, unless otherwise required by law.~~

i. No Waiver of Sovereign Immunity. Nothing in this Agreement may be construed to be a waiver of the sovereign immunity of the State to suit.

7. MISCELLANEOUS PROVISIONS

a. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in establishing proof of this Agreement to produce or account for more than one such counterpart.

b. Merger. This document constitutes the final entire agreement between the parties and supersedes any and all prior oral or written communication, representation or agreement relating to the subject matter of this Agreement.

c. Severability. Any term in this Agreement prohibited by, or unlawful or unenforceable under, any applicable law or jurisdiction is void without invalidating the remaining terms of this said Agreement. However, where the provisions of any such applicable law may be waived, they are hereby waived by either party, as the case may be, to the fullest extent permitted by the law, and the affected terms are enforceable in accordance with the parties' original intent.

d. Survival of Promises. Notwithstanding any expiration, termination or cancellation of this Agreement, the rights and obligations pertaining to payment or repayment of funds and/or liquidated damages, confidentiality, disclaimers and limitation of liability, indemnification, and any other provision implying survivability will remain in effect after this Agreement ends.

e. Binding Effect. This Agreement and all terms, provisions and obligations set forth herein shall be binding upon and shall inure to the benefit of the parties and their successors and assigns and shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns and all other state agencies and any other agencies, departments, divisions, governmental entities, public corporations and other entities which shall be successors to each of the parties or which shall succeed to or become obligated to perform or become bound by any of the covenants, agreements or obligations hereunder of each of the parties hereto.

f. Successors and Assigns/Notice. Chevron, or any legal successor thereto or prior assignee thereof, may assign its rights and obligations under this Agreement, including by merger or operation of law, to any legal successor or any person or entity that acquires all or substantially all of its business and operations. In addition, with the prior written consent of the State, which consent shall not be unreasonably withheld, or delayed, Chevron, or any legal successor company thereto or prior assignee thereof, may assign its rights and obligations under this Agreement to any parent or wholly owned subsidiary that it currently has in place or later establishes, if it is constituted as a separate legally recognized business entity. Any such assignment will be made without additional consideration being payable to the State. This Agreement shall survive any

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Comment [YTPH3]: Chevron will need the OOG to review its proposed press release.

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sale, change of control or similar transaction involving Chevron, any successor thereto or prior assignee thereof and no such transaction shall require the consent of the State. Chevron shall provide the State written notice of any assignment, sale, change of control or similar transaction pursuant to this section as soon as possible and in no event not later than thirty (30) calendar days following such event.

g. Force Majeure. Neither party shall be required to perform any obligation under this Agreement or be liable or responsible for any loss or damage resulting from its failure to perform so long as performance is delayed by force majeure or acts of God, including but not limited to strikes, lockouts or labor shortages, embargo, riot, war, revolution, terrorism, rebellion, insurrection, flood, natural disaster, or interruption of utilities from external causes.

h. Notice. All notices, requests, demands and other communications will be in writing and will be deemed given and received (i) on the date of delivery when delivered by hand, (ii) on the following business day when sent by confirmed simultaneous telecopy, (iii) on the following business day when sent by receipted overnight courier, or (iv) three (3) business days after deposit in the United States Mail when mailed by registered or certified mail, return receipt requested, first class postage prepaid, as follows:

If to the State to:

TEF Compliance
Compliance and Oversight Division
PO Box 12428
Austin, TX 78711

with a concurrent copy to:
General Counsel
Office of the Governor
P.O. Box 12428
Austin, Texas 78711
Phone: 512-463-1788
Fax: 512-463-1932

If to Chevron to:

Chevron Corporation
6001 Bollinger Canyon Road
San Ramon, CA 94583
Attn: _____
Corporate Real Estate Counsel
Phone: _____
925-842-4337
Fax: _____
925-842-2011

with a concurrent copy to:
Manager of State and Local Tax Counsel
Corporate Tax
6001 Bollinger Canyon Rd.
San Ramon, CA 94583
Phone: 925-842-1173

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{Signature Page Follows}

The parties have caused this Economic Development Agreement to be executed by their duly authorized representatives to be effective as of the date first specified above.

THE STATE OF TEXAS

CHEVRON U.S.A. INC.

BRANDY MARTY
CHIEF OF STAFF
OFFICE OF THE GOVERNOR

[NAME]
[TITLE]

EXHIBIT A

LETTER FROM GOVERNOR, LIEUTENANT GOVERNOR AND SPEAKER
APPROVING GRANT TO CHEVRON FROM THE TEXAS ENTERPRISE FUND

Johanna Hopkins

From: Scott Smith
Sent: Thursday, June 20, 2013 10:34 AM
To: 'Jesse Broderick'
Cc: Justin Gordon
Subject: Project Sumit - Draft TEF Agreement for Company Review - 6.20.13
Attachments: Project Sumit - Draft TEF Agreement for Company Review - 6.20.13.docx

Jesse,

The attached version continues to have much red, but should reflect the substantive updates we have discussed, including the change to the threshold number. Please send me the company's feedback when available, and Justin will work on copies ready for signature.

Scott

DRAFT AGREEMENT

ECONOMIC DEVELOPMENT AGREEMENT

BETWEEN

THE STATE OF TEXAS

AND

CHEVRON U.S.A. INC.

MONTH XX, 2013

THIS AGREEMENT ("Agreement") is by and between the State of Texas (the "State"), acting by and through the Office of Economic Development and Tourism, a division within the Office of the Governor ("OOG"), and Chevron U.S.A. Inc., a Pennsylvania company, ("Chevron"). The State and Chevron are hereinafter referred to either individually as the "party," or collectively as the "parties." The Effective Date of this Agreement is _____, 2013.

RECITALS

WHEREAS, Texas' low taxes, budgetary discipline, reasonable regulations and educated workforce continue to make the state a top location for businesses looking to expand or relocate; and

WHEREAS, Chevron is known for being one of the world's leading integrated energy companies; with subsidiaries that conduct business worldwide in virtually every facet of the energy industry; and

WHEREAS, Chevron employs approximately 61,900 people throughout the United States worldwide with 2012 sales and other operating revenues annual revenues of approximately \$231 billion; and

WHEREAS, Chevron has proposed expanding its existing operations in Houston, Harris County, Texas; and

WHEREAS, ~~the new facility will involve~~ Chevron is ~~proposing to invest~~ investing approximately \$662 million ~~in the expansion of its existing operations an additional facility in Houston, Harris County, Texas~~, and is expected to create at least 1,752 new full-time jobs for Texans, with an average annual payroll of approximately \$193 million; and

WHEREAS, Article III, Section 52-a of the Texas Constitution expressly authorizes the State to use public funds for the public purposes of development and diversification of the economy of the State, the elimination of unemployment or underemployment in the State, or the development of commerce in the State; and

WHEREAS, SB 1771 of the 78th Texas Legislature established the Texas Enterprise Fund ("TEF") to be used with the express written approval of the Governor, Lieutenant Governor, and Speaker

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of the House of Representatives for economic development, infrastructure development, community development, job training programs, and business incentives, and the 82nd Texas Legislature reauthorized the TEF for the 2012 and 2013 biennium; and

WHEREAS, the State values Chevron as a distinguished and important corporate citizen, and wishes to receive a commitment that Chevron will expand its existing operations in Texas, and Chevron wishes to provide such a commitment; and

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WHEREAS, the Governor, Lieutenant Governor, and Speaker have each approved a grant from the TEF to Chevron, as evidenced in the letter attached as Exhibit A hereto; and

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WHEREAS, to ensure that the benefits the State provides under this Agreement are utilized in a manner consistent with Article III, Section 52-a of the Texas Constitution, and other laws, the State requires Chevron to comply with conditions and deliver certain performance as set forth herein, including achieving measurable job creation and retention commitments, in exchange for receiving these benefits; and

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WHEREAS, the parties desire to have such proposals set forth in a valid, binding and enforceable agreement; and

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WHEREAS, the State believes it is in the best public interest to enter into this Agreement for the reasons set forth above.

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AGREEMENTS

NOW, THEREFORE, in consideration of the mutual promises herein, the parties agree as follows:

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1. STATE OF TEXAS COMMITMENT

Grant of Funds from the Texas Enterprise Fund. The State agrees to pay cash from the Texas Enterprise Fund to Chevron in the amount of Twelve Million Dollars (\$12,000,000) (the "Funds") as follows:

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(i) **First Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "First Payment") within thirty days following the execution of this Agreement, provided that the following accounting documents required for disbursement have been provided in acceptable form to the State: Request for Taxpayer Identification Number and Certification; Texas Application for Payee Identification Number; and Vendor Direct Deposit Authorization.

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(ii) **Second Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "Second Payment") within thirty days following receipt from Chevron of reasonable evidence of creating at least Four Hundred Fifty-Five (455) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

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(iii) **Third Grant Payment from the Texas Enterprise Fund.** The State shall pay

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cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "Third Payment") within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Two Hundred Twenty-Seven (1,227) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

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- (iv) **Fourth Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "Fourth Payment") within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

2. CHEVRON FUNDING CONDITIONS

Chevron must meet all of the following "Funding Conditions", or will be subject to liquidated damages and/or repayment in accordance with the Agreement. The Funding Conditions are as follows:

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a. Expanding Chevron Operations. ~~Chevron commits to expanding operations at its business locations operations in downtown Houston, Harris County which currently includes consist of its owned buildings at 1400 Smith St., Houston, Harris County and -1500 Louisiana St., Houston, Harris County, and leased spaces in the vicinity. (the "Campus") campus (the "Facility") by one or more of the following actions: (i) possibly constructing a new multi-story office building at 1600 Louisiana St., in Houston, Harris County, Texas, (ii) leasing and occupying additional office space in downtown Houston, Harris County, or (iii) expanding the use of its existing owned office buildings (as expanded, the "CampusFacility") Campus (the "Facility") use of existing facilities at 1500 Louisiana St. and 1400 Smith St., Houston, Harris County. The Facility CampusFacility shall be open and operational by December 31, 2017.~~

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b. Job Target. Chevron commits to meeting a job target of (i) creating a total of at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions by December 31, 2020, in total at the ~~Campus Facility~~Campus and Facility and of (ii) maintaining these Employment Positions through December 31, 2022 (collectively, the "Job Target"). Chevron also commits to the following job creation schedule:

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- (i) One Hundred Forty-Four Employment Positions by December 31, 2013;
- (ii) One Hundred Fifty-Four additional Employment Positions (298 total) on December 31, 2014;
- (iii) One Hundred Fifty-Seven additional Employment Positions (455 total) on December 31, 2015;
- (iv) One Hundred Fifty-Seven additional Employment Positions (612 total) on December 31, 2016;
- (v) Six Hundred Fifteen additional Employment Positions (1,227 total) on December 31, 2017;
- (vi) One Hundred Seventy-Five additional Employment Positions (1,402 total) on December 31, 2018;
- (vii) One Hundred Seventy-Five additional Employment Positions (1,577 total) on December 31, 2019;

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(viii) One Hundred Seventy-Five additional Employment Positions (1,752 total) on December 31, 2020.

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Jobs will only be counted as Employment Positions for purposes of this Agreement if they are above the total number of employment positions with Chevron's operations, in Texas at the time this Agreement is executed (the "Threshold"). The parties agree that for purposes of this Agreement, the Threshold shall be Nine Eight Thousand Four Two Hundred and Forty Five Nine Three (9,459,243).

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c. Employment Positions. For the purposes of this Agreement, "Employment Positions" shall be defined as jobs meeting all of the following criteria:

(i) New full-time employment positions with Chevron at the ~~Campus Facility~~ Campus and the ~~Facility~~ Facility; and

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(ii) With an average annual gross compensation (excluding benefits) each year of at least:

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- (A) \$110,000 for 2013;
- (B) \$112,200 for 2014;
- (C) \$114,444 for 2015;
- (D) \$116,733 for 2016;
- (E) \$119,068 for 2017;
- (F) \$121,449 for 2018;
- (G) \$123,878 for 2019;
- (H) \$126,355 for 2020;
- (I) \$128,883 for 2021;
- (J) \$131,460 for 2022.

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(iii) Unless specifically provided by this Agreement, no jobs created by Chevron subsidiaries, affiliates, contractors, or any other party not identified in this Agreement constitute Employment Positions.

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d. Annual Compliance Verification. Beginning in January 2014, and continuing every year thereafter through January 2023, each year by January 31 Chevron must deliver to OOG a compliance verification signed by a duly authorized representative of Chevron that shall certify the number of and generally describe the Employment Positions existing as of December 31 of the year preceding and provide the median wage for all Employment Positions (the "Annual Compliance Verification"). There will be a total of Ten (10) Annual Compliance Verifications due, covering jobs created and maintained in years 2013 through 2022. All Annual Compliance Verifications shall be in a form reasonably satisfactory to OOG and shall provide appropriate back-up data for the Employment Position numbers provided and for the Threshold. In addition, Chevron must submit each year a copy of the Annual Compliance Verification to the Office of the Lieutenant Governor and the Office of the Speaker of the House of Representatives at the addresses listed below.

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Lt. Governor of Texas
P.O. Box 12068
Austin, Texas 78711

Speaker of the House of Representatives of Texas
P.O. Box 2910
Austin, TX 78768

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e. Certification of Good Standing/Delinquent Taxes. By execution of this Agreement, Chevron certifies that it is in good standing under the laws of the State in which it was formed or organized, and has provided the State sufficient evidence of such. In addition, Chevron certifies that it owes no delinquent taxes to any taxing unit of this State at the time of execution of this Agreement.

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f. Certification relating to undocumented workers. By execution of this Agreement, Chevron, including any branch, division, and department of Chevron, certifies that it does not and will not knowingly employ an undocumented worker (as defined by Texas Government Code Section 2264.001(4)). If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

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3. LIQUIDATED DAMAGES

a. Failure to Meet 2013 "Floor" Job Target. If Chevron's first Annual Compliance Verification demonstrates that it has failed to create and maintain at least Seventy-Two (72) Employment Positions as of December 31, 2013, the State may terminate the Agreement and require Chevron to repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

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b. Job Target. As set forth in Section 2 above, annually during the term of this Agreement through 2023 Chevron must deliver to OOG an Annual Compliance Verification demonstrating that it has met the Job Target for the year just ended. The consequences to Chevron of satisfying, failing to satisfy, or exceeding the Job Target are as follows:

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(i) Compliance with Job Target. If Chevron has met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then Chevron will be deemed to have met its obligations for such preceding year and no liquidated damages will be due.

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(ii) Failure to Meet Job Target. ~~Except as provided in Section 3(a).~~ If Chevron has not met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then OOG may require Chevron to pay liquidated damages in the amount of One Thousand Six Hundred Ten Dollars (\$1,610) per job for every Employment Position by which it is short that year.

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(iii) Exceeding Job Target. If an Annual Compliance Verification filed by Chevron demonstrates that it has exceeded the job target for that year, then Chevron will be deemed to have exceeded its obligations, and will receive a "Surplus Job Credit" for each extra Employment Position that it has maintained above the job target for that year. Chevron may utilize any earned Surplus Job Credits in following years as follows:

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A. Chevron may expend a Surplus Job Credit in lieu of paying liquidated damages in the amount of \$1,610 per job (for example, if Chevron owes liquidated damages in the amount of \$161,000 for 100 Employment Positions lacking in a particular year, Chevron may discharge completely or reduce this amount by expending up to 100 Surplus Job Credits it has earned in prior years); or

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B. Chevron may apply any Surplus Job Credits toward meeting the remaining Job Target for future years, such that if Chevron accumulates enough Surplus Job Credits it will be deemed to have fulfilled all of its obligations under the Agreement, and will be released from the Agreement early (for example, if Chevron has accumulated at least One Thousand Seven Hundred Fifty-Two (1,752) Surplus Job Credits by December 31, 2021, then it may apply these Surplus Job Credits forward to fulfill its Job Target for 2022, and may thereby fulfill its obligations and be released from the Agreement one year early).

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4. CHEVRON ADDITIONAL COMMITMENTS

a. OOG Audit Rights.

(i) **Duty to Maintain Records.** Chevron shall maintain adequate records to support its charges, procedures and performances to OOG for all work related to this Agreement. Chevron also shall maintain such records as are deemed necessary by the OOG and auditors of the State of Texas or United States, or such other persons or entities designated by the OOG, to ensure proper accounting for all costs and performances related to this Agreement.

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(ii) **Records Retention.** Chevron shall maintain and retain for a period of four (4) years after the submission of the final Annual Compliance Verification, or until full and final resolution of all audit or litigation matters which arise after the expiration of the four (4) year period after the submission of the final Annual Compliance Verification, whichever time period is longer, such records as are necessary to fully disclose the extent of services provided under this Agreement, including but not limited to any daily activity reports and time distribution and attendance records, and other records which may show the basis for the calculation of full time positions.

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(iii) **Audit Trails.** Appropriate audit trails shall be maintained by Chevron to provide accountability for updates and changes to automated personnel and financial systems. Audit trails maintained by Chevron will, at a minimum, identify the changes made, the individual making the change and the date the change was made. An adequate history of transactions shall be maintained by Chevron to permit an audit of the system by tracing the activities of individuals through the system. Chevron's automated systems must provide the means whereby authorized personnel have the ability to audit and establish individual accountability for any action that can potentially cause access to, generation of, or modification of information related to the performances of this Agreement. Chevron agrees that Chevron's failure to maintain adequate audit trails and corresponding documentation shall create a rebuttable presumption that the performances were not performed.

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(iv) **Access.** Chevron shall grant access to all paper and electronic records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement to OOG and auditors of the State of Texas, or such other persons or entities designated by OOG for the purposes of inspecting, auditing, or copying such books and records. All records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement shall be subject to examination or audit by the OOG and auditors of the State of Texas, or such other persons or entities designated by the OOG in accordance with all applicable state

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and federal laws, regulations or directives. Chevron will direct any subcontractor with whom it has established a contractual relationship to discharge Chevron's obligations to likewise permit access to, inspection of, and reproduction of all books and records of Chevron's subcontractor(s) which pertain to this Agreement.

(v) **Location.** Any such audit shall be conducted during Chevron's normal business hours at a Chevron location chosen by OOG and at OOG's expense, provided all costs incurred by OOG in conducting any such audit shall be reimbursed by Chevron in the event such audit reveals a material discrepancy in any Chevron reporting of compliance as required by the Agreement.

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(vi) **Reimbursement.** If any audit or examination reveals that Chevron's reports for the audited period are not accurate in the calculation of the Job Target for such period, Chevron shall promptly reimburse the OOG for the liquidated damages amount(s) in accordance with section 3.b.ii.

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(vii) **Corrective Action Plan.** If any audit reveals any discrepancies or inadequacies which are necessary in order to maintain compliance with this Agreement, applicable laws, regulations, or Chevron's obligations hereunder, Chevron agrees within thirty (30) calendar days after Chevron's receipt of the audit findings, to propose and submit to OOG a corrective action plan to correct such discrepancies or inadequacies subject to the approval of the OOG. Chevron further agrees to complete the corrective action approved by OOG within thirty (30) calendar days after OOG approves Chevron's corrective action plan, at the sole cost of Chevron.

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(viii) **Reports.** Chevron shall provide to OOG periodic status reports in accordance with OOG's audit procedures regarding Chevron's resolution of any audit-related compliance activity for which Chevron is responsible.

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b. Economic Impact Reports; Periodic Progress Briefings. In a manner consistent with the need to protect privacy and the intellectual property of Chevron and third parties, Chevron will provide periodic briefings as reasonably requested by OOG on the general activities, economic impact and progress of the new project development and business operations in Texas.

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c. Use and Retention of Texas Suppliers. Chevron will use reasonable efforts to use qualified Texas-based suppliers to provide products and services under this Agreement, provided however, Chevron may in its sole discretion select suppliers and contractors based on program needs, scientific criteria, and industry standards.

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d. Financial Information. Chevron will furnish to OOG on an annual basis by ~~January 31~~ ~~April 30~~ of each year throughout the term of the Agreement, information regarding the general business status, market and general summary financial updates regarding Chevron. Such financial information shall be in a form reasonably satisfactory to OOG.

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Comment [YTPH1]: We need to wait for the publication of Chevron's annual report for the prior year.

e. Indemnity and Hold Harmless. Chevron agrees to indemnify and hold the State, the maker of this grant, and its agents, officers, and employees harmless for any and all losses, claims, suits, actions, and liability, including any litigation costs, that arise from any act or omission of Chevron or any of its officers and employees, agents, contractors, assignees, and affiliates relating to the project for which this grant is made regardless of whether the act or omission is related to job creation or other stated purpose of the grant.

f. EXPRESS NEGLIGENCE. THE INDEMNITY SET FORTH IN THIS AGREEMENT IS INTENDED TO BE ENFORCEABLE AGAINST CHEVRON AND ITS SUCCESSORS AND ASSIGNS IN ACCORDANCE WITH THE EXPRESS TERMS AND SCOPE HEREOF NOTWITHSTANDING TEXAS' EXPRESS NEGLIGENCE RULE OR ANY SIMILAR DIRECTIVE THAT WOULD PROHIBIT OR OTHERWISE LIMIT INDEMNITIES BECAUSE OF THE NEGLIGENCE (WHETHER SOLE, CONCURRENT, ACTIVE OR PASSIVE) OR OTHER FAULT OR STRICT LIABILITY OF THE OOG.

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5. DEFAULTS AND REMEDIES

Each of the following acts or omissions of Chevron or occurrences shall constitute an act of default under this Agreement:

a. Failure to Invest and Expand the Facility. ~~Complete Campus Facility~~ ~~Expand the Facility~~. If Chevron fails to invest and ~~expand~~ ~~expand and complete the Facility Campus Facility~~ by December 31, 2017, then the State may terminate the Agreement and require Chevron to immediately repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment, reduced by any funds refunded to the State for failure to meet Job Targets.

b. Failure to pay liquidated damages for job creation. Upon receipt of ~~After~~ notice, Chevron shall have ~~forty-fivethirty~~ ~~thirty~~ (30) days to pay outstanding damages for job creation. If Chevron does not pay after this period, all amounts that could potentially be claimed for failure to meet job targets shall become due and payable immediately on demand of the State of Texas.

Comment [YTPH2]: Given how large Chevron is, it could take awhile for the notice to reach the appropriate person for handling. It also takes on average 1 week for a payment request to be approved and processed.

c. Failure to provide verification. If after the end of a calendar year Chevron fails to provide an Annual Compliance Verification by the deadline for that year, OOG may make a good faith estimate, based on information available to OOG, of the Employment Positions at Chevron as of December 31 of that year and, if the estimated Employment Positions fall short of the Job Target, require corresponding liquidated damages in accordance with Section 3.b.ii. above. Chevron will not be eligible to earn Surplus Job Credits for any such year for which it fails to provide an Annual Compliance Verification by the deadline for that year.

d. Failure to comply with Section 2.f. If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

6. GENERAL PROVISIONS

a. Authority. Each party represents that it has obtained all necessary authority to enter into this Agreement.

b. Relationship of Parties and Disclaimer of Liability. The parties will perform their respective obligations under this Agreement as independent contractors and not as agents, employees, partners, joint venturers, or representatives of the other party. Neither party can make

representations or commitments that bind the other party. Chevron is not a “governmental body” by virtue of this Agreement or the use of TEF or other funding.

c. Limitation of Liability. In no event will either party be liable to the other party for any indirect, special, punitive, exemplary, incidental or consequential damages. This limitation will apply regardless of whether or not the other party has been advised of the possibility of such damages. Chevron’s total liability under this Agreement shall not exceed the amount of Funds actually received by Chevron plus interest at a rate of 2.2%.

d. Term. The term of this Agreement commences on the Effective Date of the Agreement and continues until January 31, 2023, unless terminated earlier pursuant to the terms of this Agreement.

e. Termination for Cause. Either party may terminate this Agreement for Cause upon thirty (30) days prior written notice to the other party. “Cause” is any failure to perform a material obligation under this Agreement within the specified time, including a material breach of a Funding Condition. This Agreement may not be terminated if the alleged Cause is cured within the specified thirty-day period. The sole remedy for any termination for Cause (and for the “cause” giving rise to the termination) shall be that each party is relieved of its obligation to perform hereunder, however, following termination by the State, Chevron will continue to be obligated to the State for liquidated damages and/or repayment of funds in accordance with applicable provisions of this Agreement.

f. Repayment upon Early Termination. In the event of early termination of the Agreement for Cause or by mutual agreement of the parties, Chevron shall repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

g. Dispute Resolution and Applicable Law.

(i) **Informal Meetings.** The parties’ representatives will meet as needed to implement the terms of this Agreement and will make a good faith attempt to informally resolve any disputes.

(ii) **Non-binding Mediation.** Except to prevent irreparable harm for which there is no adequate remedy at law, neither party shall file suit to enforce this Agreement without first submitting the dispute to confidential, non-binding mediation before a mediator mutually agreed upon by the parties.

(iii) **Applicable Law and Venue.** This Agreement is made and entered into in the state of Texas, and this Agreement and all disputes arising out of or relating thereto shall be governed by the laws of the state of Texas, without regard to any otherwise applicable conflict of law rules or requirements.

Chevron agrees that any action, suit, litigation or other proceeding (collectively “litigation”) arising out of or in any way relating to this Agreement, or the matters referred to therein, shall be commenced exclusively in the Travis County District Court or the United States District Court for the Western District of Texas, Austin Division, and hereby irrevocably and unconditionally consents to the exclusive jurisdiction of those courts for the purpose of prosecuting and/or defending such litigation. Chevron hereby waives and agrees not to assert by way of motion, as a defense, or otherwise, in any suit, action or proceeding, any claim that (a)

Chevron is not personally subject to the jurisdiction of the above-named courts, (b) the suit, action or proceeding is brought in an inconvenient forum or (c) the venue of the suit, action or proceeding is improper.

h. Publicity. ~~Upon request by OOG, Chevron agrees to cooperate fully with OOG to assist in the preparation of any press release or other public disclosure regarding this Agreement. Chevron agrees to obtain OOG's approval prior to Chevron's issuance of any press release or other public disclosure concerning this Agreement, unless otherwise required by law. Upon request by OOG, Chevron agrees to cooperate fully with OOG to assist in the preparation of any press release or other public disclosure regarding this Agreement. Chevron agrees to obtain will provide OOG with a copy of 's approval prior to any proposed press release or public disclosure Chevron desires to issue before the 's issuance of any such press release or other public disclosure concerning this Agreement, unless otherwise required by law.~~

i. No Waiver of Sovereign Immunity. Nothing in this Agreement may be construed to be a waiver of the sovereign immunity of the State to suit.

7. MISCELLANEOUS PROVISIONS

a. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in establishing proof of this Agreement to produce or account for more than one such counterpart.

b. Merger. This document constitutes the final entire agreement between the parties and supersedes any and all prior oral or written communication, representation or agreement relating to the subject matter of this Agreement.

c. Severability. Any term in this Agreement prohibited by, or unlawful or unenforceable under, any applicable law or jurisdiction is void without invalidating the remaining terms of this said Agreement. However, where the provisions of any such applicable law may be waived, they are hereby waived by either party, as the case may be, to the fullest extent permitted by the law, and the affected terms are enforceable in accordance with the parties' original intent.

d. Survival of Promises. Notwithstanding any expiration, termination or cancellation of this Agreement, the rights and obligations pertaining to payment or repayment of funds and/or liquidated damages, confidentiality, disclaimers and limitation of liability, indemnification, and any other provision implying survivability will remain in effect after this Agreement ends.

e. Binding Effect. This Agreement and all terms, provisions and obligations set forth herein shall be binding upon and shall inure to the benefit of the parties and their successors and assigns and shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns and all other state agencies and any other agencies, departments, divisions, governmental entities, public corporations and other entities which shall be successors to each of the parties or which shall succeed to or become obligated to perform or become bound by any of the covenants, agreements or obligations hereunder of each of the parties hereto.

f. Successors and Assigns/Notice. Chevron, or any legal successor thereto or prior assignee thereof, may assign its rights and obligations under this Agreement, including by merger or operation of law, to any legal successor or any person or entity that acquires all or substantially all of its business and operations. In addition, with the prior written consent of the State, which consent shall not be unreasonably withheld, or delayed, Chevron, or any legal successor company

Comment [jg3]: Reverted to original

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Comment [YTPH4]: Chevron will need the OOG to review its proposed press release.

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thereto or prior assignee thereof, may assign its rights and obligations under this Agreement to any parent or wholly owned subsidiary that it currently has in place or later establishes, if it is constituted as a separate legally recognized business entity. Any such assignment will be made without additional consideration being payable to the State. This Agreement shall survive any sale, change of control or similar transaction involving Chevron, any successor thereto or prior assignee thereof and no such transaction shall require the consent of the State. Chevron shall provide the State written notice of any assignment, sale, change of control or similar transaction pursuant to this section as soon as possible and in no event not later than thirty (30) calendar days following such event.

g. Force Majeure. Neither party shall be required to perform any obligation under this Agreement or be liable or responsible for any loss or damage resulting from its failure to perform so long as performance is delayed by force majeure or acts of God, including but not limited to strikes, lockouts or labor shortages, embargo, riot, war, revolution, terrorism, rebellion, insurrection, flood, natural disaster, or interruption of utilities from external causes.

h. Notice. All notices, requests, demands and other communications will be in writing and will be deemed given and received (i) on the date of delivery when delivered by hand, (ii) on the following business day when sent by confirmed simultaneous telecopy, (iii) on the following business day when sent by receipted overnight courier, or (iv) three (3) business days after deposit in the United States Mail when mailed by registered or certified mail, return receipt requested, first class postage prepaid, as follows:

If to the State to:

TEF Compliance
Compliance and Oversight Division
PO Box 12428
Austin, TX 78711

with a concurrent copy to:

General Counsel
Office of the Governor
P.O. Box 12428
Austin, Texas 78711
Phone: 512-463-1788
Fax: 512-463-1932

If to Chevron to:

-----Chevron Corporation
-----6001 Bollinger Canyon Road
-----San Ramon, CA 94583
Attn: -----Corporate Real Estate Counsel
Phone: -----925-842-4337
Fax: -----925-842-2011

with a concurrent copy to:

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Manager of State and Local Tax Counsel
Corporate Tax
6001 Bollinger Canyon Rd.
San Ramon, CA 94583
Phone: 925-842-1173

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{Signature Page Follows}

The parties have caused this Economic Development Agreement to be executed by their duly authorized representatives to be effective as of the date first specified above.

THE STATE OF TEXAS

CHEVRON U.S.A. INC.

BRANDY MARTY
CHIEF OF STAFF
OFFICE OF THE GOVERNOR

[NAME]
[TITLE]

EXHIBIT A

LETTER FROM GOVERNOR, LIEUTENANT GOVERNOR AND SPEAKER
APPROVING GRANT TO CHEVRON FROM THE TEXAS ENTERPRISE FUND

From: Jesse Broderick [jbroderick@sumitcredits.com]
Sent: Tuesday, June 25, 2013 8:30 AM
To: Scott Smith; Justin Gordon
Subject: Question on Section 5b

Hey guys,

Quick question, on Chevron's review of Section 5b they had asked for 45 days instead of 30 days. In your changes that you'd sent back to us it appeared as if you agreed with that change. But in the Execution Copy the 30 days was put back in. Is this just an oversight or are you requiring that it be 30 days instead of 45? Chevron would like 45 days on the basis that it can be a very challenging process to get a notice from someone, find the correct owner, then get approval and a check cut in 30 days.

Thanks,



JESSE D. BRODERICK
PO BOX 910
WATSON, LA 70786
(225) 664-2160 / CELL (225) 938-8301
JBRODERICK@SUMITCREDITS.COM

Physical Address:
30879 HIGHWAY 16
SUITE D1
DENHAM SPRINGS, LA 70726

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Johanna Hopkins

From: Scott Smith
Sent: Thursday, June 20, 2013 9:21 AM
To: 'Jesse Broderick'; Justin Gordon
Cc: Tad Curtis
Subject: RE: Checking in

Jesse,

Thank you for your patience this week. I expect to have a company review document available to send your way later this morning.

Scott

From: Jesse Broderick [<mailto:jbroderick@sumitcredits.com>]
Sent: Thursday, June 20, 2013 8:25 AM
To: Scott Smith; Justin Gordon
Cc: Tad Curtis
Subject: RE: Checking in

Hey guys,

Any updates would be greatly appreciated.

Thanks,

Jesse D. Broderick
SUMIT CREDITS, LLC
PO Box 910
Watson, LA 70786
Wk. (225) 664-2160
Cl. (225) 938-8301
jbroderick@sumitcredits.com

From: Scott Smith [<mailto:ssmith@governor.state.tx.us>]
Sent: Tuesday, June 18, 2013 9:09 AM
To: Jesse Broderick; Clint Harp; Justin Gordon
Cc: Tad Curtis
Subject: RE: Checking in

Jesse,

Clint, Justin and I spoke late yesterday and I plan to email you new copy today. The request to isolate Chevron USA jobs is workable and will be reflected in the updated contract.

Scott

From: Jesse Broderick [<mailto:jbroderick@sumitcredits.com>]
Sent: Tuesday, June 18, 2013 9:06 AM

To: Clint Harp; Scott Smith; Justin Gordon
Cc: Tad Curtis
Subject: Checking in

Hey guys,

I just wanted to check in with you to see if you had any issues or concerns with the proposed changes. I left Scott a message about the changes on the baseline language. The company understands that only jobs created after the execution of this agreement will be eligible.

Regards,



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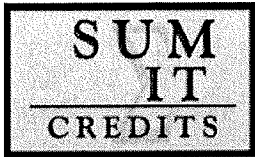
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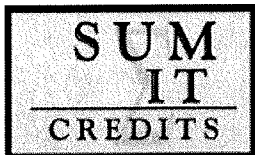
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From: Scott Smith
Sent: Monday, June 24, 2013 12:17 PM
To: Clint Harp
Cc: Lucy Nashed; Eric Clennon; Justin Gordon
Subject: Re: Chevron TEF Release

Heard from the consultant and advised the company's media team to contact you today to pick a release date. They will have our "final" agreement today.

Scott Smith
(512)936-0278 o
[REDACTED] m
ssmith@gov.texas.gov

On Jun 24, 2013, at 1:15 PM, "Clint Harp" <clint.harp@governor.state.tx.us> wrote:

I am out today and scott is in DC. Looping in Eric so he can send you the details.

But right now we are still working through the capital investment issue with them.

Sent from my iPhone

On Jun 24, 2013, at 12:12 PM, "Lucy Nashed" <lucy.nashed@governor.state.tx.us> wrote:

Haaaaaaappy Monday and [REDACTED] clint. As a gift, I was going to avoid talking to you for at least a week after all the time we spent together last week, but you're outta luck.

Any movement on this one? Also, scotty can you send me the details on the deal you emailed about on Friday?

From: Johnson, Russell A [<mailto:Russell.Johnson@chevron.com>]
Sent: Monday, June 24, 2013 9:07 AM
To: Lucy Nashed
Subject: Chevron TEF Release

Hi Lucy:

Just checking in to see if you have any update on the potential timing of the Chevron TEF release. I've heard possibly this week ... then again, we've heard that before ☺.

Regardless, I should be getting you our input to your release soon. When I do, I will also send you a copy of our release. And, on your release, would it be possible to remove the \$\$ amount of the building? We are not including it in our release because we typically do not release our capital spend on projects until we announce FID (final investment decision.) - Russell

Russell Johnson

Public Affairs – North America E&P

russell.johnson@chevron.com

Chevron U.S.A., Inc.

1400 Smith Street, 13058

Houston, TX 77002-7327

Tel +1 713 372 1841

Fax +1 713 372 4900

This message may contain confidential information and is intended only for the use of the parties to whom it is addressed. If you are not an intended recipient, you are hereby notified that any disclosure, copying, distribution, or use of any information in this message is strictly prohibited. If you have received this message in error, please notify me immediately using the contact information above.

Johanna Hopkins

From: Jesse Broderick [jbroderick@sumitcredits.com]
Sent: Tuesday, June 25, 2013 8:50 PM
To: Justin Gordon
Subject: RE: Final PDF

Thanks man, we appreciate it. Sorry for the late email.

Jesse D. Broderick
SUMIT CREDITS, LLC
PO Box 910
Watson, LA 70786
Wk. (225) 664-2160
Cl. (225) 938-8301
jbroderick@sumitcredits.com

-----Original Message-----

From: Justin Gordon [<mailto:justin.gordon@governor.state.tx.us>]
Sent: Tuesday, June 25, 2013 8:45 PM
To: Jesse Broderick
Cc: Scott Smith
Subject: Re: Final PDF

Sorry about that i mist have converted it before I applied the changes. Yes I will send you an updated version first thing tomorrow.

Justin

On Jun 25, 2013, at 8:42 PM, "Jesse Broderick"
<jbroderick@sumitcredits.com<<mailto:jbroderick@sumitcredits.com>>>
wrote:

Hey I noticed that 5b was still in as 30 days, instead of 45 days. Can we get that changed and resent out?

Thanks!

Jesse D. Broderick
SUMIT CREDITS, LLC

PO Box 910

Watson, LA 70786

Wk. (225) 664-2160

Cl. (225) 938-8301

jbroderick@sumitcredits.com<<mailto:jbroderick@sumitcredits.com>>

From: Justin Gordon [<mailto:justin.gordon@governor.state.tx.us>]

Sent: Tuesday, June 25, 2013 5:12 PM

To: Jesse Broderick; Scott Smith

Cc: Clint Harp

Subject: RE: Final PDF

Jesse, I have attached the PDF execution copy. Please let me know if you have any additional concerns. If the document is acceptable, then please have it signed and send a scanned version back to us as soon as you can. We will also need the executed hard copy mailed back to process for signature. If you would like an original signed hard copy as well, then please send us two signed copies, and we will return one to you after signature.

Send the hard copies to:

Office of the Governor

Attn: Assistant General Counsel Justin Gordon

1100 San Jacinto Blvd.

Austin, Texas 78701

Thanks, and please let me know if you need anything.

Justin Gordon

From: Jesse Broderick [<mailto:jbroderick@sumitcredits.com>]

Sent: Tuesday, June 25, 2013 4:37 PM

To: Justin Gordon; Scott Smith

Subject: Final PDF

Sorry to be so persistant. But legal wanted me to follow up to see if you'd gotten the final draft yet? They want to include it with the email that goes to the 4 or 5 department heads that have to give final signoff before Berekat can actually sign it.

Thanks!

Jesse Broderick
Sumit Credits, LLC
(225) 938-8301

Sent via the Samsung Galaxy S™III, an AT&T 4G LTE smartphone

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Sent via the Samsung Galaxy S™III, an AT&T 4G LTE smartphone

Johanna Hopkins

From: Jesse Broderick [jbroderick@sumitcredits.com]
Sent: Monday, July 08, 2013 4:48 PM
To: Justin Gordon
Cc: Scott Smith
Subject: RE: Finalized Agreement

Great, thanks for the update.

Jesse D. Broderick
SUMIT CREDITS, LLC
PO Box 910
Watson, LA 70786
Wk. (225) 664-2160
Cl. (225) 938-8301
jbroderick@sumitcredits.com

From: Justin Gordon [<mailto:justin.gordon@governor.state.tx.us>]
Sent: Monday, July 08, 2013 4:47 PM
To: Jesse Broderick
Cc: Scott Smith
Subject: RE: Finalized Agreement

Jesse, thanks for checking in. The contract is currently being processed for signature, and has not yet been signed by our office. As soon as it is signed off on we will send a confirmation along with a signed hardcopy to the address listed in the contract. Feel free to check in at the beginning of next week if you have not received confirmation that the document has been signed by the end of this week.

Thanks again.

Justin Gordon

From: Jesse Broderick [<mailto:jbroderick@sumitcredits.com>]
Sent: Monday, July 08, 2013 4:26 PM
To: Justin Gordon
Cc: Scott Smith
Subject: Finalized Agreement

Hey Justin,

I just wanted to check with you to see if you'd gotten a copy of the finalized TEF agreement with Chevron yet? I just wanted to make sure we had a copy for our records. If you already sent a copy to Mary let me know and I will follow-up with her to get a copy.

Thanks!



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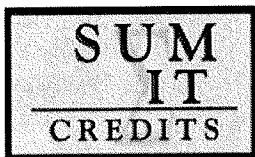
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Johanna Hopkins

From: Jesse Broderick [jbroderick@sumitcredits.com]
Sent: Thursday, June 20, 2013 5:47 PM
To: Scott Smith; Justin Gordon
Subject: RE: Project Sumit - Draft TEF Agreement for Company Review - 6.20.13

Hey Scott & Justin,

Would it be possible to get an email from you regarding OOG's intent in applying Section 6(h), primarily whether the State will add their positions into Chevron's press release or is it reviewing to ensure that Chevron's press release does not harm the image or position of the State (and offices of the Governor, Lt. Governor and Speaker of the House)? Chevron doesn't want to have to get the State's approval of its press release, but is happy to share it with the State and dialogue about any issues the state may have regarding the press release.

Thanks!

Jesse D. Broderick
SUMIT CREDITS, LLC
PO Box 910
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Wk. (225) 664-2160
Cl. (225) 938-8301
jbroderick@sumitcredits.com

From: Scott Smith [<mailto:ssmith@governor.state.tx.us>]
Sent: Thursday, June 20, 2013 10:34 AM
To: Jesse Broderick
Cc: Justin Gordon
Subject: Project Sumit - Draft TEF Agreement for Company Review - 6.20.13

Jesse,

The attached version continues to have much red, but should reflect the substantive updates we have discussed, including the change to the threshold number. Please send me the company's feedback when available, and Justin will work on copies ready for signature.

Scott

Johanna Hopkins

From: Jesse Broderick [jbroderick@sumitcredits.com]
Sent: Friday, June 21, 2013 8:28 AM
To: Scott Smith; Justin Gordon
Subject: RE: Project Sumit - Draft TEF Agreement for Company Review - 6.20.13

Can we get a final "clean" version of this agreement? Or are you ok with us just accepting the revisions as you've provided?

Thanks!

Jesse D. Broderick
SUMIT CREDITS, LLC
PO Box 910
Watson, LA 70786
Wk. (225) 664-2160
Cl. (225) 938-8301
jbroderick@sumitcredits.com

From: Scott Smith [<mailto:ssmith@governor.state.tx.us>]
Sent: Thursday, June 20, 2013 10:34 AM
To: Jesse Broderick
Cc: Justin Gordon
Subject: Project Sumit - Draft TEF Agreement for Company Review - 6.20.13

Jesse,

The attached version continues to have much red, but should reflect the substantive updates we have discussed, including the change to the threshold number. Please send me the company's feedback when available, and Justin will work on copies ready for signature.

Scott

Johanna Hopkins

From: Jesse Broderick [jbroderick@sumitcredits.com]
Sent: Thursday, June 20, 2013 5:47 PM
To: Scott Smith; Justin Gordon
Subject: RE: Project Sumit - Draft TEF Agreement for Company Review - 6.20.13

Hey Scott & Justin,

Would it be possible to get an email from you regarding OOG's intent in applying Section 6(h), primarily whether the State will add their positions into Chevron's press release or is it reviewing to ensure that Chevron's press release does not harm the image or position of the State (and offices of the Governor, Lt. Governor and Speaker of the House)? Chevron doesn't want to have to get the State's approval of its press release, but is happy to share it with the State and dialogue about any issues the state may have regarding the press release.

Thanks!

Jesse D. Broderick
SUMIT CREDITS, LLC
PO Box 910
Watson, LA 70786
Wk. (225) 664-2160
Cl. (225) 938-8301
jbroderick@sumitcredits.com

From: Scott Smith [<mailto:ssmith@governor.state.tx.us>]
Sent: Thursday, June 20, 2013 10:34 AM
To: Jesse Broderick
Cc: Justin Gordon
Subject: Project Sumit - Draft TEF Agreement for Company Review - 6.20.13

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Scott

Johanna Hopkins

From: Justin Gordon
Sent: Tuesday, June 25, 2013 11:23 AM
To: 'Jesse Broderick'; Scott Smith
Subject: RE: Question on Section 5b

Is the "Its:" absolutely necessary? We have not used language like that in the past, so it will make this agreement stand out from others. So I would prefer to leave it off unless there is a specific need for it.

Justin

From: Jesse Broderick [<mailto:jbroderick@sumitcredits.com>]
Sent: Tuesday, June 25, 2013 11:09 AM
To: Justin Gordon; Scott Smith
Subject: Fwd: Question on Section 5b
Importance: High

Change that...sorry guys. See below....after further internal discussion.

Jesse Broderick
Sumit Credits, LLC
(225) 938-8301

Sent via the Samsung Galaxy STMIII, an AT&T 4G LTE smartphone

----- Original message -----

From: "Tindle, Mia" <mia.tindle@chevron.com>

Date:

To: "Nash, Sandra B" <Sandra.Nash@chevron.com>, "Parish, Mary A." <MAParish@chevron.com>, "Finley, Kenneth (KFIN) (finley.kj81)" <finley.kj81@chevron.com>

Cc: Jesse Broderick <jbroderick@sumitcredits.com>

Subject: RE: Question on Section 5b

All, Mary just called me and indicated that CUSA will be the contracting entity, not through CBRES. Therefore, please revise as follows:

The first paragraph of the Agreement to "Chevron U.S.A. Inc., a Pennsylvania corporation".

The signature block as follows:

Chevron U.S.A. Inc., a Pennsylvania corporation

By: _____
Bereket Haregot
Its: Vice-President

Johanna Hopkins

From: Jesse Broderick [jbroderick@sumitcredits.com]
Sent: Tuesday, June 25, 2013 11:40 AM
To: Justin Gordon
Subject: RE: Question on Section 5b

No leave it off is fine

Jesse Broderick
Sumit Credits, LLC
(225) 938-8301

Sent via the Samsung Galaxy STMIII, an AT&T 4G LTE smartphone

----- Original message -----

From: Justin Gordon <justin.gordon@governor.state.tx.us>
Date:
To: Jesse Broderick <jbroderick@sumitcredits.com>, Scott Smith <:ssmith@governor.state.tx.us>
Subject: RE: Question on Section 5b

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Justin

From: Jesse Broderick [mailto:jbroderick@sumitcredits.com]
Sent: Tuesday, June 25, 2013 11:09 AM
To: Justin Gordon; Scott Smith
Subject: Fwd: Question on Section 5b
Importance: High

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Jesse Broderick
Sumit Credits, LLC
(225) 938-8301

Sent via the Samsung Galaxy STMIII, an AT&T 4G LTE smartphone

----- Original message -----

From: "Tindle, Mia" <mia.tindle@chevron.com>
Date:
To: "Nash, Sandra B" <Sandra.Nash@chevron.com>, "Parish, Mary A." <MAParish@chevron.com>, "Finley, Kenneth

(KFIN) (finley.kj81)" <finley.kj81@chevron.com>
Cc: Jesse Broderick <jbroderick@sumitcredits.com>
Subject: RE: Question on Section 5b

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The signature block as follows:

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By: _____
Bereket Haregot
Its: Vice-President

Johanna Hopkins

From: Jesse Broderick [jbroderick@sumitcredits.com]
Sent: Tuesday, June 25, 2013 10:48 AM
To: Justin Gordon; Scott Smith
Cc: Clint Harp
Subject: RE: Question on Section 5b

Here you go...thank you.

Bereket Haregot

President

Chevron Business and Real Estate Services

(a Chevron U.S.A. Inc. division)

Jesse Broderick
Sumit Credits, LLC
(225) 938-8301

Sent via the Samsung Galaxy STMIII, an AT&T 4G LTE smartphone

----- Original message -----

From: Justin Gordon <justin.gordon@governor.state.tx.us>
Date:
To: Scott Smith <ssmith@governor.state.tx.us>, Jesse Broderick <jbroderick@sumitcredits.com>
Cc: Clint Harp <clint.harp@governor.state.tx.us>
Subject: RE: Question on Section 5b

Jesse, thanks for sending that over. While it is being reviewed, can you send me the information (name and title) for the signatory? If everything is ok, then I will send you a PDF for execution.

Justin Gordon

-----Original Message-----

From: Scott Smith
Sent: Tuesday, June 25, 2013 9:09 AM
To: Jesse Broderick; Justin Gordon
Subject: RE: Question on Section 5b

great...Justin and I will review.

Scott

Scott Smith
Office of Governor Rick Perry
(512) 936-0278 office
ssmith@governor.state.tx.us

From: Jesse Broderick [jbroderick@sumitcredits.com]
Sent: Tuesday, June 25, 2013 9:03 AM
To: Scott Smith; Justin Gordon
Subject: RE: Question on Section 5b

It's up to you, they have actually prepared the attached if you are ok with it? It is being routed for approval and should be prepared to sign it by tomorrow.

Jesse D. Broderick
SUMIT CREDITS, LLC
PO Box 910
Watson, LA 70786
Wk. (225) 664-2160
Cl. (225) 938-8301
jbroderick@sumitcredits.com

-----Original Message-----
From: Scott Smith [<mailto:ssmith@governor.state.tx.us>]
Sent: Tuesday, June 25, 2013 8:58 AM
To: Jesse Broderick; Justin Gordon
Subject: RE: Question on Section 5b

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Scott

Scott Smith
Office of Governor Rick Perry
(512) 936-0278 office
ssmith@governor.state.tx.us

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Sent: Tuesday, June 25, 2013 8:29 AM
To: Scott Smith; Justin Gordon
Subject: Question on Section 5b

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Thanks,

[cid:image003.jpg@01CE717E.2632E250]Jesse D. Broderick PO Box 910 Watson, LA 70786
(225) 664-2160 / cell (225) 938-8301
jbroderick@sumitcredits.com<<mailto:jbroderick@sumitcredits.com>>

Physical Address:
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Suite d1
Denham springs, la 70726

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Johanna Hopkins

From: Justin Gordon
Sent: Tuesday, June 25, 2013 9:53 AM
To: Scott Smith; Jesse Broderick
Cc: Clint Harp
Subject: RE: Question on Section 5b

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Justin Gordon

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Sent: Tuesday, June 25, 2013 9:09 AM
To: Jesse Broderick; Justin Gordon
Subject: RE: Question on Section 5b

great...Justin and I will review.

Scott

Scott Smith
Office of Governor Rick Perry
(512) 936-0278 office
ssmith@governor.state.tx.us

From: Jesse Broderick [jbroderick@sumitcredits.com]
Sent: Tuesday, June 25, 2013 9:03 AM

To: Scott Smith; Justin Gordon
Subject: RE: Question on Section 5b

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Scott Smith
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(512) 936-0278 office

ssmith@governor.state.tx.us

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Sent: Tuesday, June 25, 2013 8:29 AM
To: Scott Smith; Justin Gordon
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Thanks,

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Johanna Hopkins

From: Jesse Broderick [jbroderick@sumitcredits.com]
Sent: Tuesday, June 25, 2013 10:04 AM
To: Justin Gordon
Subject: RE: Question on Section 5b

Will do, should have it in a bit.

Jesse Broderick
Sumit Credits, LLC
(225) 938-8301

Sent via the Samsung Galaxy STMIII, an AT&T 4G LTE smartphone

----- Original message -----

From: Justin Gordon <justin.gordon@governor.state.tx.us>
Date:
To: Scott Smith <:ssmith@governor.state.tx.us>, Jesse Broderick <jbroderick@sumitcredits.com>
Cc: Clint Harp <clint.harp@governor.state.tx.us>
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ssmith@governor.state.tx.us

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From: Jesse Broderick [jbroderick@sumitcredits.com]
Sent: Tuesday, June 25, 2013 9:03 AM
To: Scott Smith; Justin Gordon
Subject: RE: Question on Section 5b
Attachments: Draft Execution Copy rev 2.docx

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ECONOMIC DEVELOPMENT AGREEMENT

BETWEEN

THE STATE OF TEXAS

AND

CHEVRON U.S.A. INC.

MONTH XX, 2013

THIS AGREEMENT (“Agreement”) is by and between the State of Texas (the “State”), acting by and through the Office of Economic Development and Tourism, a division within the Office of the Governor (“OOG”), and Chevron U.S.A. Inc., a Pennsylvania company, (“Chevron”). The State and Chevron are hereinafter referred to either individually as the “party,” or collectively as the “parties.” The Effective Date of this Agreement is _____, 2013.

RECITALS

WHEREAS, Texas’ low taxes, budgetary discipline, reasonable regulations and educated workforce continue to make the state a top location for businesses looking to expand or relocate; and

WHEREAS, Chevron is known for being one of the world’s leading integrated energy companies, with subsidiaries that conduct business worldwide in virtually every facet of the energy industry; and

WHEREAS, Chevron employs approximately 61,900 people worldwide with 2012 sales and other operating revenues of approximately \$231 billion; and

WHEREAS, Chevron has proposed expanding its existing operations in Houston, Harris County, Texas; and

WHEREAS, Chevron is proposing to invest approximately \$662 million in the expansion of its existing operations in Houston, Harris County, Texas, and is expected to create at least 1,752 new full-time jobs for Texans, with an average annual payroll of approximately \$193 million; and

WHEREAS, Article III, Section 52-a of the Texas Constitution expressly authorizes the State to use public funds for the public purposes of development and diversification of the economy of the State, the elimination of unemployment or underemployment in the State, or the development of commerce in the State; and

WHEREAS, SB 1771 of the 78th Texas Legislature established the Texas Enterprise Fund (“TEF”) to be used with the express written approval of the Governor, Lieutenant Governor, and Speaker of the House of Representatives for economic development, infrastructure development,

community development, job training programs, and business incentives, and the 82nd Texas Legislature reauthorized the TEF for the 2012 and 2013 biennium; and

WHEREAS, the State values Chevron as a distinguished and important corporate citizen, and wishes to receive a commitment that Chevron will expand its existing operations in Texas, and Chevron wishes to provide such a commitment; and

WHEREAS, the Governor, Lieutenant Governor, and Speaker have each approved a grant from the TEF to Chevron, as evidenced in the letter attached as Exhibit A hereto; and

WHEREAS, to ensure that the benefits the State provides under this Agreement are utilized in a manner consistent with Article III, Section 52-a of the Texas Constitution, and other laws, the State requires Chevron to comply with conditions and deliver certain performance as set forth herein, including achieving measurable job creation and retention commitments, in exchange for receiving these benefits; and

WHEREAS, the parties desire to have such proposals set forth in a valid, binding and enforceable agreement; and

WHEREAS, the State believes it is in the best public interest to enter into this Agreement for the reasons set forth above.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual promises herein, the parties agree as follows:

1. STATE OF TEXAS COMMITMENT

Grant of Funds from the Texas Enterprise Fund. The State agrees to pay cash from the Texas Enterprise Fund to Chevron in the amount of Twelve Million Dollars (\$12,000,000) (the "Funds") as follows:

- (i) **First Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "First Payment") within thirty days following the execution of this Agreement, provided that the following accounting documents required for disbursement have been provided in acceptable form to the State: Request for Taxpayer Identification Number and Certification; Texas Application for Payee Identification Number; and Vendor Direct Deposit Authorization.
- (ii) **Second Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "Second Payment") within thirty days following receipt from Chevron of reasonable evidence of creating at least Four Hundred Fifty-Five (455) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.
- (iii) **Third Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million

Dollars (\$3,000,000) (the "Third Payment") within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Two Hundred Twenty-Seven (1,227) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

- (iv) **Fourth Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "Fourth Payment") within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

2. CHEVRON FUNDING CONDITIONS

Chevron must meet all of the following "Funding Conditions", or will be subject to liquidated damages and/or repayment in accordance with the Agreement. The Funding Conditions are as follows:

a. Expanding Chevron Operations. Chevron commits to expanding its operations in downtown Houston, Harris County, which currently consist of owned buildings at 1400 Smith St., Houston, Harris County and 1500 Louisiana St~~Street~~, Houston, Harris County, and leased spaces in the vicinity, by one or more of the following actions: (i) constructing a new multi-story office building at 1600 Louisiana St., in Houston, Harris County, Texas, (ii) leasing and occupying additional office space in downtown Houston, Harris County, or (iii) expanding the use of its existing owned office buildings (as expanded, the "Facility~~Facility~~"). The Facility shall be open and operational by December 31, 2017.

b. Job Target. Chevron commits to meeting a job target of (i) creating a total of at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions by December 31, 2020, in total at the Facility~~Facility~~ and of (ii) maintaining these Employment Positions through December 31, 2022 (collectively, the "Job Target"). Chevron also commits to the following job creation schedule:

- (i) One Hundred Forty-Four Employment Positions by December 31, 2013;
- (ii) One Hundred Fifty-Four additional Employment Positions (298 total) on December 31, 2014;
- (iii) One Hundred Fifty-Seven additional Employment Positions (455 total) on December 31, 2015;
- (iv) One Hundred Fifty-Seven additional Employment Positions (612 total) on December 31, 2016;
- (v) Six Hundred Fifteen additional Employment Positions (1,227 total) on December 31, 2017;
- (vi) One Hundred Seventy-Five additional Employment Positions (1,402 total) on December 31, 2018;
- (vii) One Hundred Seventy-Five additional Employment Positions (1,577 total) on December 31, 2019;
- (viii) One Hundred Seventy-Five additional Employment Positions (1,752 total) on December 31, 2020.

Jobs will only be counted as Employment Positions for purposes of this Agreement if they are above the total number of employment positions with Chevron's operations, in Texas (the "Threshold"). The parties agree that for purposes of this Agreement, the Threshold shall be Eight Thousand Two Hundred Forty Three (8,243).

c. Employment Positions. For the purposes of this Agreement, "Employment Positions" shall be defined as jobs meeting all of the following criteria:

- (i) New full-time employment positions with Chevron at the Facility; and
- (ii) With an average annual gross compensation (excluding benefits) each year of at least:

- (A) \$110,000 for 2013;
- (B) \$112,200 for 2014;
- (C) \$114,444 for 2015;
- (D) \$116,733 for 2016;
- (E) \$119,068 for 2017;
- (F) \$121,449 for 2018;
- (G) \$123,878 for 2019;
- (H) \$126,355 for 2020;
- (I) \$128,883 for 2021;
- (J) \$131,460 for 2022.

- (iii) Unless specifically provided by this Agreement, no jobs created by Chevron subsidiaries, affiliates, contractors, or any other party not identified in this Agreement constitute Employment Positions.

d. Annual Compliance Verification. Beginning in January 2014, and continuing every year thereafter through January 2023, each year by January 31 Chevron must deliver to OOG a compliance verification signed by a duly authorized representative of Chevron that shall certify the number of and generally describe the Employment Positions existing as of December 31 of the year preceding and provide the median wage for all Employment Positions (the "Annual Compliance Verification"). There will be a total of Ten (10) Annual Compliance Verifications due, covering jobs created and maintained in years 2013 through 2022. All Annual Compliance Verifications shall be in a form reasonably satisfactory to OOG and shall provide appropriate back-up data for the Employment Position numbers provided and for the Threshold. In addition, Chevron must submit each year a copy of the Annual Compliance Verification to the Office of the Lieutenant Governor and the Office of the Speaker of the House of Representatives at the addresses listed below.

Lt. Governor of Texas
P.O. Box 12068
Austin, Texas 78711

Speaker of the House of Representatives of Texas
P.O. Box 2910
Austin, TX 78768

e. Certification of Good Standing/Delinquent Taxes. By execution of this Agreement, Chevron certifies that it is in good standing under the laws of the State in which it was formed or organized, and has provided the State sufficient evidence of such. In addition, Chevron certifies that it owes no delinquent taxes to any taxing unit of this State at the time of execution of this Agreement.

f. Certification relating ~~Relating to undocumented workers~~ Undocumented Workers.

By execution of this Agreement, Chevron, including any branch, division, and department of Chevron, certifies that it does not and will not knowingly employ an undocumented worker (as defined by Texas Government Code Section 2264.001(4)). If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

3. LIQUIDATED DAMAGES

a. Failure to Meet 2013 “Floor” Job Target. If Chevron’s first Annual Compliance Verification demonstrates that it has failed to create and maintain at least Seventy-Two (72) Employment Positions as of December 31, 2013, the State may terminate the Agreement and require Chevron to repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

b. Job Target. As set forth in Section 2 above, annually during the term of this Agreement through 2023 Chevron must deliver to OOG an Annual Compliance Verification demonstrating that it has met the Job Target for the year just ended. The consequences to Chevron of satisfying, failing to satisfy, or exceeding the Job Target are as follows:

(i) Compliance with Job Target. If Chevron has met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then Chevron will be deemed to have met its obligations for such preceding year and no liquidated damages will be due.

(ii) Failure to Meet Job Target. If Chevron has not met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then OOG may require Chevron to pay liquidated damages in the amount of One Thousand Six Hundred Ten Dollars (\$1,610) per job for every Employment Position by which it is short that year.

(iii) Exceeding Job Target. If an Annual Compliance Verification filed by Chevron demonstrates that it has exceeded the job target for that year, then Chevron will be deemed to have exceeded its obligations, and will receive a “Surplus Job Credit” for each extra Employment Position that it has maintained above the job target for that year. Chevron may utilize any earned Surplus Job Credits in following years as follows:

A. Chevron may expend a Surplus Job Credit in lieu of paying liquidated damages in the amount of \$1,610 per job (for example, if Chevron owes liquidated damages in the amount of \$161,000 for 100 Employment Positions lacking in a particular year, Chevron may discharge completely or reduce this amount by expending up to 100 Surplus Job Credits it has earned in prior years); or

B. Chevron may apply any Surplus Job Credits toward meeting the remaining Job Target for future years, such that if Chevron accumulates enough Surplus Job Credits it will be deemed to have fulfilled all of its obligations under the Agreement, and will be released from the Agreement early (for example, if Chevron has accumulated at least One Thousand Seven Hundred Fifty-Two (1,752) Surplus Job Credits by December 31, 2021, then it may apply these

Surplus Job Credits forward to fulfill its Job Target for 2022, and may thereby fulfill its obligations and be released from the Agreement one year early).

4. CHEVRON ADDITIONAL COMMITMENTS

a. OOG Audit Rights.

(i) **Duty to Maintain Records.** Chevron shall maintain adequate records to support its charges, procedures and performances to OOG for all work related to this Agreement. Chevron also shall maintain such records as are deemed necessary by the OOG and auditors of the State of Texas or United States, or such other persons or entities designated by the OOG, to ensure proper accounting for all costs and performances related to this Agreement.

(ii) **Records Retention.** Chevron shall maintain and retain for a period of four (4) years after the submission of the final Annual Compliance Verification, or until full and final resolution of all audit or litigation matters which arise after the expiration of the four (4) year period after the submission of the final Annual Compliance Verification, whichever time period is longer, such records as are necessary to fully disclose the extent of services provided under this Agreement, including but not limited to any daily activity reports and time distribution and attendance records, and other records which may show the basis for the calculation of full time positions.

(iii) **Audit Trails.** Appropriate audit trails shall be maintained by Chevron to provide accountability for updates and changes to automated personnel and financial systems. Audit trails maintained by Chevron will, at a minimum, identify the changes made, the individual making the change and the date the change was made. An adequate history of transactions shall be maintained by Chevron to permit an audit of the system by tracing the activities of individuals through the system. Chevron's automated systems must provide the means whereby authorized personnel have the ability to audit and establish individual accountability for any action that can potentially cause access to, generation of, or modification of information related to the performances of this Agreement. Chevron agrees that Chevron's failure to maintain adequate audit trails and corresponding documentation shall create a rebuttable presumption that the performances were not performed.

(iv) **Access.** Chevron shall grant access to all paper and electronic records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement to OOG and auditors of the State of Texas, or such other persons or entities designated by OOG for the purposes of inspecting, auditing, or copying such books and records. All records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement shall be subject to examination or audit by the OOG and auditors of the State of Texas, or such other persons or entities designated by the OOG in accordance with all applicable state and federal laws, regulations or directives. Chevron will direct any subcontractor with whom it has established a contractual relationship to discharge Chevron's obligations to likewise permit access to, inspection of, and reproduction of all books and records of Chevron's subcontractor(s) which pertain to this Agreement.

(v) **Location.** Any such audit shall be conducted during Chevron's normal business hours at a Chevron location chosen by OOG and at OOG's expense, provided all costs incurred by OOG in conducting any such audit shall be reimbursed by Chevron in the event such audit reveals a material discrepancy in any Chevron reporting of compliance as required by the Agreement.

(vi) **Reimbursement.** If any audit or examination reveals that Chevron's reports for the audited period are not accurate in the calculation of the Job Target for such period, Chevron shall promptly reimburse the OOG for the liquidated damages amount(s) in accordance with section 3.b.ii.

(vii) **Corrective Action Plan.** If any audit reveals any discrepancies or inadequacies which are necessary in order to maintain compliance with this Agreement, applicable laws, regulations, or Chevron's obligations hereunder, Chevron agrees within thirty (30) calendar days after Chevron's receipt of the audit findings, to propose and submit to OOG a corrective action plan to correct such discrepancies or inadequacies subject to the approval of the OOG. Chevron further agrees to complete the corrective action approved by OOG within thirty (30) calendar days after OOG approves Chevron's corrective action plan, at the sole cost of Chevron.

(viii) **Reports.** Chevron shall provide to OOG periodic status reports in accordance with OOG's audit procedures regarding Chevron's resolution of any audit-related compliance activity for which Chevron is responsible.

b. Economic Impact Reports; Periodic Progress Briefings. In a manner consistent with the need to protect privacy and the intellectual property of Chevron and third parties, Chevron will provide periodic briefings as reasonably requested by OOG on the general activities, economic impact and progress of the new project development and business operations in Texas.

c. Use and Retention of Texas Suppliers. Chevron will use reasonable efforts to use qualified Texas-based suppliers to provide products and services under this Agreement, provided however, Chevron may in its sole discretion select suppliers and contractors based on program needs, scientific criteria, and industry standards.

d. Financial Information. Chevron will furnish to OOG on an annual basis by April 30, of each year throughout the term of the Agreement, information regarding the general business status, market and general summary financial updates regarding Chevron. Such financial information shall be in a form reasonably satisfactory to OOG.

e. Indemnity and Hold Harmless. Chevron agrees to indemnify and hold the State, the maker of this grant, and its agents, officers, and employees harmless for any and all losses, claims, suits, actions, and liability, including any litigation costs, that arise from any act or omission of Chevron or any of its officers and employees, agents, contractors, assignees, and affiliates relating to the project for which this grant is made regardless of whether the act or omission is related to job creation or other stated purpose of the grant.

f. EXPRESS NEGLIGENCE. THE INDEMNITY SET FORTH IN THIS AGREEMENT IS INTENDED TO BE ENFORCEABLE AGAINST CHEVRON AND ITS SUCCESSORS AND ASSIGNS IN ACCORDANCE WITH THE

EXPRESS TERMS AND SCOPE HEREOF NOTWITHSTANDING TEXAS' EXPRESS NEGLIGENCE RULE OR ANY SIMILAR DIRECTIVE THAT WOULD PROHIBIT OR OTHERWISE LIMIT INDEMNITIES BECAUSE OF THE NEGLIGENCE (WHETHER SOLE, CONCURRENT, ACTIVE OR PASSIVE) OR OTHER FAULT OR STRICT LIABILITY OF THE OOG.

5. DEFAULTS AND REMEDIES

Each of the following acts or omissions of Chevron or occurrences shall constitute an act of default under this Agreement:

a. Failure to Invest and Expand the Facility. If Chevron fails to invest and ~~expand the~~ expand the Facility by December 31, 2017, then the State may terminate the Agreement and require Chevron to immediately repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment, reduced by any funds refunded to the State for failure to meet Job Targets.

b. Failure to pay liquidated damages for job creation. Upon receipt of notice, Chevron shall have ~~thirty-fourty-five (4530)~~ days to pay outstanding damages for job creation. If Chevron does not pay after this period, all amounts that could potentially be claimed for failure to meet job targets shall become due and payable immediately on demand of the State of Texas.

c. Failure to provide verification. If after the end of a calendar year Chevron fails to provide an Annual Compliance Verification by the deadline for that year, OOG may make a good faith estimate, based on information available to OOG, of the Employment Positions at Chevron as of December 31 of that year and, if the estimated Employment Positions fall short of the Job Target, require corresponding liquidated damages in accordance with Section 3.b.ii. above. Chevron will not be eligible to earn Surplus Job Credits for any such year for which it fails to provide an Annual Compliance Verification by the deadline for that year.

d. Failure to comply with Section 2.f. If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

6. GENERAL PROVISIONS

a. Authority. Each party represents that it has obtained all necessary authority to enter into this Agreement.

b. Relationship of Parties and Disclaimer of Liability. The parties will perform their respective obligations under this Agreement as independent contractors and not as agents, employees, partners, joint venturers, or representatives of the other party. Neither party can make representations or commitments that bind the other party. Chevron is not a "governmental body" by virtue of this Agreement or the use of TEF or other funding.

c. Limitation of Liability. In no event will either party be liable to the other party for any indirect, special, punitive, exemplary, incidental or consequential damages. This limitation will apply regardless of whether or not the other party has been advised of the possibility of such

damages. Chevron's total liability under this Agreement shall not exceed the amount of Funds actually received by Chevron plus interest at a rate of 2.2%.

d. Term. The term of this Agreement commences on the Effective Date of the Agreement and continues until January 31, 2023, unless terminated earlier pursuant to the terms of this Agreement.

e. Termination for Cause. Either party may terminate this Agreement for Cause upon thirty (30) days prior written notice to the other party. "Cause" is any failure to perform a material obligation under this Agreement within the specified time, including a material breach of a Funding Condition. This Agreement may not be terminated if the alleged Cause is cured within the specified thirty-day period. The sole remedy for any termination for Cause (and for the "cause" giving rise to the termination) shall be that each party is relieved of its obligation to perform hereunder, however, following termination by the State, Chevron will continue to be obligated to the State for liquidated damages and/or repayment of funds in accordance with applicable provisions of this Agreement.

f. Repayment upon Early Termination. In the event of early termination of the Agreement for Cause or by mutual agreement of the parties, Chevron shall repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

g. Dispute Resolution and Applicable Law.

(i) Informal Meetings. The parties' representatives will meet as needed to implement the terms of this Agreement and will make a good faith attempt to informally resolve any disputes.

(ii) Non-binding Mediation. Except to prevent irreparable harm for which there is no adequate remedy at law, neither party shall file suit to enforce this Agreement without first submitting the dispute to confidential, non-binding mediation before a mediator mutually agreed upon by the parties.

(iii) Applicable Law and Venue. This Agreement is made and entered into in the state of Texas, and this Agreement and all disputes arising out of or relating thereto shall be governed by the laws of the state of Texas, without regard to any otherwise applicable conflict of law rules or requirements.

Chevron agrees that any action, suit, litigation or other proceeding (collectively "litigation") arising out of or in any way relating to this Agreement, or the matters referred to therein, shall be commenced exclusively in the Travis County District Court or the United States District Court for the Western District of Texas, Austin Division, and hereby irrevocably and unconditionally consents to the exclusive jurisdiction of those courts for the purpose of prosecuting and/or defending such litigation. Chevron hereby waives and agrees not to assert by way of motion, as a defense, or otherwise, in any suit, action or proceeding, any claim that (a) Chevron is not personally subject to the jurisdiction of the above-named courts, (b) the suit, action or proceeding is brought in an inconvenient forum or (c) the venue of the suit, action or proceeding is improper.

h. Publicity. Upon request by OOG, Chevron agrees to cooperate fully with OOG to assist in the preparation of any press release or other public disclosure regarding this Agreement.

Chevron agrees to obtain OOG's approval prior to Chevron's issuance of any press release or other public disclosure concerning this Agreement, unless otherwise required by law.

i. No Waiver of Sovereign Immunity. Nothing in this Agreement may be construed to be a waiver of the sovereign immunity of the State to suit.

7. MISCELLANEOUS PROVISIONS

a. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in establishing proof of this Agreement to produce or account for more than one such counterpart.

b. Merger. This document constitutes the final entire agreement between the parties and supersedes any and all prior oral or written communication, representation or agreement relating to the subject matter of this Agreement.

c. Severability. Any term in this Agreement prohibited by, or unlawful or unenforceable under, any applicable law or jurisdiction is void without invalidating the remaining terms of this said Agreement. However, where the provisions of any such applicable law may be waived, they are hereby waived by either party, as the case may be, to the fullest extent permitted by the law, and the affected terms are enforceable in accordance with the parties' original intent.

d. Survival of Promises. Notwithstanding any expiration, termination or cancellation of this Agreement, the rights and obligations pertaining to payment or repayment of funds and/or liquidated damages, confidentiality, disclaimers and limitation of liability, indemnification, and any other provision implying survivability will remain in effect after this Agreement ends.

e. Binding Effect. This Agreement and all terms, provisions and obligations set forth herein shall be binding upon and shall inure to the benefit of the parties and their successors and assigns and shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns and all other state agencies and any other agencies, departments, divisions, governmental entities, public corporations and other entities which shall be successors to each of the parties or which shall succeed to or become obligated to perform or become bound by any of the covenants, agreements or obligations hereunder of each of the parties hereto.

f. Successors and Assigns/Notice. Chevron, or any legal successor thereto or prior assignee thereof, may assign its rights and obligations under this Agreement, including by merger or operation of law, to any legal successor or any person or entity that acquires all or substantially all of its business and operations. In addition, with the prior written consent of the State, which consent shall not be unreasonably withheld, or delayed, Chevron, or any legal successor company thereto or prior assignee thereof, may assign its rights and obligations under this Agreement to any parent or wholly owned subsidiary that it currently has in place or later establishes, if it is constituted as a separate legally recognized business entity. Any such assignment will be made without additional consideration being payable to the State. This Agreement shall survive any sale, change of control or similar transaction involving Chevron, any successor thereto or prior assignee thereof and no such transaction shall require the consent of the State. Chevron shall provide the State written notice of any assignment, sale, change of control or similar transaction pursuant to this section as soon as possible and in no event not later than thirty (30) calendar days following such event.

g. Force Majeure. Neither party shall be required to perform any obligation under this Agreement or be liable or responsible for any loss or damage resulting from its failure to perform so long as performance is delayed by force majeure or acts of God, including but not limited to strikes, lockouts or labor shortages, embargo, riot, war, revolution, terrorism, rebellion, insurrection, flood, natural disaster, or interruption of utilities from external causes.

h. Notice. All notices, requests, demands and other communications will be in writing and will be deemed given and received (i) on the date of delivery when delivered by hand, (ii) on the following business day when sent by confirmed simultaneous telecopy, (iii) on the following business day when sent by receipted overnight courier, or (iv) three (3) business days after deposit in the United States Mail when mailed by registered or certified mail, return receipt requested, first class postage prepaid, as follows:

If to the State to:

TEF Compliance
Compliance and Oversight Division
PO Box 12428
Austin, TX 78711

with a concurrent copy to:

General Counsel
Office of the Governor
P.O. Box 12428
Austin, Texas 78711
Phone: 512-463-1788
Fax: 512-463-1932

If to Chevron to:

Chevron Corporation
6001 Bollinger Canyon Road
San Ramon, CA 94583
Attn: Corporate Real Estate Counsel
Phone: 925-842-4337
Fax: 925-842-2011

with a concurrent copy to:

Manager of State and Local Tax Counsel
Corporate Tax
6001 Bollinger Canyon Rd.
San Ramon, CA 94583
Phone: 925-842-1173

{Signature Page Follows}

The parties have caused this Economic Development Agreement to be executed by their duly authorized representatives to be effective as of the date first specified above.

THE STATE OF TEXAS

CHEVRON U.S.A. INC.

BRANDY MARTY
CHIEF OF STAFF
OFFICE OF THE GOVERNOR

[NAME]
[TITLE]

EXHIBIT A

LETTER FROM GOVERNOR, LIEUTENANT GOVERNOR AND SPEAKER
APPROVING GRANT TO CHEVRON FROM THE TEXAS ENTERPRISE FUND

From: Scott Smith
Sent: Tuesday, June 25, 2013 8:58 AM
To: Jesse Broderick; Justin Gordon
Subject: RE: Question on Section 5b

Our team is good with the change from 30 days to 45. Why don't we ask Justin to make the change and create an "execution copy" of the agreement for signatures?

Scott

Scott Smith
Office of Governor Rick Perry
(512) 936-0278 office
ssmith@governor.state.tx.us

From: Jesse Broderick [jbroderick@sumitcredits.com]
Sent: Tuesday, June 25, 2013 8:29 AM
To: Scott Smith; Justin Gordon
Subject: Question on Section 5b

Hey guys,

Quick question, on Chevron's review of Section 5b they had asked for 45 days instead of 30 days. In your changes that you'd sent back to us it appeared as if you agreed with that change. But in the Execution Copy the 30 days was put back in. Is this just an oversight or are you requiring that it be 30 days instead of 45? Chevron would like 45 days on the basis that it can be a very

challenging process to get a notice from someone, find the correct owner, then get approval and a check cut in 30 days.

Thanks,

[<cid:image003.jpg@01CE717E.2632E250>]Jesse D. Broderick PO Box 910
Watson, LA 70786
(225) 664-2160 / cell (225) 938-8301
jbroderick@sumitcredits.com<<mailto:jbroderick@sumitcredits.com>>

Physical Address:

30879 Highway 16

Suite d1

Denham springs, la 70726

Any advice in this communication is limited to the conclusions specifically set forth herein and is based on the completeness and accuracy of the stated facts, assumptions and/or representations included. In rendering advice, we may consider tax authorities that are subject to change, retroactively and/or prospectively, and any such changes could affect the validity of the advice. We will not update our advice for subsequent changes to the law and regulations, or to the judicial and administrative interpretations thereof.

The advice or other information in this document was prepared for the sole benefit of Sumit Credit's client and may not be relied upon by any other person or organization. Sumit Credits accepts no responsibility or liability in respect of this document to any person or organization other than Sumit Credit's client.

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Johanna Hopkins

From: Justin Gordon
Sent: Wednesday, June 26, 2013 9:28 AM
To: 'Jesse Broderick'; Scott Smith; 'Sandra.nash@chevron.com'; 'Maparish@chevron.com'
Subject: RE: TEF
Attachments: Project Sumit - Execution Copy - 6.26.13.pdf

Jesse, I have attached the updated execution copy. Please let me know if you have any questions.

Justin Gordon
Assistant General Counsel
Office of Texas Governor Rick Perry.

From: Jesse Broderick [<mailto:jbroderick@sumitcredits.com>]
Sent: Wednesday, June 26, 2013 9:21 AM
To: Justin Gordon; Scott Smith
Subject: TEF

Would you please copy Mary and Sandra when you send out the updated TEF? I am getting on a plane this morning for a couple hours and don't want to hold it up.

Maparish@chevron.com
Sandra.nash@chevron.com

Thanks,

Jesse Broderick
Sumit Credits, LLC
(225) 938-8301

Sent via the Samsung Galaxy S™III, an AT&T 4G LTE smartphone

ECONOMIC DEVELOPMENT AGREEMENT

BETWEEN

THE STATE OF TEXAS

AND

CHEVRON U.S.A. INC.

JUNE 25, 2013

THIS AGREEMENT (“Agreement”) is by and between the State of Texas (the “State”), acting by and through the Office of Economic Development and Tourism, a division within the Office of the Governor (“OOG”), and Chevron U.S.A. Inc., a Pennsylvania corporation, (“Chevron”). The State and Chevron are hereinafter referred to either individually as the “party,” or collectively as the “parties.” The Effective Date of this Agreement is June 25, 2013.

RECITALS

WHEREAS, Texas’ low taxes, budgetary discipline, reasonable regulations and educated workforce continue to make the state a top location for businesses looking to expand or relocate; and

WHEREAS, Chevron is known for being one of the world’s leading integrated energy companies, with subsidiaries that conduct business worldwide in virtually every facet of the energy industry; and

WHEREAS, Chevron employs approximately 61,900 people worldwide with 2012 sales and other operating revenues of approximately \$231 billion; and

WHEREAS, Chevron has proposed expanding its existing operations in Houston, Harris County, Texas; and

WHEREAS, Chevron is proposing to invest approximately \$662 million in the expansion of its existing operations in Houston, Harris County, Texas, and is expected to create at least 1,752 new full-time jobs for Texans, with an average annual payroll of approximately \$193 million; and

WHEREAS, Article III, Section 52-a of the Texas Constitution expressly authorizes the State to use public funds for the public purposes of development and diversification of the economy of the State, the elimination of unemployment or underemployment in the State, or the development of commerce in the State; and

WHEREAS, SB 1771 of the 78th Texas Legislature established the Texas Enterprise Fund (“TEF”) to be used with the express written approval of the Governor, Lieutenant Governor, and Speaker of the House of Representatives for economic development, infrastructure development,

community development, job training programs, and business incentives, and the 82nd Texas Legislature reauthorized the TEF for the 2012 and 2013 biennium; and

WHEREAS, the State values Chevron as a distinguished and important corporate citizen, and wishes to receive a commitment that Chevron will expand its existing operations in Texas, and Chevron wishes to provide such a commitment; and

WHEREAS, the Governor, Lieutenant Governor, and Speaker have each approved a grant from the TEF to Chevron, as evidenced in the letter attached as Exhibit A hereto; and

WHEREAS, to ensure that the benefits the State provides under this Agreement are utilized in a manner consistent with Article III, Section 52-a of the Texas Constitution, and other laws, the State requires Chevron to comply with conditions and deliver certain performance as set forth herein, including achieving measurable job creation and retention commitments, in exchange for receiving these benefits; and

WHEREAS, the parties desire to have such proposals set forth in a valid, binding and enforceable agreement; and

WHEREAS, the State believes it is in the best public interest to enter into this Agreement for the reasons set forth above.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual promises herein, the parties agree as follows:

1. STATE OF TEXAS COMMITMENT

Grant of Funds from the Texas Enterprise Fund. The State agrees to pay cash from the Texas Enterprise Fund to Chevron in the amount of Twelve Million Dollars (\$12,000,000) (the "Funds") as follows:

- (i) **First Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "First Payment") within thirty days following the execution of this Agreement, provided that the following accounting documents required for disbursement have been provided in acceptable form to the State: Request for Taxpayer Identification Number and Certification; Texas Application for Payee Identification Number; and Vendor Direct Deposit Authorization.
- (ii) **Second Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "Second Payment") within thirty days following receipt from Chevron of reasonable evidence of creating at least Four Hundred Fifty-Five (455) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.
- (iii) **Third Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million

Dollars (\$3,000,000) (the “Third Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Two Hundred Twenty-Seven (1,227) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

- (iv) **Fourth Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “Fourth Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

2. CHEVRON FUNDING CONDITIONS

Chevron must meet all of the following “Funding Conditions”, or will be subject to liquidated damages and/or repayment in accordance with the Agreement. The Funding Conditions are as follows:

a. Expanding Chevron Operations. Chevron commits to expanding its operations in downtown Houston, Harris County, which currently consist of owned buildings at 1400 Smith St., Houston, Harris County and 1500 Louisiana Street, Houston, Harris County, and leased spaces in the vicinity, by one or more of the following actions: (i) constructing a new multi-story office building at 1600 Louisiana Street, in Houston, Harris County, Texas, (ii) leasing and occupying additional office space in downtown Houston, Harris County, or (iii) expanding the use of its existing owned office buildings (as expanded, the “Facility”). The Facility shall be open and operational by December 31, 2017.

b. Job Target. Chevron commits to meeting a job target of (i) creating a total of at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions by December 31, 2020, in total at the Facility and of (ii) maintaining these Employment Positions through December 31, 2022 (collectively, the “Job Target”). Chevron also commits to the following job creation schedule:

- (i) One Hundred Forty-Four Employment Positions by December 31, 2013;
- (ii) One Hundred Fifty-Four additional Employment Positions (298 total) on December 31, 2014;
- (iii) One Hundred Fifty-Seven additional Employment Positions (455 total) on December 31, 2015;
- (iv) One Hundred Fifty-Seven additional Employment Positions (612 total) on December 31, 2016;
- (v) Six Hundred Fifteen additional Employment Positions (1,227 total) on December 31, 2017;
- (vi) One Hundred Seventy-Five additional Employment Positions (1,402 total) on December 31, 2018;
- (vii) One Hundred Seventy-Five additional Employment Positions (1,577 total) on December 31, 2019;
- (viii) One Hundred Seventy-Five additional Employment Positions (1,752 total) on December 31, 2020.

Jobs will only be counted as Employment Positions for purposes of this Agreement if they are above the total number of employment positions with Chevron's operations, in Texas (the "Threshold"). The parties agree that for purposes of this Agreement, the Threshold shall be Eight Thousand Two Hundred Forty Three (8,243).

c. Employment Positions. For the purposes of this Agreement, "Employment Positions" shall be defined as jobs meeting all of the following criteria:

- (i) New full-time employment positions with Chevron at the Facility; and
- (ii) With an average annual gross compensation (excluding benefits) each year of at least:

- (A) \$110,000 for 2013;
- (B) \$112,200 for 2014;
- (C) \$114,444 for 2015;
- (D) \$116,733 for 2016;
- (E) \$119,068 for 2017;
- (F) \$121,449 for 2018;
- (G) \$123,878 for 2019;
- (H) \$126,355 for 2020;
- (I) \$128,883 for 2021;
- (J) \$131,460 for 2022.

- (iii) Unless specifically provided by this Agreement, no jobs created by Chevron subsidiaries, affiliates, contractors, or any other party not identified in this Agreement constitute Employment Positions.

d. Annual Compliance Verification. Beginning in January 2014, and continuing every year thereafter through January 2023, each year by January 31 Chevron must deliver to OOG a compliance verification signed by a duly authorized representative of Chevron that shall certify the number of and generally describe the Employment Positions existing as of December 31 of the year preceding and provide the median wage for all Employment Positions (the "Annual Compliance Verification"). There will be a total of Ten (10) Annual Compliance Verifications due, covering jobs created and maintained in years 2013 through 2022. All Annual Compliance Verifications shall be in a form reasonably satisfactory to OOG and shall provide appropriate back-up data for the Employment Position numbers provided and for the Threshold. In addition, Chevron must submit each year a copy of the Annual Compliance Verification to the Office of the Lieutenant Governor and the Office of the Speaker of the House of Representatives at the addresses listed below.

Lt. Governor of Texas
P.O. Box 12068
Austin, Texas 78711

Speaker of the House of Representatives of Texas
P.O. Box 2910
Austin, TX 78768

e. Certification of Good Standing/Delinquent Taxes. By execution of this Agreement, Chevron certifies that it is in good standing under the laws of the State in which it was formed or organized, and has provided the State sufficient evidence of such. In addition, Chevron certifies that it owes no delinquent taxes to any taxing unit of this State at the time of execution of this Agreement.

f. Certification Relating to Undocumented Workers. By execution of this Agreement, Chevron, including any branch, division, and department of Chevron, certifies that it does not and will not knowingly employ an undocumented worker (as defined by Texas Government Code Section 2264.001(4)). If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

3. LIQUIDATED DAMAGES

a. Failure to Meet 2013 “Floor” Job Target. If Chevron’s first Annual Compliance Verification demonstrates that it has failed to create and maintain at least Seventy-Two (72) Employment Positions as of December 31, 2013, the State may terminate the Agreement and require Chevron to repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

b. Job Target. As set forth in Section 2 above, annually during the term of this Agreement through 2023 Chevron must deliver to OOG an Annual Compliance Verification demonstrating that it has met the Job Target for the year just ended. The consequences to Chevron of satisfying, failing to satisfy, or exceeding the Job Target are as follows:

(i) Compliance with Job Target. If Chevron has met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then Chevron will be deemed to have met its obligations for such preceding year and no liquidated damages will be due.

(ii) Failure to Meet Job Target. If Chevron has not met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then OOG may require Chevron to pay liquidated damages in the amount of One Thousand Six Hundred Ten Dollars (\$1,610) per job for every Employment Position by which it is short that year.

(iii) Exceeding Job Target. If an Annual Compliance Verification filed by Chevron demonstrates that it has exceeded the job target for that year, then Chevron will be deemed to have exceeded its obligations, and will receive a “Surplus Job Credit” for each extra Employment Position that it has maintained above the job target for that year. Chevron may utilize any earned Surplus Job Credits in following years as follows:

A. Chevron may expend a Surplus Job Credit in lieu of paying liquidated damages in the amount of \$1,610 per job (for example, if Chevron owes liquidated damages in the amount of \$161,000 for 100 Employment Positions lacking in a particular year, Chevron may discharge completely or reduce this amount by expending up to 100 Surplus Job Credits it has earned in prior years); or

B. Chevron may apply any Surplus Job Credits toward meeting the remaining Job Target for future years, such that if Chevron accumulates enough Surplus Job Credits it will be deemed to have fulfilled all of its obligations under the Agreement, and will be released from the Agreement early (for example, if Chevron has accumulated at least One Thousand Seven Hundred Fifty-Two (1,752) Surplus Job Credits by December 31, 2021, then it may apply these

Surplus Job Credits forward to fulfill its Job Target for 2022, and may thereby fulfill its obligations and be released from the Agreement one year early).

4. CHEVRON ADDITIONAL COMMITMENTS

a. OOG Audit Rights.

(i) **Duty to Maintain Records.** Chevron shall maintain adequate records to support its charges, procedures and performances to OOG for all work related to this Agreement. Chevron also shall maintain such records as are deemed necessary by the OOG and auditors of the State of Texas or United States, or such other persons or entities designated by the OOG, to ensure proper accounting for all costs and performances related to this Agreement.

(ii) **Records Retention.** Chevron shall maintain and retain for a period of four (4) years after the submission of the final Annual Compliance Verification, or until full and final resolution of all audit or litigation matters which arise after the expiration of the four (4) year period after the submission of the final Annual Compliance Verification, whichever time period is longer, such records as are necessary to fully disclose the extent of services provided under this Agreement, including but not limited to any daily activity reports and time distribution and attendance records, and other records which may show the basis for the calculation of full time positions.

(iii) **Audit Trails.** Appropriate audit trails shall be maintained by Chevron to provide accountability for updates and changes to automated personnel and financial systems. Audit trails maintained by Chevron will, at a minimum, identify the changes made, the individual making the change and the date the change was made. An adequate history of transactions shall be maintained by Chevron to permit an audit of the system by tracing the activities of individuals through the system. Chevron's automated systems must provide the means whereby authorized personnel have the ability to audit and establish individual accountability for any action that can potentially cause access to, generation of, or modification of information related to the performances of this Agreement. Chevron agrees that Chevron's failure to maintain adequate audit trails and corresponding documentation shall create a rebuttable presumption that the performances were not performed.

(iv) **Access.** Chevron shall grant access to all paper and electronic records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement to OOG and auditors of the State of Texas, or such other persons or entities designated by OOG for the purposes of inspecting, auditing, or copying such books and records. All records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement shall be subject to examination or audit by the OOG and auditors of the State of Texas, or such other persons or entities designated by the OOG in accordance with all applicable state and federal laws, regulations or directives. Chevron will direct any subcontractor with whom it has established a contractual relationship to discharge Chevron's obligations to likewise permit access to, inspection of, and reproduction of all books and records of Chevron's subcontractor(s) which pertain to this Agreement.

(v) **Location.** Any such audit shall be conducted during Chevron's normal business hours at a Chevron location chosen by OOG and at OOG's expense, provided all costs incurred by OOG in conducting any such audit shall be reimbursed by Chevron in the event such audit reveals a material discrepancy in any Chevron reporting of compliance as required by the Agreement.

(vi) **Reimbursement.** If any audit or examination reveals that Chevron's reports for the audited period are not accurate in the calculation of the Job Target for such period, Chevron shall promptly reimburse the OOG for the liquidated damages amount(s) in accordance with section 3.b.ii.

(vii) **Corrective Action Plan.** If any audit reveals any discrepancies or inadequacies which are necessary in order to maintain compliance with this Agreement, applicable laws, regulations, or Chevron's obligations hereunder, Chevron agrees within thirty (30) calendar days after Chevron's receipt of the audit findings, to propose and submit to OOG a corrective action plan to correct such discrepancies or inadequacies subject to the approval of the OOG. Chevron further agrees to complete the corrective action approved by OOG within thirty (30) calendar days after OOG approves Chevron's corrective action plan, at the sole cost of Chevron.

(viii) **Reports.** Chevron shall provide to OOG periodic status reports in accordance with OOG's audit procedures regarding Chevron's resolution of any audit-related compliance activity for which Chevron is responsible.

b. Economic Impact Reports; Periodic Progress Briefings. In a manner consistent with the need to protect privacy and the intellectual property of Chevron and third parties, Chevron will provide periodic briefings as reasonably requested by OOG on the general activities, economic impact and progress of the new project development and business operations in Texas.

c. Use and Retention of Texas Suppliers. Chevron will use reasonable efforts to use qualified Texas-based suppliers to provide products and services under this Agreement, provided however, Chevron may in its sole discretion select suppliers and contractors based on program needs, scientific criteria, and industry standards.

d. Financial Information. Chevron will furnish to OOG on an annual basis by April 30, of each year throughout the term of the Agreement, information regarding the general business status, market and general summary financial updates regarding Chevron. Such financial information shall be in a form reasonably satisfactory to OOG.

e. Indemnity and Hold Harmless. Chevron agrees to indemnify and hold the State, the maker of this grant, and its agents, officers, and employees harmless for any and all losses, claims, suits, actions, and liability, including any litigation costs, that arise from any act or omission of Chevron or any of its officers and employees, agents, contractors, assignees, and affiliates relating to the project for which this grant is made regardless of whether the act or omission is related to job creation or other stated purpose of the grant.

f. EXPRESS NEGLIGENCE. THE INDEMNITY SET FORTH IN THIS AGREEMENT IS INTENDED TO BE ENFORCEABLE AGAINST CHEVRON AND ITS SUCCESSORS AND ASSIGNS IN ACCORDANCE WITH THE

EXPRESS TERMS AND SCOPE HEREOF NOTWITHSTANDING TEXAS' EXPRESS NEGLIGENCE RULE OR ANY SIMILAR DIRECTIVE THAT WOULD PROHIBIT OR OTHERWISE LIMIT INDEMNITIES BECAUSE OF THE NEGLIGENCE (WHETHER SOLE, CONCURRENT, ACTIVE OR PASSIVE) OR OTHER FAULT OR STRICT LIABILITY OF THE OOG.

5. DEFAULTS AND REMEDIES

Each of the following acts or omissions of Chevron or occurrences shall constitute an act of default under this Agreement:

a. Failure to Invest and Expand the Facility. If Chevron fails to invest and expand the Facility by December 31, 2017, then the State may terminate the Agreement and require Chevron to immediately repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment, reduced by any funds refunded to the State for failure to meet Job Targets.

b. Failure to pay liquidated damages for job creation. Upon receipt of notice, Chevron shall have forty-five (45) days to pay outstanding damages for job creation. If Chevron does not pay after this period, all amounts that could potentially be claimed for failure to meet job targets shall become due and payable immediately on demand of the State of Texas.

c. Failure to provide verification. If after the end of a calendar year Chevron fails to provide an Annual Compliance Verification by the deadline for that year, OOG may make a good faith estimate, based on information available to OOG, of the Employment Positions at Chevron as of December 31 of that year and, if the estimated Employment Positions fall short of the Job Target, require corresponding liquidated damages in accordance with Section 3.b.ii. above. Chevron will not be eligible to earn Surplus Job Credits for any such year for which it fails to provide an Annual Compliance Verification by the deadline for that year.

d. Failure to comply with Section 2.f. If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

6. GENERAL PROVISIONS

a. Authority. Each party represents that it has obtained all necessary authority to enter into this Agreement.

b. Relationship of Parties and Disclaimer of Liability. The parties will perform their respective obligations under this Agreement as independent contractors and not as agents, employees, partners, joint venturers, or representatives of the other party. Neither party can make representations or commitments that bind the other party. Chevron is not a "governmental body" by virtue of this Agreement or the use of TEF or other funding.

c. Limitation of Liability. In no event will either party be liable to the other party for any indirect, special, punitive, exemplary, incidental or consequential damages. This limitation will apply regardless of whether or not the other party has been advised of the possibility of such

damages. Chevron's total liability under this Agreement shall not exceed the amount of Funds actually received by Chevron plus interest at a rate of 2.2%.

d. Term. The term of this Agreement commences on the Effective Date of the Agreement and continues until January 31, 2023, unless terminated earlier pursuant to the terms of this Agreement.

e. Termination for Cause. Either party may terminate this Agreement for Cause upon thirty (30) days prior written notice to the other party. "Cause" is any failure to perform a material obligation under this Agreement within the specified time, including a material breach of a Funding Condition. This Agreement may not be terminated if the alleged Cause is cured within the specified thirty-day period. The sole remedy for any termination for Cause (and for the "cause" giving rise to the termination) shall be that each party is relieved of its obligation to perform hereunder, however, following termination by the State, Chevron will continue to be obligated to the State for liquidated damages and/or repayment of funds in accordance with applicable provisions of this Agreement.

f. Repayment upon Early Termination. In the event of early termination of the Agreement for Cause or by mutual agreement of the parties, Chevron shall repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

g. Dispute Resolution and Applicable Law.

(i) Informal Meetings. The parties' representatives will meet as needed to implement the terms of this Agreement and will make a good faith attempt to informally resolve any disputes.

(ii) Non-binding Mediation. Except to prevent irreparable harm for which there is no adequate remedy at law, neither party shall file suit to enforce this Agreement without first submitting the dispute to confidential, non-binding mediation before a mediator mutually agreed upon by the parties.

(iii) Applicable Law and Venue. This Agreement is made and entered into in the state of Texas, and this Agreement and all disputes arising out of or relating thereto shall be governed by the laws of the state of Texas, without regard to any otherwise applicable conflict of law rules or requirements.

Chevron agrees that any action, suit, litigation or other proceeding (collectively "litigation") arising out of or in any way relating to this Agreement, or the matters referred to therein, shall be commenced exclusively in the Travis County District Court or the United States District Court for the Western District of Texas, Austin Division, and hereby irrevocably and unconditionally consents to the exclusive jurisdiction of those courts for the purpose of prosecuting and/or defending such litigation. Chevron hereby waives and agrees not to assert by way of motion, as a defense, or otherwise, in any suit, action or proceeding, any claim that (a) Chevron is not personally subject to the jurisdiction of the above-named courts, (b) the suit, action or proceeding is brought in an inconvenient forum or (c) the venue of the suit, action or proceeding is improper.

h. Publicity. Upon request by OOG, Chevron agrees to cooperate fully with OOG to assist in the preparation of any press release or other public disclosure regarding this Agreement.

Chevron agrees to obtain OOG's approval prior to Chevron's issuance of any press release or other public disclosure concerning this Agreement, unless otherwise required by law.

i. No Waiver of Sovereign Immunity. Nothing in this Agreement may be construed to be a waiver of the sovereign immunity of the State to suit.

7. MISCELLANEOUS PROVISIONS

a. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in establishing proof of this Agreement to produce or account for more than one such counterpart.

b. Merger. This document constitutes the final entire agreement between the parties and supersedes any and all prior oral or written communication, representation or agreement relating to the subject matter of this Agreement.

c. Severability. Any term in this Agreement prohibited by, or unlawful or unenforceable under, any applicable law or jurisdiction is void without invalidating the remaining terms of this said Agreement. However, where the provisions of any such applicable law may be waived, they are hereby waived by either party, as the case may be, to the fullest extent permitted by the law, and the affected terms are enforceable in accordance with the parties' original intent.

d. Survival of Promises. Notwithstanding any expiration, termination or cancellation of this Agreement, the rights and obligations pertaining to payment or repayment of funds and/or liquidated damages, confidentiality, disclaimers and limitation of liability, indemnification, and any other provision implying survivability will remain in effect after this Agreement ends.

e. Binding Effect. This Agreement and all terms, provisions and obligations set forth herein shall be binding upon and shall inure to the benefit of the parties and their successors and assigns and shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns and all other state agencies and any other agencies, departments, divisions, governmental entities, public corporations and other entities which shall be successors to each of the parties or which shall succeed to or become obligated to perform or become bound by any of the covenants, agreements or obligations hereunder of each of the parties hereto.

f. Successors and Assigns/Notice. Chevron, or any legal successor thereto or prior assignee thereof, may assign its rights and obligations under this Agreement, including by merger or operation of law, to any legal successor or any person or entity that acquires all or substantially all of its business and operations. In addition, with the prior written consent of the State, which consent shall not be unreasonably withheld, or delayed, Chevron, or any legal successor company thereto or prior assignee thereof, may assign its rights and obligations under this Agreement to any parent or wholly owned subsidiary that it currently has in place or later establishes, if it is constituted as a separate legally recognized business entity. Any such assignment will be made without additional consideration being payable to the State. This Agreement shall survive any sale, change of control or similar transaction involving Chevron, any successor thereto or prior assignee thereof and no such transaction shall require the consent of the State. Chevron shall provide the State written notice of any assignment, sale, change of control or similar transaction pursuant to this section as soon as possible and in no event not later than thirty (30) calendar days following such event.

g. Force Majeure. Neither party shall be required to perform any obligation under this Agreement or be liable or responsible for any loss or damage resulting from its failure to perform so long as performance is delayed by force majeure or acts of God, including but not limited to strikes, lockouts or labor shortages, embargo, riot, war, revolution, terrorism, rebellion, insurrection, flood, natural disaster, or interruption of utilities from external causes.

h. Notice. All notices, requests, demands and other communications will be in writing and will be deemed given and received (i) on the date of delivery when delivered by hand, (ii) on the following business day when sent by confirmed simultaneous telecopy, (iii) on the following business day when sent by receipted overnight courier, or (iv) three (3) business days after deposit in the United States Mail when mailed by registered or certified mail, return receipt requested, first class postage prepaid, as follows:

If to the State to:

TEF Compliance
Compliance and Oversight Division
PO Box 12428
Austin, TX 78711

with a concurrent copy to:

General Counsel
Office of the Governor
P.O. Box 12428
Austin, Texas 78711
Phone: 512-463-1788
Fax: 512-463-1932

If to Chevron to:

Chevron Corporation
6001 Bollinger Canyon Road
San Ramon, CA 94583
Attn: Corporate Real Estate Counsel
Phone: 925-842-4337
Fax: 925-842-2011

with a concurrent copy to:

Manager of State and Local Tax Counsel
Corporate Tax
6001 Bollinger Canyon Rd.
San Ramon, CA 94583
Phone: 925-842-1173

{Signature Page Follows}

The parties have caused this Economic Development Agreement to be executed by their duly authorized representatives to be effective as of the date first specified above.

THE STATE OF TEXAS

**CHEVRON U.S.A. INC., A PENNSYLVANIA
CORPORATION**

BRANDY MARTY
CHIEF OF STAFF
OFFICE OF THE GOVERNOR

BEREKET HAREGOT
VICE-PRESIDENT

EXHIBIT A

LETTER FROM GOVERNOR, LIEUTENANT GOVERNOR AND SPEAKER
APPROVING GRANT TO CHEVRON FROM THE TEXAS ENTERPRISE FUND

Johanna Hopkins

From: Justin Gordon
Sent: Thursday, June 27, 2013 12:24 PM
To: Parish, Mary A.
Cc: Finley, Kenneth (KFIN) (finley.kj81); Baird, Joni E; Pham, Yen T; Jesse Broderick; Johnson, Russell A; Nash, Sandra B; Morisse, Hank
Subject: Re: TEF Agreement - Execution Copy

Thank you very much for taking care of this so quickly. I have forwarded this to our EDT folks and will watch for the hard copies.

If I can be of additional assistance, then please don't hesitate to call.

Justin Gordon

On Jun 26, 2013, at 7:54 PM, "Parish, Mary A." <MAParish@chevron.com> wrote:

Mr. Gordon,

Attached is an execution copy of the TEF Agreement signed on behalf of Chevron U.S.A. Inc. by Bereket Haregot. Two originals of the document will be packaged and sent by overnight mail tomorrow, for receipt on Friday morning.

Once the document has been countersigned on behalf of the State of Texas I would appreciate receiving one fully executed agreement for Chevron's files.

Thank you for your cooperation during these negotiations.

Regards,

Mary A. Parish
Senior Counsel
Corporate, Technology & Services Group

Law Department
Chevron Corporation
6001 Bollinger Canyon Road, V1336A
San Ramon, CA 94583
Telephone: 925\842-4337 Facsimile: 925\842-5361
maparish@chevron.com

This message contains privileged or confidential information; please handle and protect appropriately. If you are the intended recipient, or the person responsible for delivering it to the intended recipient, you are hereby notified that any disclosure, copying, distribution or use of any of the information contained in or attached to this transmission is **STRICTLY PROHIBITED**. If you have received this transmission in error, please notify me immediately, and destroy the original transmission and its attachments without reading them.

<Scanned from a Xerox multifunction device.pdf>

From: Justin Gordon
Sent: Thursday, June 27, 2013 12:22 PM
To: Parish, Mary A.
Cc: Rieboldt, Melinda (rieb); Jesse Broderick; Baird, Joni E
Subject: Re: TEF Agreement - FedEx Delivery

No problem. Please use 512-463-1788.

I will look forward to reviewing your delivery.

Justin Gordon

On Jun 27, 2013, at 11:31 AM, "Parish, Mary A." <MAParish@chevron.com> wrote:

Mr. Gordon,

My Assistant, Melinda Rieboldt, is preparing the FedEx Package for delivery to you of the originals of the TEF agreement executed by Chevron U.S.A. Inc. yesterday afternoon. In order to finish the package she needs a recipient telephone number to put on the FedEx form. I would appreciate if you would provide a contact telephone number so she can finalize and send the package.

Jesse and Joni, If either of you has a contact number which can be used, please forward it to me and Melinda.

Regards,

Mary A. Parish
Senior Counsel
Corporate, Technology & Services Group

Law Department
Chevron Corporation
6001 Bollinger Canyon Road, V1336A
San Ramon, CA 94583
Telephone: 925\842-4337 Facsimile: 925\842-5361
maparish@chevron.com

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Johanna Hopkins

From: Jesse Broderick [jbroderick@sumitcredits.com]
Sent: Wednesday, June 26, 2013 9:21 AM
To: Justin Gordon; Scott Smith
Subject: TEF

Would you please copy Mary and Sandra when you send out the updated TEF? I am getting on a plane this morning for a couple hours and don't want to hold it up.

Maparish@chevron.com
Sandra.nash@chevron.com

Thanks,

Jesse Broderick
Sumit Credits, LLC
(225) 938-8301

Sent via the Samsung Galaxy STMIII, an AT&T 4G LTE smartphone

Johanna Hopkins

From: Parish, Mary A. [MAParish@chevron.com]
Sent: Wednesday, June 26, 2013 7:54 PM
To: Justin Gordon
Cc: Finley, Kenneth (KFIN) (finley.kj81); Baird, Joni E; Pham, Yen T; Jesse Broderick; Johnson, Russell A; Nash, Sandra B; Morisse, Hank
Subject: TEF Agreement - Execution Copy
Attachments: Scanned from a Xerox multifunction device.pdf

Importance: High

Mr. Gordon,

Attached is an execution copy of the TEF Agreement signed on behalf of Chevron U.S.A. Inc. by Bereket Haregot. Two originals of the document will be packaged and sent by overnight mail tomorrow, for receipt on Friday morning.

Once the document has been countersigned on behalf of the State of Texas I would appreciate receiving one fully executed agreement for Chevron's files.

Thank you for your cooperation during these negotiations.

Regards,

Mary A. Parish
Senior Counsel
Corporate, Technology & Services Group

Law Department
Chevron Corporation
6001 Bollinger Canyon Road, V1336A
San Ramon, CA 94583
Telephone: 925\842-4337 Facsimile: 925\842-5361
maparish@chevron.com

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ECONOMIC DEVELOPMENT AGREEMENT

BETWEEN

THE STATE OF TEXAS

AND

CHEVRON U.S.A. INC.

JUNE 25, 2013

THIS AGREEMENT ("Agreement") is by and between the State of Texas (the "State"), acting by and through the Office of Economic Development and Tourism, a division within the Office of the Governor ("OOG"), and Chevron U.S.A. Inc., a Pennsylvania corporation, ("Chevron"). The State and Chevron are hereinafter referred to either individually as the "party," or collectively as the "parties." The Effective Date of this Agreement is June 25, 2013.

RECITALS

WHEREAS, Texas' low taxes, budgetary discipline, reasonable regulations and educated workforce continue to make the state a top location for businesses looking to expand or relocate; and

WHEREAS, Chevron is known for being one of the world's leading integrated energy companies, with subsidiaries that conduct business worldwide in virtually every facet of the energy industry; and

WHEREAS, Chevron employs approximately 61,900 people worldwide with 2012 sales and other operating revenues of approximately \$231 billion; and

WHEREAS, Chevron has proposed expanding its existing operations in Houston, Harris County, Texas; and

WHEREAS, Chevron is proposing to invest approximately \$662 million in the expansion of its existing operations in Houston, Harris County, Texas, and is expected to create at least 1,752 new full-time jobs for Texans, with an average annual payroll of approximately \$193 million; and

WHEREAS, Article III, Section 52-a of the Texas Constitution expressly authorizes the State to use public funds for the public purposes of development and diversification of the economy of the State, the elimination of unemployment or underemployment in the State, or the development of commerce in the State; and

WHEREAS, SB 1771 of the 78th Texas Legislature established the Texas Enterprise Fund ("TEF") to be used with the express written approval of the Governor, Lieutenant Governor, and Speaker of the House of Representatives for economic development, infrastructure development,

community development, job training programs, and business incentives, and the 82nd Texas Legislature reauthorized the TEF for the 2012 and 2013 biennium; and

WHEREAS, the State values Chevron as a distinguished and important corporate citizen, and wishes to receive a commitment that Chevron will expand its existing operations in Texas, and Chevron wishes to provide such a commitment; and

WHEREAS, the Governor, Lieutenant Governor, and Speaker have each approved a grant from the TEF to Chevron, as evidenced in the letter attached as Exhibit A hereto; and

WHEREAS, to ensure that the benefits the State provides under this Agreement are utilized in a manner consistent with Article III, Section 52-a of the Texas Constitution, and other laws, the State requires Chevron to comply with conditions and deliver certain performance as set forth herein, including achieving measurable job creation and retention commitments, in exchange for receiving these benefits; and

WHEREAS, the parties desire to have such proposals set forth in a valid, binding and enforceable agreement; and

WHEREAS, the State believes it is in the best public interest to enter into this Agreement for the reasons set forth above.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual promises herein, the parties agree as follows:

1. STATE OF TEXAS COMMITMENT

Grant of Funds from the Texas Enterprise Fund. The State agrees to pay cash from the Texas Enterprise Fund to Chevron in the amount of Twelve Million Dollars (\$12,000,000) (the "Funds") as follows:

- (i) **First Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "First Payment") within thirty days following the execution of this Agreement, provided that the following accounting documents required for disbursement have been provided in acceptable form to the State: Request for Taxpayer Identification Number and Certification; Texas Application for Payee Identification Number; and Vendor Direct Deposit Authorization.
- (ii) **Second Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "Second Payment") within thirty days following receipt from Chevron of reasonable evidence of creating at least Four Hundred Fifty-Five (455) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.
- (iii) **Third Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million

Dollars (\$3,000,000) (the “Third Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Two Hundred Twenty-Seven (1,227) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

- (iv) **Fourth Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “Fourth Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

2. CHEVRON FUNDING CONDITIONS

Chevron must meet all of the following “Funding Conditions”, or will be subject to liquidated damages and/or repayment in accordance with the Agreement. The Funding Conditions are as follows:

a. Expanding Chevron Operations. Chevron commits to expanding its operations in downtown Houston, Harris County, which currently consist of owned buildings at 1400 Smith St., Houston, Harris County and 1500 Louisiana Street, Houston, Harris County, and leased spaces in the vicinity, by one or more of the following actions: (i) constructing a new multi-story office building at 1600 Louisiana Street, in Houston, Harris County, Texas, (ii) leasing and occupying additional office space in downtown Houston, Harris County, or (iii) expanding the use of its existing owned office buildings (as expanded, the “Facility”). The Facility shall be open and operational by December 31, 2017.

b. Job Target. Chevron commits to meeting a job target of (i) creating a total of at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions by December 31, 2020, in total at the Facility and of (ii) maintaining these Employment Positions through December 31, 2022 (collectively, the “Job Target”). Chevron also commits to the following job creation schedule:

- (i) One Hundred Forty-Four Employment Positions by December 31, 2013;
- (ii) One Hundred Fifty-Four additional Employment Positions (298 total) on December 31, 2014;
- (iii) One Hundred Fifty-Seven additional Employment Positions (455 total) on December 31, 2015;
- (iv) One Hundred Fifty-Seven additional Employment Positions (612 total) on December 31, 2016;
- (v) Six Hundred Fifteen additional Employment Positions (1,227 total) on December 31, 2017;
- (vi) One Hundred Seventy-Five additional Employment Positions (1,402 total) on December 31, 2018;
- (vii) One Hundred Seventy-Five additional Employment Positions (1,577 total) on December 31, 2019;
- (viii) One Hundred Seventy-Five additional Employment Positions (1,752 total) on December 31, 2020.

Jobs will only be counted as Employment Positions for purposes of this Agreement if they are above the total number of employment positions with Chevron's operations, in Texas (the "Threshold"). The parties agree that for purposes of this Agreement, the Threshold shall be Eight Thousand Two Hundred Forty Three (8,243).

c. Employment Positions. For the purposes of this Agreement, "Employment Positions" shall be defined as jobs meeting all of the following criteria:

- (i) New full-time employment positions with Chevron at the Facility; and
- (ii) With an average annual gross compensation (excluding benefits) each year of at least:

- (A) \$110,000 for 2013;
- (B) \$112,200 for 2014;
- (C) \$114,444 for 2015;
- (D) \$116,733 for 2016;
- (E) \$119,068 for 2017;
- (F) \$121,449 for 2018;
- (G) \$123,878 for 2019;
- (H) \$126,355 for 2020;
- (I) \$128,883 for 2021;
- (J) \$131,460 for 2022.

- (iii) Unless specifically provided by this Agreement, no jobs created by Chevron subsidiaries, affiliates, contractors, or any other party not identified in this Agreement constitute Employment Positions.

d. Annual Compliance Verification. Beginning in January 2014, and continuing every year thereafter through January 2023, each year by January 31 Chevron must deliver to OOG a compliance verification signed by a duly authorized representative of Chevron that shall certify the number of and generally describe the Employment Positions existing as of December 31 of the year preceding and provide the median wage for all Employment Positions (the "Annual Compliance Verification"). There will be a total of Ten (10) Annual Compliance Verifications due, covering jobs created and maintained in years 2013 through 2022. All Annual Compliance Verifications shall be in a form reasonably satisfactory to OOG and shall provide appropriate back-up data for the Employment Position numbers provided and for the Threshold. In addition, Chevron must submit each year a copy of the Annual Compliance Verification to the Office of the Lieutenant Governor and the Office of the Speaker of the House of Representatives at the addresses listed below.

Lt. Governor of Texas
P.O. Box 12068
Austin, Texas 78711

Speaker of the House of Representatives of Texas
P.O. Box 2910
Austin, TX 78768

e. Certification of Good Standing/Delinquent Taxes. By execution of this Agreement, Chevron certifies that it is in good standing under the laws of the State in which it was formed or organized, and has provided the State sufficient evidence of such. In addition, Chevron certifies that it owes no delinquent taxes to any taxing unit of this State at the time of execution of this Agreement.

f. Certification Relating to Undocumented Workers. By execution of this Agreement, Chevron, including any branch, division, and department of Chevron, certifies that it does not and will not knowingly employ an undocumented worker (as defined by Texas Government Code Section 2264.001(4)). If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

3. LIQUIDATED DAMAGES

a. Failure to Meet 2013 “Floor” Job Target. If Chevron’s first Annual Compliance Verification demonstrates that it has failed to create and maintain at least Seventy-Two (72) Employment Positions as of December 31, 2013, the State may terminate the Agreement and require Chevron to repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

b. Job Target. As set forth in Section 2 above, annually during the term of this Agreement through 2023 Chevron must deliver to OOG an Annual Compliance Verification demonstrating that it has met the Job Target for the year just ended. The consequences to Chevron of satisfying, failing to satisfy, or exceeding the Job Target are as follows:

(i) Compliance with Job Target. If Chevron has met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then Chevron will be deemed to have met its obligations for such preceding year and no liquidated damages will be due.

(ii) Failure to Meet Job Target. If Chevron has not met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then OOG may require Chevron to pay liquidated damages in the amount of One Thousand Six Hundred Ten Dollars (\$1,610) per job for every Employment Position by which it is short that year.

(iii) Exceeding Job Target. If an Annual Compliance Verification filed by Chevron demonstrates that it has exceeded the job target for that year, then Chevron will be deemed to have exceeded its obligations, and will receive a “Surplus Job Credit” for each extra Employment Position that it has maintained above the job target for that year. Chevron may utilize any earned Surplus Job Credits in following years as follows:

A. Chevron may expend a Surplus Job Credit in lieu of paying liquidated damages in the amount of \$1,610 per job (for example, if Chevron owes liquidated damages in the amount of \$161,000 for 100 Employment Positions lacking in a particular year, Chevron may discharge completely or reduce this amount by expending up to 100 Surplus Job Credits it has earned in prior years); or

B. Chevron may apply any Surplus Job Credits toward meeting the remaining Job Target for future years, such that if Chevron accumulates enough Surplus Job Credits it will be deemed to have fulfilled all of its obligations under the Agreement, and will be released from the Agreement early (for example, if Chevron has accumulated at least One Thousand Seven Hundred Fifty-Two (1,752) Surplus Job Credits by December 31, 2021, then it may apply these

Surplus Job Credits forward to fulfill its Job Target for 2022, and may thereby fulfill its obligations and be released from the Agreement one year early).

4. CHEVRON ADDITIONAL COMMITMENTS

a. OOG Audit Rights.

(i) **Duty to Maintain Records.** Chevron shall maintain adequate records to support its charges, procedures and performances to OOG for all work related to this Agreement. Chevron also shall maintain such records as are deemed necessary by the OOG and auditors of the State of Texas or United States, or such other persons or entities designated by the OOG, to ensure proper accounting for all costs and performances related to this Agreement.

(ii) **Records Retention.** Chevron shall maintain and retain for a period of four (4) years after the submission of the final Annual Compliance Verification, or until full and final resolution of all audit or litigation matters which arise after the expiration of the four (4) year period after the submission of the final Annual Compliance Verification, whichever time period is longer, such records as are necessary to fully disclose the extent of services provided under this Agreement, including but not limited to any daily activity reports and time distribution and attendance records, and other records which may show the basis for the calculation of full time positions.

(iii) **Audit Trails.** Appropriate audit trails shall be maintained by Chevron to provide accountability for updates and changes to automated personnel and financial systems. Audit trails maintained by Chevron will, at a minimum, identify the changes made, the individual making the change and the date the change was made. An adequate history of transactions shall be maintained by Chevron to permit an audit of the system by tracing the activities of individuals through the system. Chevron's automated systems must provide the means whereby authorized personnel have the ability to audit and establish individual accountability for any action that can potentially cause access to, generation of, or modification of information related to the performances of this Agreement. Chevron agrees that Chevron's failure to maintain adequate audit trails and corresponding documentation shall create a rebuttable presumption that the performances were not performed.

(iv) **Access.** Chevron shall grant access to all paper and electronic records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement to OOG and auditors of the State of Texas, or such other persons or entities designated by OOG for the purposes of inspecting, auditing, or copying such books and records. All records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement shall be subject to examination or audit by the OOG and auditors of the State of Texas, or such other persons or entities designated by the OOG in accordance with all applicable state and federal laws, regulations or directives. Chevron will direct any subcontractor with whom it has established a contractual relationship to discharge Chevron's obligations to likewise permit access to, inspection of, and reproduction of all books and records of Chevron's subcontractor(s) which pertain to this Agreement.

(v) **Location.** Any such audit shall be conducted during Chevron's normal business hours at a Chevron location chosen by OOG and at OOG's expense, provided all costs incurred by OOG in conducting any such audit shall be reimbursed by Chevron in the event such audit reveals a material discrepancy in any Chevron reporting of compliance as required by the Agreement.

(vi) **Reimbursement.** If any audit or examination reveals that Chevron's reports for the audited period are not accurate in the calculation of the Job Target for such period, Chevron shall promptly reimburse the OOG for the liquidated damages amount(s) in accordance with section 3.b.ii.

(vii) **Corrective Action Plan.** If any audit reveals any discrepancies or inadequacies which are necessary in order to maintain compliance with this Agreement, applicable laws, regulations, or Chevron's obligations hereunder, Chevron agrees within thirty (30) calendar days after Chevron's receipt of the audit findings, to propose and submit to OOG a corrective action plan to correct such discrepancies or inadequacies subject to the approval of the OOG. Chevron further agrees to complete the corrective action approved by OOG within thirty (30) calendar days after OOG approves Chevron's corrective action plan, at the sole cost of Chevron.

(viii) **Reports.** Chevron shall provide to OOG periodic status reports in accordance with OOG's audit procedures regarding Chevron's resolution of any audit-related compliance activity for which Chevron is responsible.

b. Economic Impact Reports; Periodic Progress Briefings. In a manner consistent with the need to protect privacy and the intellectual property of Chevron and third parties, Chevron will provide periodic briefings as reasonably requested by OOG on the general activities, economic impact and progress of the new project development and business operations in Texas.

c. Use and Retention of Texas Suppliers. Chevron will use reasonable efforts to use qualified Texas-based suppliers to provide products and services under this Agreement, provided however, Chevron may in its sole discretion select suppliers and contractors based on program needs, scientific criteria, and industry standards.

d. Financial Information. Chevron will furnish to OOG on an annual basis by April 30, of each year throughout the term of the Agreement, information regarding the general business status, market and general summary financial updates regarding Chevron. Such financial information shall be in a form reasonably satisfactory to OOG.

e. Indemnity and Hold Harmless. Chevron agrees to indemnify and hold the State, the maker of this grant, and its agents, officers, and employees harmless for any and all losses, claims, suits, actions, and liability, including any litigation costs, that arise from any act or omission of Chevron or any of its officers and employees, agents, contractors, assignees, and affiliates relating to the project for which this grant is made regardless of whether the act or omission is related to job creation or other stated purpose of the grant.

f. EXPRESS NEGLIGENCE. THE INDEMNITY SET FORTH IN THIS AGREEMENT IS INTENDED TO BE ENFORCEABLE AGAINST CHEVRON AND ITS SUCCESSORS AND ASSIGNS IN ACCORDANCE WITH THE

EXPRESS TERMS AND SCOPE HEREOF NOTWITHSTANDING TEXAS' EXPRESS NEGLIGENCE RULE OR ANY SIMILAR DIRECTIVE THAT WOULD PROHIBIT OR OTHERWISE LIMIT INDEMNITIES BECAUSE OF THE NEGLIGENCE (WHETHER SOLE, CONCURRENT, ACTIVE OR PASSIVE) OR OTHER FAULT OR STRICT LIABILITY OF THE OOG.

5. DEFAULTS AND REMEDIES

Each of the following acts or omissions of Chevron or occurrences shall constitute an act of default under this Agreement:

a. Failure to Invest and Expand the Facility. If Chevron fails to invest and expand the Facility by December 31, 2017, then the State may terminate the Agreement and require Chevron to immediately repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment, reduced by any funds refunded to the State for failure to meet Job Targets.

b. Failure to pay liquidated damages for job creation. Upon receipt of notice, Chevron shall have forty-five (45) days to pay outstanding damages for job creation. If Chevron does not pay after this period, all amounts that could potentially be claimed for failure to meet job targets shall become due and payable immediately on demand of the State of Texas.

c. Failure to provide verification. If after the end of a calendar year Chevron fails to provide an Annual Compliance Verification by the deadline for that year, OOG may make a good faith estimate, based on information available to OOG, of the Employment Positions at Chevron as of December 31 of that year and, if the estimated Employment Positions fall short of the Job Target, require corresponding liquidated damages in accordance with Section 3.b.ii. above. Chevron will not be eligible to earn Surplus Job Credits for any such year for which it fails to provide an Annual Compliance Verification by the deadline for that year.

d. Failure to comply with Section 2.f. If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

6. GENERAL PROVISIONS

a. Authority. Each party represents that it has obtained all necessary authority to enter into this Agreement.

b. Relationship of Parties and Disclaimer of Liability. The parties will perform their respective obligations under this Agreement as independent contractors and not as agents, employees, partners, joint venturers, or representatives of the other party. Neither party can make representations or commitments that bind the other party. Chevron is not a "governmental body" by virtue of this Agreement or the use of TEF or other funding.

c. Limitation of Liability. In no event will either party be liable to the other party for any indirect, special, punitive, exemplary, incidental or consequential damages. This limitation will apply regardless of whether or not the other party has been advised of the possibility of such

damages. Chevron's total liability under this Agreement shall not exceed the amount of Funds actually received by Chevron plus interest at a rate of 2.2%.

d. Term. The term of this Agreement commences on the Effective Date of the Agreement and continues until January 31, 2023, unless terminated earlier pursuant to the terms of this Agreement.

e. Termination for Cause. Either party may terminate this Agreement for Cause upon thirty (30) days prior written notice to the other party. "Cause" is any failure to perform a material obligation under this Agreement within the specified time, including a material breach of a Funding Condition. This Agreement may not be terminated if the alleged Cause is cured within the specified thirty-day period. The sole remedy for any termination for Cause (and for the "cause" giving rise to the termination) shall be that each party is relieved of its obligation to perform hereunder, however, following termination by the State, Chevron will continue to be obligated to the State for liquidated damages and/or repayment of funds in accordance with applicable provisions of this Agreement.

f. Repayment upon Early Termination. In the event of early termination of the Agreement for Cause or by mutual agreement of the parties, Chevron shall repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

g. Dispute Resolution and Applicable Law.

(i) **Informal Meetings.** The parties' representatives will meet as needed to implement the terms of this Agreement and will make a good faith attempt to informally resolve any disputes.

(ii) **Non-binding Mediation.** Except to prevent irreparable harm for which there is no adequate remedy at law, neither party shall file suit to enforce this Agreement without first submitting the dispute to confidential, non-binding mediation before a mediator mutually agreed upon by the parties.

(iii) **Applicable Law and Venue.** This Agreement is made and entered into in the state of Texas, and this Agreement and all disputes arising out of or relating thereto shall be governed by the laws of the state of Texas, without regard to any otherwise applicable conflict of law rules or requirements.

Chevron agrees that any action, suit, litigation or other proceeding (collectively "litigation") arising out of or in any way relating to this Agreement, or the matters referred to therein, shall be commenced exclusively in the Travis County District Court or the United States District Court for the Western District of Texas, Austin Division, and hereby irrevocably and unconditionally consents to the exclusive jurisdiction of those courts for the purpose of prosecuting and/or defending such litigation. Chevron hereby waives and agrees not to assert by way of motion, as a defense, or otherwise, in any suit, action or proceeding, any claim that (a) Chevron is not personally subject to the jurisdiction of the above-named courts, (b) the suit, action or proceeding is brought in an inconvenient forum or (c) the venue of the suit, action or proceeding is improper.

h. Publicity. Upon request by OOG, Chevron agrees to cooperate fully with OOG to assist in the preparation of any press release or other public disclosure regarding this Agreement.

Chevron agrees to obtain OOG's approval prior to Chevron's issuance of any press release or other public disclosure concerning this Agreement, unless otherwise required by law.

i. No Waiver of Sovereign Immunity. Nothing in this Agreement may be construed to be a waiver of the sovereign immunity of the State to suit.

7. MISCELLANEOUS PROVISIONS

a. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in establishing proof of this Agreement to produce or account for more than one such counterpart.

b. Merger. This document constitutes the final entire agreement between the parties and supersedes any and all prior oral or written communication, representation or agreement relating to the subject matter of this Agreement.

c. Severability. Any term in this Agreement prohibited by, or unlawful or unenforceable under, any applicable law or jurisdiction is void without invalidating the remaining terms of this said Agreement. However, where the provisions of any such applicable law may be waived, they are hereby waived by either party, as the case may be, to the fullest extent permitted by the law, and the affected terms are enforceable in accordance with the parties' original intent.

d. Survival of Promises. Notwithstanding any expiration, termination or cancellation of this Agreement, the rights and obligations pertaining to payment or repayment of funds and/or liquidated damages, confidentiality, disclaimers and limitation of liability, indemnification, and any other provision implying survivability will remain in effect after this Agreement ends.

e. Binding Effect. This Agreement and all terms, provisions and obligations set forth herein shall be binding upon and shall inure to the benefit of the parties and their successors and assigns and shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns and all other state agencies and any other agencies, departments, divisions, governmental entities, public corporations and other entities which shall be successors to each of the parties or which shall succeed to or become obligated to perform or become bound by any of the covenants, agreements or obligations hereunder of each of the parties hereto.

f. Successors and Assigns/Notice. Chevron, or any legal successor thereto or prior assignee thereof, may assign its rights and obligations under this Agreement, including by merger or operation of law, to any legal successor or any person or entity that acquires all or substantially all of its business and operations. In addition, with the prior written consent of the State, which consent shall not be unreasonably withheld, or delayed, Chevron, or any legal successor company thereto or prior assignee thereof, may assign its rights and obligations under this Agreement to any parent or wholly owned subsidiary that it currently has in place or later establishes, if it is constituted as a separate legally recognized business entity. Any such assignment will be made without additional consideration being payable to the State. This Agreement shall survive any sale, change of control or similar transaction involving Chevron, any successor thereto or prior assignee thereof and no such transaction shall require the consent of the State. Chevron shall provide the State written notice of any assignment, sale, change of control or similar transaction pursuant to this section as soon as possible and in no event not later than thirty (30) calendar days following such event.

g. Force Majeure. Neither party shall be required to perform any obligation under this Agreement or be liable or responsible for any loss or damage resulting from its failure to perform so long as performance is delayed by force majeure or acts of God, including but not limited to strikes, lockouts or labor shortages, embargo, riot, war, revolution, terrorism, rebellion, insurrection, flood, natural disaster, or interruption of utilities from external causes.

h. Notice. All notices, requests, demands and other communications will be in writing and will be deemed given and received (i) on the date of delivery when delivered by hand, (ii) on the following business day when sent by confirmed simultaneous telecopy, (iii) on the following business day when sent by receipted overnight courier, or (iv) three (3) business days after deposit in the United States Mail when mailed by registered or certified mail, return receipt requested, first class postage prepaid, as follows:

If to the State to:

TEF Compliance
Compliance and Oversight Division
PO Box 12428
Austin, TX 78711

with a concurrent copy to:

General Counsel
Office of the Governor
P.O. Box 12428
Austin, Texas 78711
Phone: 512-463-1788
Fax: 512-463-1932

If to Chevron to:

Chevron Corporation
6001 Bollinger Canyon Road
San Ramon, CA 94583
Attn: Corporate Real Estate Counsel
Phone: 925-842-4337
Fax: 925-842-2011

with a concurrent copy to:

Manager of State and Local Tax Counsel
Corporate Tax
6001 Bollinger Canyon Rd.
San Ramon, CA 94583
Phone: 925-842-1173

{Signature Page Follows}

The parties have caused this Economic Development Agreement to be executed by their duly authorized representatives to be effective as of the date first specified above.

THE STATE OF TEXAS

CHEVRON U.S.A. INC., A PENNSYLVANIA CORPORATION

BRANDY MARTY
CHIEF OF STAFF
OFFICE OF THE GOVERNOR

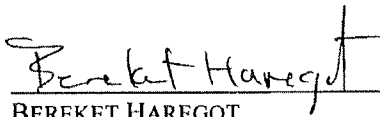

BEREKET HAREGOT
VICE-PRESIDENT

EXHIBIT A

LETTER FROM GOVERNOR, LIEUTENANT GOVERNOR AND SPEAKER
APPROVING GRANT TO CHEVRON FROM THE TEXAS ENTERPRISE FUND



STATE OF TEXAS

DAVID DEWHURST
LIEUTENANT GOVERNOR
P.O. Box 12068
AUSTIN, TEXAS 78711-2068
(512) 463-0001

RICK PERRY
GOVERNOR
P.O. Box 12428
AUSTIN, TEXAS 78711-2428
(512) 463-2000

JOE STRAUS
SPEAKER OF THE HOUSE
P.O. Box 2910
AUSTIN, TEXAS 78768-2910
(512) 463-3000

June 5, 2013

Mr. Charles Johnson
Assistant Secretary
Chevron U.S.A. Inc.
1400 Smith Street, Suite 06016
Houston, Texas 77002

Dear Mr. Johnson:

The State of Texas is honored that Chevron U.S.A. Inc. is considering making investments and creating jobs in our state. We are confident that you will find Texas to be an ideal location, and we are working with community leaders in Houston to promote your success.

During the 78th Legislative Session, the Texas Enterprise Fund was created as a tool to bring jobs to Texas. Allocations from the Texas Enterprise Fund support the creation of quality jobs and leverage private investment for activities that will strengthen the economic future of the state.

We welcome your investment in our state and are prepared to allocate \$12,000,000 to Chevron U.S.A. Inc., contingent upon execution of a formal Economic Development Agreement to be negotiated. This offer by the State of Texas may be rescinded if a finalized Economic Development Agreement is not executed by all applicable parties within six months of the date of this letter.

The State of Texas is pleased to provide this incentive for economic development purposes. We look forward to working with you to help this project achieve its objectives.

Sincerely,

Rick Perry
Rick Perry
Governor

David Dewhurst
David Dewhurst
Lieutenant Governor

Joe Straus
Joe Straus
Speaker of the House

cc: Mr. Fred Welch, Vice President, Regional Economic Development, Greater Houston Partnership

From: Parish, Mary A. [MAParish@chevron.com]
Sent: Thursday, June 27, 2013 11:32 AM
To: Justin Gordon
Cc: Rieboldt, Melinda (rieb); Jesse Broderick; Baird, Joni E
Subject: TEF Agreement - FedEx Delivery

Importance: High

Mr. Gordon,

My Assistant, Melinda Rieboldt, is preparing the FedEx Package for delivery to you of the originals of the TEF agreement executed by Chevron U.S.A. Inc. yesterday afternoon. In order to finish the package she needs a recipient telephone number to put on the FedEx form. I would appreciate if you would provide a contact telephone number so she can finalize and send the package.

Jesse and Joni, If either of you has a contact number which can be used, please forward it to me and Melinda.

Regards,

Mary A. Parish
Senior Counsel
Corporate, Technology & Services Group

Law Department
Chevron Corporation
6001 Bollinger Canyon Road, V1336A
San Ramon, CA 94583
Telephone: 925\842-4337 Facsimile: 925\842-5361
maparish@chevron.com

This message contains privileged or confidential information; please handle and protect appropriately. If you are the intended recipient, or the person responsible for delivering it to the intended recipient, you are hereby notified that any disclosure, copying, distribution or use of any of the information contained in or attached to this transmission is **STRICTLY PROHIBITED**. If you have received this transmission in error, please notify me immediately, and destroy the original transmission and its attachments without reading them.

ECONOMIC DEVELOPMENT AGREEMENT

BETWEEN

THE STATE OF TEXAS

AND

CHEVRON U.S.A. INC.

MONTH XX, 2013

THIS AGREEMENT ("Agreement") is by and between the State of Texas (the "State"), acting by and through the Office of Economic Development and Tourism, a division within the Office of the Governor ("OOG"), and Chevron U.S.A. Inc., a Pennsylvania company, ("Chevron"). The State and Chevron are hereinafter referred to either individually as the "party," or collectively as the "parties." The Effective Date of this Agreement is _____, 2013.

RECITALS

WHEREAS, Texas' low taxes, budgetary discipline, reasonable regulations and educated workforce continue to make the state a top location for businesses looking to expand or relocate; and

WHEREAS, Chevron is known for being one of the world's leading integrated energy companies, ~~with subsidiaries that conduct business worldwide in virtually every facet of the energy industry;~~ and

WHEREAS, Chevron employs ~~approximately 61,900~~ approximately 61,900 people ~~throughout the United States worldwide with 2012 sales and other operating revenues~~ annual revenues of approximately ~~\$231 million;~~ \$231 billion; and

WHEREAS, Chevron has proposed expanding its existing operations in Houston, Harris County, Texas; and

WHEREAS, ~~the new facility will involve~~ Chevron ~~is proposing to invest~~ investing approximately \$662 million ~~in the expansion of its existing operations an additional facility in Houston, Harris County,~~ Texas, and is expected to create at least 1,752 new full-time jobs for Texans, with an average annual payroll of approximately \$193 million; and

WHEREAS, Article III, Section 52-a of the Texas Constitution expressly authorizes the State to use public funds for the public purposes of development and diversification of the economy of the State, the elimination of unemployment or underemployment in the State, or the development of commerce in the State; and

WHEREAS, SB 1771 of the 78th Texas Legislature established the Texas Enterprise Fund ("TEF") to be used with the express written approval of the Governor, Lieutenant Governor, and Speaker

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of the House of Representatives for economic development, infrastructure development, community development, job training programs, and business incentives, and the 82nd Texas Legislature reauthorized the TEF for the 2012 and 2013 biennium; and

WHEREAS, the State values Chevron as a distinguished and important corporate citizen, and wishes to receive a commitment that Chevron will expand its existing operations in Texas, and Chevron wishes to provide such a commitment; and

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WHEREAS, the Governor, Lieutenant Governor, and Speaker have each approved a grant from the TEF to Chevron, as evidenced in the letter attached as Exhibit A hereto; and

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WHEREAS, to ensure that the benefits the State provides under this Agreement are utilized in a manner consistent with Article III, Section 52-a of the Texas Constitution, and other laws, the State requires Chevron to comply with conditions and deliver certain performance as set forth herein, including achieving measurable job creation and retention commitments, in exchange for receiving these benefits; and

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WHEREAS, the parties desire to have such proposals set forth in a valid, binding and enforceable agreement; and

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WHEREAS, the State believes it is in the best public interest to enter into this Agreement for the reasons set forth above.

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AGREEMENTS

NOW, THEREFORE, in consideration of the mutual promises herein, the parties agree as follows:

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1. STATE OF TEXAS COMMITMENT

Grant of Funds from the Texas Enterprise Fund. The State agrees to pay cash from the Texas Enterprise Fund to Chevron in the amount of Twelve Million Dollars (\$12,000,000) (the "Funds") as follows:

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(i) **First Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "First Payment") within thirty days following the execution of this Agreement, provided that the following accounting documents required for disbursement have been provided in acceptable form to the State: Request for Taxpayer Identification Number and Certification; Texas Application for Payee Identification Number; and Vendor Direct Deposit Authorization.

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(ii) **Second Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "Second Payment") within thirty days following receipt from Chevron of reasonable evidence of creating at least Four Hundred Fifty-Five (455) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

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(iii) **Third Grant Payment from the Texas Enterprise Fund.** The State shall pay

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cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "Third Payment") within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Two Hundred Twenty-Seven (1,227) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

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- (iv) **Fourth Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "Fourth Payment") within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

2. CHEVRON FUNDING CONDITIONS

Chevron must meet all of the following "Funding Conditions", or will be subject to liquidated damages and/or repayment in accordance with the Agreement. The Funding Conditions are as follows:

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a. Expanding Chevron Operations. Chevron commits to expanding ~~operations at its business locations operations in downtown~~ Houston, Harris County ~~which currently includes consist of its owned buildings at 1400 Smith St., Houston, Harris County and 1500 Louisiana St., Houston, Harris County, and leased spaces in the vicinity, (the "Campus") campus (the "Facility")~~ by one or more of the following actions: (i) ~~possibly~~ constructing a new multi-story office building at 1600 Louisiana St., in Houston, Harris County, Texas, (ii) ~~leasing and occupying additional office space in downtown Houston, Harris County, or (iii) expanding the use of its existing owned office buildings (as expanded, the "CampusFacility") Campus (the "Facility")~~ use of existing facilities at 1500 Louisiana St. and 1400 Smith St., Houston, Harris County. The ~~Facility~~ **CampusFacility**, shall be open and operational by December 31, 2017.

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b. Job Target. Chevron commits to meeting a job target of (i) creating a total of at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions by December 31, 2020, ~~in total at the Campus Campus and Facility and Facility and~~ of (ii) maintaining these Employment Positions through December 31, 2022 (collectively, the "Job Target"). Chevron also commits to the following job creation schedule:

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- (i) ~~One Hundred Forty-Four~~ Employment Positions by December 31, 2013;
- (ii) ~~One Hundred Fifty-Four~~ additional Employment Positions (298 total) on December 31, 2014;
- (iii) ~~One Hundred Fifty-Seven~~ additional Employment Positions (455 total) on December 31, 2015;
- (iv) ~~One Hundred Fifty-Seven~~ additional Employment Positions (612 total) on December 31, 2016;
- (v) ~~Six Hundred Fifteen~~ additional Employment Positions (1,227 total) on December 31, 2017;
- (vi) ~~One Hundred Seventy-Five~~ additional Employment Positions (1,402 total) on December 31, 2018;
- (vii) ~~One Hundred Seventy-Five~~ additional Employment Positions (1,577 total) on December 31, 2019;

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(viii) One Hundred Seventy-Five additional Employment Positions (1,752 total) on December 31, 2020.

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Jobs will only be counted as Employment Positions for purposes of this Agreement if they are above the total number of employment positions with Chevron's operations, in Texas at the time this Agreement is executed (the "Threshold"). The parties agree that for purposes of this Agreement, the Threshold shall be Nine-Eight Thousand Four-Two Hundred hundred Forty-Five-Nine-Three (9,459,243).

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c. Employment Positions. For the purposes of this Agreement, "Employment Positions" shall be defined as jobs meeting all of the following criteria:

(i) New full-time employment positions with Chevron at the CampusFacilityCampus and the FacilityFacility; and

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(ii) With an average annual gross compensation (excluding benefits) each year of at least:

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(A) \$110,000 for 2013;

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(B) \$112,200 for 2014;

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(C) \$114,444 for 2015;

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(D) \$116,733 for 2016;

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(E) \$119,068 for 2017;

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(F) \$121,449 for 2018;

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(G) \$123,878 for 2019;

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(H) \$126,355 for 2020;

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(I) \$128,883 for 2021;

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(J) \$131,460 for 2022.

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(iii) Unless specifically provided by this Agreement, no jobs created by Chevron subsidiaries, affiliates, contractors, or any other party not identified in this Agreement constitute Employment Positions.

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d. Annual Compliance Verification. Beginning in January 2014, and continuing every year thereafter through January 2023, each year by January 31 Chevron must deliver to OOG a compliance verification signed by a duly authorized representative of Chevron that shall certify the number of and generally describe the Employment Positions existing as of December 31 of the year preceding and provide the median wage for all Employment Positions (the "Annual Compliance Verification"). There will be a total of Ten (10) Annual Compliance Verifications due, covering jobs created and maintained in years 2013 through 2022. All Annual Compliance Verifications shall be in a form reasonably satisfactory to OOG and shall provide appropriate back-up data for the Employment Position numbers provided and for the Threshold. In addition, Chevron must submit each year a copy of the Annual Compliance Verification to the Office of the Lieutenant Governor and the Office of the Speaker of the House of Representatives at the addresses listed below.

Lt. Governor of Texas
P.O. Box 12068
Austin, Texas 78711

Speaker of the House of Representatives of Texas
P.O. Box 2910
Austin, TX 78768

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e. Certification of Good Standing/Delinquent Taxes. By execution of this Agreement, Chevron certifies that it is in good standing under the laws of the State in which it was formed or organized, and has provided the State sufficient evidence of such. In addition, Chevron certifies that it owes no delinquent taxes to any taxing unit of this State at the time of execution of this Agreement.

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f. Certification relating to undocumented workers. By execution of this Agreement, Chevron, including any branch, division, and department of Chevron, certifies that it does not and will not knowingly employ an undocumented worker (as defined by Texas Government Code Section 2264.001(4)). If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

3. LIQUIDATED DAMAGES

a. Failure to Meet 2013 “Floor” Job Target. If Chevron’s first Annual Compliance Verification demonstrates that it has failed to create and maintain at least Seventy-Two (72) Employment Positions as of December 31, 2013, the State may terminate the Agreement and require Chevron to repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

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b. Job Target. As set forth in Section 2 above, annually during the term of this Agreement through 2023 Chevron must deliver to OOG an Annual Compliance Verification demonstrating that it has met the Job Target for the year just ended. The consequences to Chevron of satisfying, failing to satisfy, or exceeding the Job Target are as follows:

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(i) Compliance with Job Target. If Chevron has met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then Chevron will be deemed to have met its obligations for such preceding year and no liquidated damages will be due.

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(ii) Failure to Meet Job Target. ~~Except as provided in Section 3(a).~~ If Chevron has not met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then OOG may require Chevron to pay liquidated damages in the amount of One Thousand Six Hundred Ten Dollars (\$1,610) per job for every Employment Position by which it is short that year.

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(iii) Exceeding Job Target. If an Annual Compliance Verification filed by Chevron demonstrates that it has exceeded the job target for that year, then Chevron will be deemed to have exceeded its obligations, and will receive a “Surplus Job Credit” for each extra Employment Position that it has maintained above the job target for that year. Chevron may utilize any earned Surplus Job Credits in following years as follows:

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A. Chevron may expend a Surplus Job Credit in lieu of paying liquidated damages in the amount of \$1,610 per job (for example, if Chevron owes liquidated damages in the amount of \$161,000 for 100 Employment Positions lacking in a particular year, Chevron may discharge completely or reduce this amount by expending up to 100 Surplus Job Credits it has earned in prior years); or

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B. Chevron may apply any Surplus Job Credits toward meeting the remaining Job Target for future years, such that if Chevron accumulates enough Surplus Job Credits it will be deemed to have fulfilled all of its obligations under the Agreement, and will be released from the Agreement early (for example, if Chevron has accumulated at least One Thousand Seven Hundred Fifty-Two (1,752) Surplus Job Credits by December 31, 2021, then it may apply these Surplus Job Credits forward to fulfill its Job Target for 2022, and may thereby fulfill its obligations and be released from the Agreement one year early).

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4. CHEVRON ADDITIONAL COMMITMENTS

a. OOG Audit Rights.

(i) **Duty to Maintain Records.** Chevron shall maintain adequate records to support its charges, procedures and performances to OOG for all work related to this Agreement. Chevron also shall maintain such records as are deemed necessary by the OOG and auditors of the State of Texas or United States, or such other persons or entities designated by the OOG, to ensure proper accounting for all costs and performances related to this Agreement.

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(ii) **Records Retention.** Chevron shall maintain and retain for a period of four (4) years after the submission of the final Annual Compliance Verification, or until full and final resolution of all audit or litigation matters which arise after the expiration of the four (4) year period after the submission of the final Annual Compliance Verification, whichever time period is longer, such records as are necessary to fully disclose the extent of services provided under this Agreement, including but not limited to any daily activity reports and time distribution and attendance records, and other records which may show the basis for the calculation of full time positions.

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(iii) **Audit Trails.** Appropriate audit trails shall be maintained by Chevron to provide accountability for updates and changes to automated personnel and financial systems. Audit trails maintained by Chevron will, at a minimum, identify the changes made, the individual making the change and the date the change was made. An adequate history of transactions shall be maintained by Chevron to permit an audit of the system by tracing the activities of individuals through the system. Chevron's automated systems must provide the means whereby authorized personnel have the ability to audit and establish individual accountability for any action that can potentially cause access to, generation of, or modification of information related to the performances of this Agreement. Chevron agrees that Chevron's failure to maintain adequate audit trails and corresponding documentation shall create a rebuttable presumption that the performances were not performed.

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(iv) **Access.** Chevron shall grant access to all paper and electronic records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement to OOG and auditors of the State of Texas, or such other persons or entities designated by OOG for the purposes of inspecting, auditing, or copying such books and records. All records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement shall be subject to examination or audit by the OOG and auditors of the State of Texas, or such other persons or entities designated by the OOG in accordance with all applicable state

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and federal laws, regulations or directives. Chevron will direct any subcontractor with whom it has established a contractual relationship to discharge Chevron's obligations to likewise permit access to, inspection of, and reproduction of all books and records of Chevron's subcontractor(s) which pertain to this Agreement.

(v) **Location.** Any such audit shall be conducted during Chevron's normal business hours at a Chevron location chosen by OOG and at OOG's expense, provided all costs incurred by OOG in conducting any such audit shall be reimbursed by Chevron in the event such audit reveals a material discrepancy in any Chevron reporting of compliance as required by the Agreement.

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(vi) **Reimbursement.** If any audit or examination reveals that Chevron's reports for the audited period are not accurate in the calculation of the Job Target for such period, Chevron shall promptly reimburse the OOG for the liquidated damages amount(s) in accordance with section 3.b.ii.

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(vii) **Corrective Action Plan.** If any audit reveals any discrepancies or inadequacies which are necessary in order to maintain compliance with this Agreement, applicable laws, regulations, or Chevron's obligations hereunder, Chevron agrees within thirty (30) calendar days after Chevron's receipt of the audit findings, to propose and submit to OOG a corrective action plan to correct such discrepancies or inadequacies subject to the approval of the OOG. Chevron further agrees to complete the corrective action approved by OOG within thirty (30) calendar days after OOG approves Chevron's corrective action plan, at the sole cost of Chevron.

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(viii) **Reports.** Chevron shall provide to OOG periodic status reports in accordance with OOG's audit procedures regarding Chevron's resolution of any audit-related compliance activity for which Chevron is responsible.

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b. Economic Impact Reports; Periodic Progress Briefings. In a manner consistent with the need to protect privacy and the intellectual property of Chevron and third parties, Chevron will provide periodic briefings as reasonably requested by OOG on the general activities, economic impact and progress of the new project development and business operations in Texas.

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c. Use and Retention of Texas Suppliers. Chevron will use reasonable efforts to use qualified Texas-based suppliers to provide products and services under this Agreement, provided however, Chevron may in its sole discretion select suppliers and contractors based on program needs, scientific criteria, and industry standards.

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d. Financial Information. Chevron will furnish to OOG on an annual basis by ~~January 31~~ April 30, of each year throughout the term of the Agreement, information regarding the general business status, market and general summary financial updates regarding Chevron. Such financial information shall be in a form reasonably satisfactory to OOG.

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Comment [YTPH1]: We need to wait for the publication of Chevron's annual report for the prior year.

e. Indemnity and Hold Harmless. Chevron agrees to indemnify and hold the State, the maker of this grant, and its agents, officers, and employees harmless for any and all losses, claims, suits, actions, and liability, including any litigation costs, that arise from any act or omission of Chevron or any of its officers and employees, agents, contractors, assignees, and affiliates relating to the project for which this grant is made regardless of whether the act or omission is related to job creation or other stated purpose of the grant.

f. EXPRESS NEGLIGENCE. THE INDEMNITY SET FORTH IN THIS AGREEMENT IS INTENDED TO BE ENFORCEABLE AGAINST CHEVRON AND ITS SUCCESSORS AND ASSIGNS IN ACCORDANCE WITH THE EXPRESS TERMS AND SCOPE HEREOF NOTWITHSTANDING TEXAS' EXPRESS NEGLIGENCE RULE OR ANY SIMILAR DIRECTIVE THAT WOULD PROHIBIT OR OTHERWISE LIMIT INDEMNITIES BECAUSE OF THE NEGLIGENCE (WHETHER SOLE, CONCURRENT, ACTIVE OR PASSIVE) OR OTHER FAULT OR STRICT LIABILITY OF THE OOG.

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5. DEFAULTS AND REMEDIES

Each of the following acts or omissions of Chevron or occurrences shall constitute an act of default under this Agreement:

a. Failure to Invest ~~and~~ ~~and~~ ~~Expand the Facility~~~~Complete Campus~~~~Expand the Facility~~. If Chevron fails to invest and ~~expand complete the~~~~expand the Facility~~~~Campus~~~~Facility~~ by December 31, 2017, then the State may terminate the Agreement and require Chevron to immediately repay the entirety of any amounts disbursed under this ~~A~~agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment, reduced by any funds refunded to the State for failure to meet Job Targets.

b. Failure to pay liquidated damages for job creation. ~~Upon receipt of~~~~After~~ notice, Chevron shall have ~~fourty-fivethirty~~~~thirty~~ (3045) days to pay outstanding damages for job creation. If Chevron does not pay after this period, all amounts that could potentially be claimed for failure to meet job targets shall become due and payable immediately on demand of the State of Texas.

Comment [YTPH2]: Given how large Chevron is, it could take awhile for the notice to reach the appropriate person for handling. It also takes on average 1 week for a payment request to be approved and processed.

c. Failure to provide verification. If after the end of a calendar year Chevron fails to provide an Annual Compliance Verification by the deadline for that year, OOG may make a good faith estimate, based on information available to OOG, of the Employment Positions at Chevron as of December 31 of that year and, if the estimated Employment Positions fall short of the Job Target, require corresponding liquidated damages in accordance with Section 3.b.ii. above. Chevron will not be eligible to earn Surplus Job Credits for any such year for which it fails to provide an Annual Compliance Verification by the deadline for that year.

d. Failure to comply with Section 2.f. If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

6. GENERAL PROVISIONS

a. Authority. Each party represents that it has obtained all necessary authority to enter into this Agreement.

b. Relationship of Parties and Disclaimer of Liability. The parties will perform their respective obligations under this Agreement as independent contractors and not as agents, employees, partners, joint venturers, or representatives of the other party. Neither party can make

representations or commitments that bind the other party. Chevron is not a “governmental body” by virtue of this Agreement or the use of TEF or other funding.

c. Limitation of Liability. In no event will either party be liable to the other party for any indirect, special, punitive, exemplary, incidental or consequential damages. This limitation will apply regardless of whether or not the other party has been advised of the possibility of such damages. Chevron’s total liability under this Agreement shall not exceed the amount of Funds actually received by Chevron plus interest at a rate of 2.2%.

d. Term. The term of this Agreement commences on the Effective Date of the Agreement and continues until January 31, 2023, unless terminated earlier pursuant to the terms of this Agreement.

e. Termination for Cause. Either party may terminate this Agreement for Cause upon thirty (30) days prior written notice to the other party. “Cause” is any failure to perform a material obligation under this Agreement within the specified time, including a material breach of a Funding Condition. This Agreement may not be terminated if the alleged Cause is cured within the specified thirty-day period. The sole remedy for any termination for Cause (and for the “cause” giving rise to the termination) shall be that each party is relieved of its obligation to perform hereunder, however, following termination by the State, Chevron will continue to be obligated to the State for liquidated damages and/or repayment of funds in accordance with applicable provisions of this Agreement.

f. Repayment upon Early Termination. In the event of early termination of the Agreement for Cause or by mutual agreement of the parties, Chevron shall repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

g. Dispute Resolution and Applicable Law.

(i) Informal Meetings. The parties’ representatives will meet as needed to implement the terms of this Agreement and will make a good faith attempt to informally resolve any disputes.

(ii) Non-binding Mediation. Except to prevent irreparable harm for which there is no adequate remedy at law, neither party shall file suit to enforce this Agreement without first submitting the dispute to confidential, non-binding mediation before a mediator mutually agreed upon by the parties.

(iii) Applicable Law and Venue. This Agreement is made and entered into in the state of Texas, and this Agreement and all disputes arising out of or relating thereto shall be governed by the laws of the state of Texas, without regard to any otherwise applicable conflict of law rules or requirements.

Chevron agrees that any action, suit, litigation or other proceeding (collectively “litigation”) arising out of or in any way relating to this Agreement, or the matters referred to therein, shall be commenced exclusively in the Travis County District Court or the United States District Court for the Western District of Texas, Austin Division, and hereby irrevocably and unconditionally consents to the exclusive jurisdiction of those courts for the purpose of prosecuting and/or defending such litigation. Chevron hereby waives and agrees not to assert by way of motion, as a defense, or otherwise, in any suit, action or proceeding, any claim that (a)

Chevron is not personally subject to the jurisdiction of the above-named courts, (b) the suit, action or proceeding is brought in an inconvenient forum or (c) the venue of the suit, action or proceeding is improper.

h. Publicity. ~~Upon request by OOG, Chevron agrees to cooperate fully with OOG to assist in the preparation of any press release or other public disclosure regarding this Agreement. Chevron agrees to obtain OOG's approval prior to Chevron's issuance of any press release or other public disclosure concerning this Agreement, unless otherwise required by law. Upon request by OOG, Chevron agrees to cooperate fully with OOG to assist in the preparation of any press release or other public disclosure regarding this Agreement. Chevron agrees to obtain will provide OOG with a copy of 's approval prior to any proposed press release or public disclosure Chevron desires to issue before the 's issuance of any such press release or other public disclosure concerning this Agreement, unless otherwise required by law.~~

i. No Waiver of Sovereign Immunity. Nothing in this Agreement may be construed to be a waiver of the sovereign immunity of the State to suit.

7. MISCELLANEOUS PROVISIONS

a. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in establishing proof of this Agreement to produce or account for more than one such counterpart.

b. Merger. This document constitutes the final entire agreement between the parties and supersedes any and all prior oral or written communication, representation or agreement relating to the subject matter of this Agreement.

c. Severability. Any term in this Agreement prohibited by, or unlawful or unenforceable under, any applicable law or jurisdiction is void without invalidating the remaining terms of this said Agreement. However, where the provisions of any such applicable law may be waived, they are hereby waived by either party, as the case may be, to the fullest extent permitted by the law, and the affected terms are enforceable in accordance with the parties' original intent.

d. Survival of Promises. Notwithstanding any expiration, termination or cancellation of this Agreement, the rights and obligations pertaining to payment or repayment of funds and/or liquidated damages, confidentiality, disclaimers and limitation of liability, indemnification, and any other provision implying survivability will remain in effect after this Agreement ends.

e. Binding Effect. This Agreement and all terms, provisions and obligations set forth herein shall be binding upon and shall inure to the benefit of the parties and their successors and assigns and shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns and all other state agencies and any other agencies, departments, divisions, governmental entities, public corporations and other entities which shall be successors to each of the parties or which shall succeed to or become obligated to perform or become bound by any of the covenants, agreements or obligations hereunder of each of the parties hereto.

f. Successors and Assigns/Notice. Chevron, or any legal successor thereto or prior assignee thereof, may assign its rights and obligations under this Agreement, including by merger or operation of law, to any legal successor or any person or entity that acquires all or substantially all of its business and operations. In addition, with the prior written consent of the State, which consent shall not be unreasonably withheld, or delayed, Chevron, or any legal successor company

Comment [jg3]: Reverted to original

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Comment [YTPH4]: Chevron will need the OOG to review its proposed press release.

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thereto or prior assignee thereof, may assign its rights and obligations under this Agreement to any parent or wholly owned subsidiary that it currently has in place or later establishes, if it is constituted as a separate legally recognized business entity. Any such assignment will be made without additional consideration being payable to the State. This Agreement shall survive any sale, change of control or similar transaction involving Chevron, any successor thereto or prior assignee thereof and no such transaction shall require the consent of the State. Chevron shall provide the State written notice of any assignment, sale, change of control or similar transaction pursuant to this section as soon as possible and in no event not later than thirty (30) calendar days following such event.

g. Force Majeure. Neither party shall be required to perform any obligation under this Agreement or be liable or responsible for any loss or damage resulting from its failure to perform so long as performance is delayed by force majeure or acts of God, including but not limited to strikes, lockouts or labor shortages, embargo, riot, war, revolution, terrorism, rebellion, insurrection, flood, natural disaster, or interruption of utilities from external causes.

h. Notice. All notices, requests, demands and other communications will be in writing and will be deemed given and received (i) on the date of delivery when delivered by hand, (ii) on the following business day when sent by confirmed simultaneous telecopy, (iii) on the following business day when sent by receipted overnight courier, or (iv) three (3) business days after deposit in the United States Mail when mailed by registered or certified mail, return receipt requested, first class postage prepaid, as follows:

If to the State to:

TEF Compliance
Compliance and Oversight Division
PO Box 12428
Austin, TX 78711

with a concurrent copy to:

General Counsel
Office of the Governor
P.O. Box 12428
Austin, Texas 78711
Phone: 512-463-1788
Fax: 512-463-1932

If to Chevron to:

 Chevron Corporation
 6001 Bollinger Canyon Road
San Ramon, CA 94583
Attn: Corporate Real Estate Counsel
Phone: 925-842-4337
Fax: 925-842-2011

with a concurrent copy to:

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Manager of State and Local Tax Counsel
Corporate Tax
6001 Bollinger Canyon Rd.
San Ramon, CA 94583
Phone: 925-842-1173

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{Signature Page Follows}

The parties have caused this Economic Development Agreement to be executed by their duly authorized representatives to be effective as of the date first specified above.

THE STATE OF TEXAS

CHEVRON U.S.A. INC.

BRANDY MARTY
CHIEF OF STAFF
OFFICE OF THE GOVERNOR

[NAME]
[TITLE]

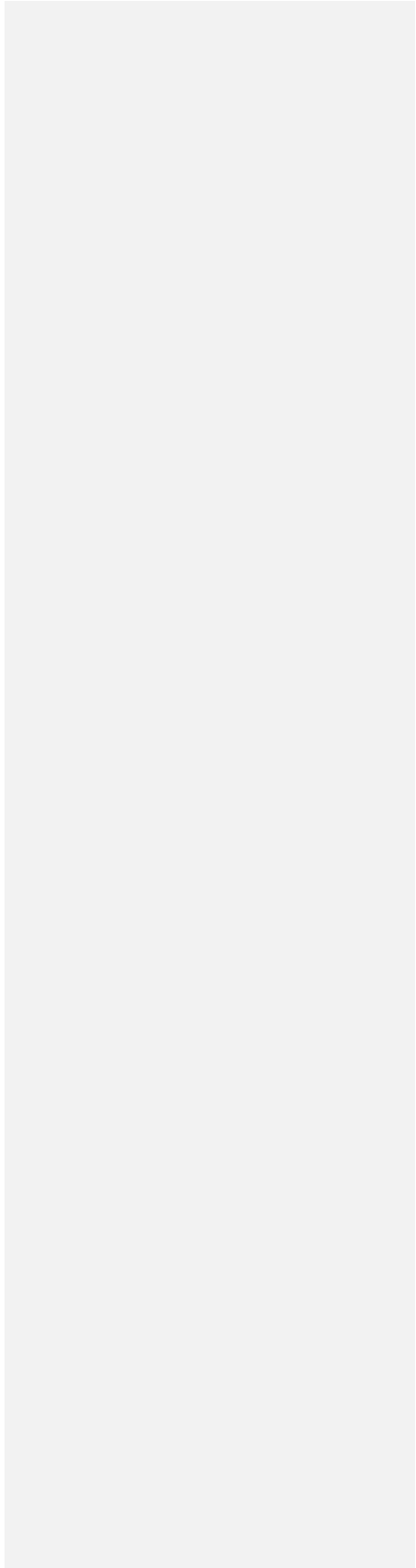


EXHIBIT A

LETTER FROM GOVERNOR, LIEUTENANT GOVERNOR AND SPEAKER
APPROVING GRANT TO CHEVRON FROM THE TEXAS ENTERPRISE FUND

ECONOMIC DEVELOPMENT AGREEMENT

BETWEEN

THE STATE OF TEXAS

AND

CHEVRON U.S.A. INC.

MONTH XX, 2013

THIS AGREEMENT (“Agreement”) is by and between the State of Texas (the “State”), acting by and through the Office of Economic Development and Tourism, a division within the Office of the Governor (“OOG”), and Chevron U.S.A. Inc., a Pennsylvania company, (“Chevron”). The State and Chevron are hereinafter referred to either individually as the “party,” or collectively as the “parties.” The Effective Date of this Agreement is _____, 2013.

RECITALS

WHEREAS, Texas’ low taxes, budgetary discipline, reasonable regulations and educated workforce continue to make the state a top location for businesses looking to expand or relocate; and

WHEREAS, Chevron is known for being one of the world’s leading integrated energy companies, with subsidiaries that conduct business worldwide in virtually every facet of the energy industry; and

WHEREAS, Chevron employs approximately 61,900 people worldwide with 2012 sales and other operating revenues of approximately \$231 billion; and

WHEREAS, Chevron has proposed expanding its existing operations in Houston, Harris County, Texas; and

WHEREAS, Chevron is proposing to invest approximately \$662 million in the expansion of its existing operations in Houston, Harris County, Texas, and is expected to create at least 1,752 new full-time jobs for Texans, with an average annual payroll of approximately \$193 million; and

WHEREAS, Article III, Section 52-a of the Texas Constitution expressly authorizes the State to use public funds for the public purposes of development and diversification of the economy of the State, the elimination of unemployment or underemployment in the State, or the development of commerce in the State; and

WHEREAS, SB 1771 of the 78th Texas Legislature established the Texas Enterprise Fund (“TEF”) to be used with the express written approval of the Governor, Lieutenant Governor, and Speaker of the House of Representatives for economic development, infrastructure development,

community development, job training programs, and business incentives, and the 82nd Texas Legislature reauthorized the TEF for the 2012 and 2013 biennium; and

WHEREAS, the State values Chevron as a distinguished and important corporate citizen, and wishes to receive a commitment that Chevron will expand its existing operations in Texas, and Chevron wishes to provide such a commitment; and

WHEREAS, the Governor, Lieutenant Governor, and Speaker have each approved a grant from the TEF to Chevron, as evidenced in the letter attached as Exhibit A hereto; and

WHEREAS, to ensure that the benefits the State provides under this Agreement are utilized in a manner consistent with Article III, Section 52-a of the Texas Constitution, and other laws, the State requires Chevron to comply with conditions and deliver certain performance as set forth herein, including achieving measurable job creation and retention commitments, in exchange for receiving these benefits; and

WHEREAS, the parties desire to have such proposals set forth in a valid, binding and enforceable agreement; and

WHEREAS, the State believes it is in the best public interest to enter into this Agreement for the reasons set forth above.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual promises herein, the parties agree as follows:

1. STATE OF TEXAS COMMITMENT

Grant of Funds from the Texas Enterprise Fund. The State agrees to pay cash from the Texas Enterprise Fund to Chevron in the amount of Twelve Million Dollars (\$12,000,000) (the “Funds”) as follows:

- (i) First Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “First Payment”) within thirty days following the execution of this Agreement, provided that the following accounting documents required for disbursement have been provided in acceptable form to the State: Request for Taxpayer Identification Number and Certification; Texas Application for Payee Identification Number; and Vendor Direct Deposit Authorization.
- (ii) Second Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “Second Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least Four Hundred Fifty-Five (455) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.
- (iii) Third Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million

Dollars (\$3,000,000) (the “Third Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Two Hundred Twenty-Seven (1,227) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

- (iv) **Fourth Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “Fourth Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

2. CHEVRON FUNDING CONDITIONS

Chevron must meet all of the following “Funding Conditions”, or will be subject to liquidated damages and/or repayment in accordance with the Agreement. The Funding Conditions are as follows:

a. Expanding Chevron Operations. Chevron commits to expanding its operations in downtown Houston, Harris County, which currently consist of owned buildings at 1400 Smith St., Houston, Harris County and 1500 Louisiana Street, Houston, Harris County, and leased spaces in the vicinity, by one or more of the following actions: (i) constructing a new multi-story office building at 1600 Louisiana St., in Houston, Harris County, Texas, (ii) leasing and occupying additional office space in downtown Houston, Harris County, or (iii) expanding the use of its existing owned office buildings (as expanded, the “Facility”). The Facility shall be open and operational by December 31, 2017.

b. Job Target. Chevron commits to meeting a job target of (i) creating a total of at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions by December 31, 2020, in total at the Facility and of (ii) maintaining these Employment Positions through December 31, 2022 (collectively, the “Job Target”). Chevron also commits to the following job creation schedule:

- (i) One Hundred Forty-Four Employment Positions by December 31, 2013;
- (ii) One Hundred Fifty-Four additional Employment Positions (298 total) on December 31, 2014;
- (iii) One Hundred Fifty-Seven additional Employment Positions (455 total) on December 31, 2015;
- (iv) One Hundred Fifty-Seven additional Employment Positions (612 total) on December 31, 2016;
- (v) Six Hundred Fifteen additional Employment Positions (1,227 total) on December 31, 2017;
- (vi) One Hundred Seventy-Five additional Employment Positions (1,402 total) on December 31, 2018;
- (vii) One Hundred Seventy-Five additional Employment Positions (1,577 total) on December 31, 2019;
- (viii) One Hundred Seventy-Five additional Employment Positions (1,752 total) on December 31, 2020.

Jobs will only be counted as Employment Positions for purposes of this Agreement if they are above the total number of employment positions with Chevron’s operations, in Texas (the “Threshold”). The parties agree that for purposes of this Agreement, the Threshold shall be Eight Thousand Two Hundred Forty Three (8,243).

c. Employment Positions. For the purposes of this Agreement, “Employment Positions” shall be defined as jobs meeting all of the following criteria:

- (i) New full-time employment positions with Chevron at the Facility; and
- (ii) With an average annual gross compensation (excluding benefits) each year of at least:
 - (A) \$110,000 for 2013;
 - (B) \$112,200 for 2014;
 - (C) \$114,444 for 2015;
 - (D) \$116,733 for 2016;
 - (E) \$119,068 for 2017;
 - (F) \$121,449 for 2018;
 - (G) \$123,878 for 2019;
 - (H) \$126,355 for 2020;
 - (I) \$128,883 for 2021;
 - (J) \$131,460 for 2022.
- (iii) Unless specifically provided by this Agreement, no jobs created by Chevron subsidiaries, affiliates, contractors, or any other party not identified in this Agreement constitute Employment Positions.

d. Annual Compliance Verification. Beginning in January 2014, and continuing every year thereafter through January 2023, each year by January 31 Chevron must deliver to OOG a compliance verification signed by a duly authorized representative of Chevron that shall certify the number of and generally describe the Employment Positions existing as of December 31 of the year preceding and provide the median wage for all Employment Positions (the “Annual Compliance Verification”). There will be a total of Ten (10) Annual Compliance Verifications due, covering jobs created and maintained in years 2013 through 2022. All Annual Compliance Verifications shall be in a form reasonably satisfactory to OOG and shall provide appropriate back-up data for the Employment Position numbers provided and for the Threshold. In addition, Chevron must submit each year a copy of the Annual Compliance Verification to the Office of the Lieutenant Governor and the Office of the Speaker of the House of Representatives at the addresses listed below.

Lt. Governor of Texas
P.O. Box 12068
Austin, Texas 78711

Speaker of the House of Representatives of Texas
P.O. Box 2910
Austin, TX 78768

e. Certification of Good Standing/Delinquent Taxes. By execution of this Agreement, Chevron certifies that it is in good standing under the laws of the State in which it was formed or organized, and has provided the State sufficient evidence of such. In addition, Chevron certifies that it owes no delinquent taxes to any taxing unit of this State at the time of execution of this Agreement.

f. Certification Relating to Undocumented Workers. By execution of this Agreement, Chevron, including any branch, division, and department of Chevron, certifies that it does not and will not knowingly employ an undocumented worker (as defined by Texas Government Code Section 2264.001(4)). If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

3. LIQUIDATED DAMAGES

a. Failure to Meet 2013 “Floor” Job Target. If Chevron’s first Annual Compliance Verification demonstrates that it has failed to create and maintain at least Seventy-Two (72) Employment Positions as of December 31, 2013, the State may terminate the Agreement and require Chevron to repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

b. Job Target. As set forth in Section 2 above, annually during the term of this Agreement through 2023 Chevron must deliver to OOG an Annual Compliance Verification demonstrating that it has met the Job Target for the year just ended. The consequences to Chevron of satisfying, failing to satisfy, or exceeding the Job Target are as follows:

(i) Compliance with Job Target. If Chevron has met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then Chevron will be deemed to have met its obligations for such preceding year and no liquidated damages will be due.

(ii) Failure to Meet Job Target. If Chevron has not met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then OOG may require Chevron to pay liquidated damages in the amount of One Thousand Six Hundred Ten Dollars (\$1,610) per job for every Employment Position by which it is short that year.

(iii) Exceeding Job Target. If an Annual Compliance Verification filed by Chevron demonstrates that it has exceeded the job target for that year, then Chevron will be deemed to have exceeded its obligations, and will receive a “Surplus Job Credit” for each extra Employment Position that it has maintained above the job target for that year. Chevron may utilize any earned Surplus Job Credits in following years as follows:

A. Chevron may expend a Surplus Job Credit in lieu of paying liquidated damages in the amount of \$1,610 per job (for example, if Chevron owes liquidated damages in the amount of \$161,000 for 100 Employment Positions lacking in a particular year, Chevron may discharge completely or reduce this amount by expending up to 100 Surplus Job Credits it has earned in prior years); or

B. Chevron may apply any Surplus Job Credits toward meeting the remaining Job Target for future years, such that if Chevron accumulates enough Surplus Job Credits it will be deemed to have fulfilled all of its obligations under the Agreement, and will be released from the Agreement early (for example, if Chevron has accumulated at least One Thousand Seven Hundred Fifty-Two (1,752) Surplus Job Credits by December 31, 2021, then it may apply these

Surplus Job Credits forward to fulfill its Job Target for 2022, and may thereby fulfill its obligations and be released from the Agreement one year early).

4. CHEVRON ADDITIONAL COMMITMENTS

a. OOG Audit Rights.

(i) **Duty to Maintain Records.** Chevron shall maintain adequate records to support its charges, procedures and performances to OOG for all work related to this Agreement. Chevron also shall maintain such records as are deemed necessary by the OOG and auditors of the State of Texas or United States, or such other persons or entities designated by the OOG, to ensure proper accounting for all costs and performances related to this Agreement.

(ii) **Records Retention.** Chevron shall maintain and retain for a period of four (4) years after the submission of the final Annual Compliance Verification, or until full and final resolution of all audit or litigation matters which arise after the expiration of the four (4) year period after the submission of the final Annual Compliance Verification, whichever time period is longer, such records as are necessary to fully disclose the extent of services provided under this Agreement, including but not limited to any daily activity reports and time distribution and attendance records, and other records which may show the basis for the calculation of full time positions.

(iii) **Audit Trails.** Appropriate audit trails shall be maintained by Chevron to provide accountability for updates and changes to automated personnel and financial systems. Audit trails maintained by Chevron will, at a minimum, identify the changes made, the individual making the change and the date the change was made. An adequate history of transactions shall be maintained by Chevron to permit an audit of the system by tracing the activities of individuals through the system. Chevron's automated systems must provide the means whereby authorized personnel have the ability to audit and establish individual accountability for any action that can potentially cause access to, generation of, or modification of information related to the performances of this Agreement. Chevron agrees that Chevron's failure to maintain adequate audit trails and corresponding documentation shall create a rebuttable presumption that the performances were not performed.

(iv) **Access.** Chevron shall grant access to all paper and electronic records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement to OOG and auditors of the State of Texas, or such other persons or entities designated by OOG for the purposes of inspecting, auditing, or copying such books and records. All records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement shall be subject to examination or audit by the OOG and auditors of the State of Texas, or such other persons or entities designated by the OOG in accordance with all applicable state and federal laws, regulations or directives. Chevron will direct any subcontractor with whom it has established a contractual relationship to discharge Chevron's obligations to likewise permit access to, inspection of, and reproduction of all books and records of Chevron's subcontractor(s) which pertain to this Agreement.

(v) **Location.** Any such audit shall be conducted during Chevron's normal business hours at a Chevron location chosen by OOG and at OOG's expense, provided all costs incurred by OOG in conducting any such audit shall be reimbursed by Chevron in the event such audit reveals a material discrepancy in any Chevron reporting of compliance as required by the Agreement.

(vi) **Reimbursement.** If any audit or examination reveals that Chevron's reports for the audited period are not accurate in the calculation of the Job Target for such period, Chevron shall promptly reimburse the OOG for the liquidated damages amount(s) in accordance with section 3.b.ii.

(vii) **Corrective Action Plan.** If any audit reveals any discrepancies or inadequacies which are necessary in order to maintain compliance with this Agreement, applicable laws, regulations, or Chevron's obligations hereunder, Chevron agrees within thirty (30) calendar days after Chevron's receipt of the audit findings, to propose and submit to OOG a corrective action plan to correct such discrepancies or inadequacies subject to the approval of the OOG. Chevron further agrees to complete the corrective action approved by OOG within thirty (30) calendar days after OOG approves Chevron's corrective action plan, at the sole cost of Chevron.

(viii) **Reports.** Chevron shall provide to OOG periodic status reports in accordance with OOG's audit procedures regarding Chevron's resolution of any audit-related compliance activity for which Chevron is responsible.

b. Economic Impact Reports; Periodic Progress Briefings. In a manner consistent with the need to protect privacy and the intellectual property of Chevron and third parties, Chevron will provide periodic briefings as reasonably requested by OOG on the general activities, economic impact and progress of the new project development and business operations in Texas.

c. Use and Retention of Texas Suppliers. Chevron will use reasonable efforts to use qualified Texas-based suppliers to provide products and services under this Agreement, provided however, Chevron may in its sole discretion select suppliers and contractors based on program needs, scientific criteria, and industry standards.

d. Financial Information. Chevron will furnish to OOG on an annual basis by April 30, of each year throughout the term of the Agreement, information regarding the general business status, market and general summary financial updates regarding Chevron. Such financial information shall be in a form reasonably satisfactory to OOG.

e. Indemnity and Hold Harmless. Chevron agrees to indemnify and hold the State, the maker of this grant, and its agents, officers, and employees harmless for any and all losses, claims, suits, actions, and liability, including any litigation costs, that arise from any act or omission of Chevron or any of its officers and employees, agents, contractors, assignees, and affiliates relating to the project for which this grant is made regardless of whether the act or omission is related to job creation or other stated purpose of the grant.

f. EXPRESS NEGLIGENCE. THE INDEMNITY SET FORTH IN THIS AGREEMENT IS INTENDED TO BE ENFORCEABLE AGAINST CHEVRON AND ITS SUCCESSORS AND ASSIGNS IN ACCORDANCE WITH THE

EXPRESS TERMS AND SCOPE HEREOF NOTWITHSTANDING TEXAS' EXPRESS NEGLIGENCE RULE OR ANY SIMILAR DIRECTIVE THAT WOULD PROHIBIT OR OTHERWISE LIMIT INDEMNITIES BECAUSE OF THE NEGLIGENCE (WHETHER SOLE, CONCURRENT, ACTIVE OR PASSIVE) OR OTHER FAULT OR STRICT LIABILITY OF THE OOG.

5. DEFAULTS AND REMEDIES

Each of the following acts or omissions of Chevron or occurrences shall constitute an act of default under this Agreement:

a. Failure to Invest and Expand the Facility. If Chevron fails to invest and expand the Facility by December 31, 2017, then the State may terminate the Agreement and require Chevron to immediately repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment, reduced by any funds refunded to the State for failure to meet Job Targets.

b. Failure to pay liquidated damages for job creation. Upon receipt of notice, Chevron shall have thirty (30) days to pay outstanding damages for job creation. If Chevron does not pay after this period, all amounts that could potentially be claimed for failure to meet job targets shall become due and payable immediately on demand of the State of Texas.

c. Failure to provide verification. If after the end of a calendar year Chevron fails to provide an Annual Compliance Verification by the deadline for that year, OOG may make a good faith estimate, based on information available to OOG, of the Employment Positions at Chevron as of December 31 of that year and, if the estimated Employment Positions fall short of the Job Target, require corresponding liquidated damages in accordance with Section 3.b.ii. above. Chevron will not be eligible to earn Surplus Job Credits for any such year for which it fails to provide an Annual Compliance Verification by the deadline for that year.

d. Failure to comply with Section 2.f. If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

6. GENERAL PROVISIONS

a. Authority. Each party represents that it has obtained all necessary authority to enter into this Agreement.

b. Relationship of Parties and Disclaimer of Liability. The parties will perform their respective obligations under this Agreement as independent contractors and not as agents, employees, partners, joint venturers, or representatives of the other party. Neither party can make representations or commitments that bind the other party. Chevron is not a "governmental body" by virtue of this Agreement or the use of TEF or other funding.

c. Limitation of Liability. In no event will either party be liable to the other party for any indirect, special, punitive, exemplary, incidental or consequential damages. This limitation will apply regardless of whether or not the other party has been advised of the possibility of such

damages. Chevron's total liability under this Agreement shall not exceed the amount of Funds actually received by Chevron plus interest at a rate of 2.2%.

d. Term. The term of this Agreement commences on the Effective Date of the Agreement and continues until January 31, 2023, unless terminated earlier pursuant to the terms of this Agreement.

e. Termination for Cause. Either party may terminate this Agreement for Cause upon thirty (30) days prior written notice to the other party. "Cause" is any failure to perform a material obligation under this Agreement within the specified time, including a material breach of a Funding Condition. This Agreement may not be terminated if the alleged Cause is cured within the specified thirty-day period. The sole remedy for any termination for Cause (and for the "cause" giving rise to the termination) shall be that each party is relieved of its obligation to perform hereunder, however, following termination by the State, Chevron will continue to be obligated to the State for liquidated damages and/or repayment of funds in accordance with applicable provisions of this Agreement.

f. Repayment upon Early Termination. In the event of early termination of the Agreement for Cause or by mutual agreement of the parties, Chevron shall repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

g. Dispute Resolution and Applicable Law.

(i) Informal Meetings. The parties' representatives will meet as needed to implement the terms of this Agreement and will make a good faith attempt to informally resolve any disputes.

(ii) Non-binding Mediation. Except to prevent irreparable harm for which there is no adequate remedy at law, neither party shall file suit to enforce this Agreement without first submitting the dispute to confidential, non-binding mediation before a mediator mutually agreed upon by the parties.

(iii) Applicable Law and Venue. This Agreement is made and entered into in the state of Texas, and this Agreement and all disputes arising out of or relating thereto shall be governed by the laws of the state of Texas, without regard to any otherwise applicable conflict of law rules or requirements.

Chevron agrees that any action, suit, litigation or other proceeding (collectively "litigation") arising out of or in any way relating to this Agreement, or the matters referred to therein, shall be commenced exclusively in the Travis County District Court or the United States District Court for the Western District of Texas, Austin Division, and hereby irrevocably and unconditionally consents to the exclusive jurisdiction of those courts for the purpose of prosecuting and/or defending such litigation. Chevron hereby waives and agrees not to assert by way of motion, as a defense, or otherwise, in any suit, action or proceeding, any claim that (a) Chevron is not personally subject to the jurisdiction of the above-named courts, (b) the suit, action or proceeding is brought in an inconvenient forum or (c) the venue of the suit, action or proceeding is improper.

h. Publicity. Upon request by OOG, Chevron agrees to cooperate fully with OOG to assist in the preparation of any press release or other public disclosure regarding this Agreement.

Chevron agrees to obtain OOG's approval prior to Chevron's issuance of any press release or other public disclosure concerning this Agreement, unless otherwise required by law.

i. No Waiver of Sovereign Immunity. Nothing in this Agreement may be construed to be a waiver of the sovereign immunity of the State to suit.

7. MISCELLANEOUS PROVISIONS

a. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in establishing proof of this Agreement to produce or account for more than one such counterpart.

b. Merger. This document constitutes the final entire agreement between the parties and supersedes any and all prior oral or written communication, representation or agreement relating to the subject matter of this Agreement.

c. Severability. Any term in this Agreement prohibited by, or unlawful or unenforceable under, any applicable law or jurisdiction is void without invalidating the remaining terms of this said Agreement. However, where the provisions of any such applicable law may be waived, they are hereby waived by either party, as the case may be, to the fullest extent permitted by the law, and the affected terms are enforceable in accordance with the parties' original intent.

d. Survival of Promises. Notwithstanding any expiration, termination or cancellation of this Agreement, the rights and obligations pertaining to payment or repayment of funds and/or liquidated damages, confidentiality, disclaimers and limitation of liability, indemnification, and any other provision implying survivability will remain in effect after this Agreement ends.

e. Binding Effect. This Agreement and all terms, provisions and obligations set forth herein shall be binding upon and shall inure to the benefit of the parties and their successors and assigns and shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns and all other state agencies and any other agencies, departments, divisions, governmental entities, public corporations and other entities which shall be successors to each of the parties or which shall succeed to or become obligated to perform or become bound by any of the covenants, agreements or obligations hereunder of each of the parties hereto.

f. Successors and Assigns/Notice. Chevron, or any legal successor thereto or prior assignee thereof, may assign its rights and obligations under this Agreement, including by merger or operation of law, to any legal successor or any person or entity that acquires all or substantially all of its business and operations. In addition, with the prior written consent of the State, which consent shall not be unreasonably withheld, or delayed, Chevron, or any legal successor company thereto or prior assignee thereof, may assign its rights and obligations under this Agreement to any parent or wholly owned subsidiary that it currently has in place or later establishes, if it is constituted as a separate legally recognized business entity. Any such assignment will be made without additional consideration being payable to the State. This Agreement shall survive any sale, change of control or similar transaction involving Chevron, any successor thereto or prior assignee thereof and no such transaction shall require the consent of the State. Chevron shall provide the State written notice of any assignment, sale, change of control or similar transaction pursuant to this section as soon as possible and in no event not later than thirty (30) calendar days following such event.

g. Force Majeure. Neither party shall be required to perform any obligation under this Agreement or be liable or responsible for any loss or damage resulting from its failure to perform so long as performance is delayed by force majeure or acts of God, including but not limited to strikes, lockouts or labor shortages, embargo, riot, war, revolution, terrorism, rebellion, insurrection, flood, natural disaster, or interruption of utilities from external causes.

h. Notice. All notices, requests, demands and other communications will be in writing and will be deemed given and received (i) on the date of delivery when delivered by hand, (ii) on the following business day when sent by confirmed simultaneous telecopy, (iii) on the following business day when sent by receipted overnight courier, or (iv) three (3) business days after deposit in the United States Mail when mailed by registered or certified mail, return receipt requested, first class postage prepaid, as follows:

If to the State to:

TEF Compliance
Compliance and Oversight Division
PO Box 12428
Austin, TX 78711

with a concurrent copy to:

General Counsel
Office of the Governor
P.O. Box 12428
Austin, Texas 78711
Phone: 512-463-1788
Fax: 512-463-1932

If to Chevron to:

Chevron Corporation
6001 Bollinger Canyon Road
San Ramon, CA 94583
Attn: Corporate Real Estate Counsel
Phone: 925-842-4337
Fax: 925-842-2011

with a concurrent copy to:

Manager of State and Local Tax Counsel
Corporate Tax
6001 Bollinger Canyon Rd.
San Ramon, CA 94583
Phone: 925-842-1173

{Signature Page Follows}

The parties have caused this Economic Development Agreement to be executed by their duly authorized representatives to be effective as of the date first specified above.

THE STATE OF TEXAS

CHEVRON U.S.A. INC.

BRANDY MARTY
CHIEF OF STAFF
OFFICE OF THE GOVERNOR

[NAME]
[TITLE]

EXHIBIT A

LETTER FROM GOVERNOR, LIEUTENANT GOVERNOR AND SPEAKER
APPROVING GRANT TO CHEVRON FROM THE TEXAS ENTERPRISE FUND

ECONOMIC DEVELOPMENT AGREEMENT

BETWEEN

THE STATE OF TEXAS

AND

CHEVRON U.S.A. INC.

MONTH XX, 2013

THIS AGREEMENT (“Agreement”) is by and between the State of Texas (the “State”), acting by and through the Office of Economic Development and Tourism, a division within the Office of the Governor (“OOG”), and Chevron U.S.A. Inc. a Pennsylvania company, (“Chevron”). The State and Chevron are hereinafter referred to either individually as the “party,” or collectively as the “parties.” The Effective Date of this Agreement is _____, 2013.

RECITALS

WHEREAS, Texas’ low taxes, budgetary discipline, reasonable regulations and educated workforce continue to make the state a top location for businesses looking to expand or relocate; and

WHEREAS, Chevron is known for _____; and

WHEREAS, Chevron employs _____ people throughout the United States with annual revenues of approximately \$_____ million;

WHEREAS, Chevron has proposed constructing a new multi-story office building of approximately 1.5 million square feet, located at 1600 Louisiana St. in Houston, Harris County, Texas; and

WHEREAS, the new facility will involve Chevron investing approximately \$662 million in Texas, and is expected to create at least 1,752 new full-time jobs for Texans, with an average annual payroll of approximately \$193 million; and

WHEREAS, Article III, Section 52-a of the Texas Constitution expressly authorizes the State to use public funds for the public purposes of development and diversification of the economy of the State, the elimination of unemployment or underemployment in the State, or the development of commerce in the State; and

WHEREAS, SB 1771 of the 78th Texas Legislature established the Texas Enterprise Fund (“TEF”) to be used with the express written approval of the Governor, Lieutenant Governor, and Speaker of the House of Representatives for economic development, infrastructure development, community development, job training programs, and business incentives, and the 82nd Texas Legislature reauthorized the TEF for the 2012 and 2013 biennium; and

WHEREAS, the State values Chevron as a distinguished and important corporate citizen, and wishes to receive a commitment that Chevron will expand its existing operations in Texas, and Chevron wishes to provide such a commitment; and

WHEREAS, the Governor, Lieutenant Governor, and Speaker have each approved a grant from the TEF to Chevron, as evidenced in the letter attached as Exhibit A hereto; and

WHEREAS, to ensure that the benefits the State provides under this Agreement are utilized in a manner consistent with Article III, Section 52-a of the Texas Constitution, and other laws, the State requires Chevron to comply with conditions and deliver certain performance as set forth herein, including achieving measurable job creation and retention commitments, in exchange for receiving these benefits; and

WHEREAS, the parties desire to have such proposals set forth in a valid, binding and enforceable agreement; and

WHEREAS, the State believes it is in the best public interest to enter into this Agreement for the reasons set forth above;

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual promises herein, the parties agree as follows:

1. STATE OF TEXAS COMMITMENT

Grant of Funds from the Texas Enterprise Fund. The State agrees to pay cash from the Texas Enterprise Fund to Chevron in the amount of Twelve Million Dollars (\$12,000,000) (the “Funds”) as follows:

- (i) First Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “First Payment”) within thirty days following the execution of this Agreement, provided that the following accounting documents required for disbursement have been provided in acceptable form to the State: Request for Taxpayer Identification Number and Certification; Texas Application for Payee Identification Number; and Vendor Direct Deposit Authorization.
- (ii) Second Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “Second Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least Four Hundred Fifty-Five (455) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.
- (iii) Third Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “Third Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Four

Hundred Two (1,402) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

- (iv) **Fourth Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “Fourth Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

2. CHEVRON FUNDING CONDITIONS

Chevron must meet all of the following “Funding Conditions”, or will be subject to liquidated damages and/or repayment in accordance with the Agreement. The Funding Conditions are as follows:

a. Opening of the New Chevron Location. Chevron commits to constructing a new multi-story office building of approximately 1.5 million square feet, located at 1600 Louisiana St., in Houston, Harris County, Texas (the “Facility”). The Facility shall be open and operational by December 31, 2017.

b. Job Target. Chevron commits to meeting a job target of (i) creating a total of at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions by December 31, 2020, at the Facility and of (ii) maintaining these Employment Positions through December 31, 2022 (collectively, the “Job Target”). Chevron also commits to the following job creation schedule:

- (i) One Hundred Forty-Four Employment Positions by December 31, 2013;
- (ii) One Hundred Fifty-Four additional Employment Positions (298 total) on December 31, 2014;
- (iii) One Hundred Fifty-Seven additional Employment Positions (455 total) on December 31, 2015;
- (iv) One Hundred Fifty-Seven additional Employment Positions (612 total) on December 31, 2016;
- (v) Six Hundred Fifteen additional Employment Positions (1,227 total) on December 31, 2017;
- (vi) One Hundred Seventy-Five additional Employment Positions (1,402 total) on December 31, 2018;
- (vii) One Hundred Seventy-Five additional Employment Positions (1,577 total) on December 31, 2019;
- (viii) One Hundred Seventy-Five additional Employment Positions (1,752 total) on December 31, 2020.

Jobs will only be counted as Employment Positions for purposes of this Agreement if they are above the total number of employment positions with Chevron’s operations, in Texas at the time this Agreement is executed (the “Threshold”). The parties agree that for purposes of this Agreement, the Threshold shall be Eight Thousand Four Hundred Thirty (8,430).

c. Employment Positions. For the purposes of this Agreement, “Employment Positions” shall be defined as jobs meeting all of the following criteria:

(i) New full-time employment positions with Chevron at the Facility; however, until the Facility is open and operational on December 31, 2017, employment positions may be located at a temporary site in Houston, Harris County, and

(ii) With an average annual gross compensation (excluding benefits) each year of at least:

- (A) \$110,000 for 2013;
- (B) \$112,200 for 2014;
- (C) \$114,444 for 2015;
- (D) \$116,733 for 2016;
- (E) \$119,068 for 2017;
- (F) \$121,449 for 2018;
- (G) \$123,878 for 2019;
- (H) \$126,355 for 2020;
- (I) \$128,883 for 2021;
- (J) \$131,460 for 2022.

(iii) Unless specifically provided by this Agreement, no jobs created by Chevron subsidiaries, affiliates, contractors, or any other party not identified in this Agreement constitute Employment Positions.

d. Annual Compliance Verification. Beginning in January 2014, and continuing every year thereafter through January 2023, each year by January 31 Chevron must deliver to OOG a compliance verification signed by a duly authorized representative of Chevron that shall certify the number of and generally describe the Employment Positions existing as of December 31 of the year preceding and provide the median wage for all Employment Positions (the “Annual Compliance Verification”). There will be a total of Ten (10) Annual Compliance Verifications due, covering jobs created and maintained in years 2013 through 2022. All Annual Compliance Verifications shall be in a form reasonably satisfactory to OOG and shall provide appropriate back-up data for the Employment Position numbers provided and for the Threshold. In addition, Chevron must submit each year a copy of the Annual Compliance Verification to the Office of the Lieutenant Governor and the Office of the Speaker of the House of Representatives at the addresses listed below.

Lt. Governor of Texas
P.O. Box 12068
Austin, Texas 78711

Speaker of the House of Representatives of Texas
P.O. Box 2910
Austin, TX 78768

e. Certification of Good Standing/Delinquent Taxes. By execution of this Agreement, Chevron certifies that it is in good standing under the laws of the State in which it was formed or organized, and has provided the State sufficient evidence of such. In addition, Chevron certifies that it owes no delinquent taxes to any taxing unit of this State at the time of execution of this Agreement.

f. Certification relating to undocumented workers. By execution of this Agreement, Chevron, including any branch, division, and department of Chevron, certifies that it does not and will not knowingly employ an undocumented worker (as defined by Texas Government Code Section 2264.001(4)). If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron

shall repay the amount of any funds disbursed plus interest at the rate of 2.0%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

3. LIQUIDATED DAMAGES

a. Failure to Meet 2013 “Floor” Job Target. If Chevron’s first Annual Compliance Verification demonstrates that it has failed to create and maintain at least Seventy-Two (72) Employment Positions as of December 31, 2013, the State may terminate the Agreement and require Chevron to repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.0% per year, compounded annually from the date of disbursement to the date of repayment.

b. Job Target. As set forth in Section 2 above, annually during the term of this Agreement through 2023 Chevron must deliver to OOG an Annual Compliance Verification demonstrating that it has met the Job Target for the year just ended. The consequences to Chevron of satisfying, failing to satisfy, or exceeding the Job Target are as follows:

(i) Compliance with Job Target. If Chevron has met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then Chevron will be deemed to have met its obligations for such preceding year and no liquidated damages will be due.

(ii) Failure to Meet Job Target. If Chevron has not met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then OOG may require Chevron to pay liquidated damages in the amount of One Thousand Five Hundred Ninety-Four Dollars (\$1,594) per job for every Employment Position by which it is short that year.

(iii) Exceeding Job Target. If an Annual Compliance Verification filed by Chevron demonstrates that it has exceeded the job target for that year, then Chevron will be deemed to have exceeded its obligations, and will receive a “Surplus Job Credit” for each extra Employment Position that it has maintained above the job target for that year. Chevron may utilize any earned Surplus Job Credits in following years as follows:

A. Chevron may expend a Surplus Job Credit in lieu of paying liquidated damages in the amount of \$1,594 per job (for example, if Chevron owes liquidated damages in the amount of \$159,400 for 100 Employment Positions lacking in a particular year, Chevron may discharge completely or reduce this amount by expending up to 100 Surplus Job Credits it has earned in prior years); or

B. Chevron may apply any Surplus Job Credits toward meeting the remaining Job Target for future years, such that if Chevron accumulates enough Surplus Job Credits it will be deemed to have fulfilled all of its obligations under the Agreement, and will be released from the Agreement early (for example, if Chevron has accumulated at least One Thousand Seven Hundred Fifty-Two (1,752) Surplus Job Credits by December 31, 2021, then it may apply these Surplus Job Credits forward to fulfill its Job Target for 2022, and may thereby fulfill its obligations and be released from the Agreement one year early).

4. CHEVRON ADDITIONAL COMMITMENTS

a. OOG Audit Rights.

(i) **Duty to Maintain Records.** Chevron shall maintain adequate records to support its charges, procedures and performances to OOG for all work related to this Agreement. Chevron also shall maintain such records as are deemed necessary by the OOG and auditors of the State of Texas or United States, or such other persons or entities designated by the OOG, to ensure proper accounting for all costs and performances related to this Agreement.

(ii) **Records Retention.** Chevron shall maintain and retain for a period of four (4) years after the submission of the final Annual Compliance Verification, or until full and final resolution of all audit or litigation matters which arise after the expiration of the four (4) year period after the submission of the final Annual Compliance Verification, whichever time period is longer, such records as are necessary to fully disclose the extent of services provided under this Agreement, including but not limited to any daily activity reports and time distribution and attendance records, and other records which may show the basis for the calculation of full time positions.

(iii) **Audit Trails.** Appropriate audit trails shall be maintained by Chevron to provide accountability for updates and changes to automated personnel and financial systems. Audit trails maintained by Chevron will, at a minimum, identify the changes made, the individual making the change and the date the change was made. An adequate history of transactions shall be maintained by Chevron to permit an audit of the system by tracing the activities of individuals through the system. Chevron's automated systems must provide the means whereby authorized personnel have the ability to audit and establish individual accountability for any action that can potentially cause access to, generation of, or modification of information related to the performances of this Agreement. Chevron agrees that Chevron's failure to maintain adequate audit trails and corresponding documentation shall create a rebuttable presumption that the performances were not performed.

(iv) **Access.** Chevron shall grant access to all paper and electronic records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement to OOG and auditors of the State of Texas, or such other persons or entities designated by OOG for the purposes of inspecting, auditing, or copying such books and records. All records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement shall be subject to examination or audit by the OOG and auditors of the State of Texas, or such other persons or entities designated by the OOG in accordance with all applicable state and federal laws, regulations or directives. Chevron will direct any subcontractor with whom it has established a contractual relationship to discharge Chevron's obligations to likewise permit access to, inspection of, and reproduction of all books and records of Chevron's subcontractor(s) which pertain to this Agreement.

(v) **Location.** Any such audit shall be conducted during Chevron's normal business hours at a Chevron location chosen by OOG and at OOG's expense, provided all costs incurred by OOG in conducting any such audit shall be reimbursed by Chevron in the event such audit reveals a material discrepancy in any Chevron reporting of compliance as required by the Agreement.

(vi) **Reimbursement.** If any audit or examination reveals that Chevron's reports for the audited period are not accurate in the calculation of the Job Target for such period, Chevron shall promptly reimburse the OOG for the liquidated damages amount(s) in accordance with section 3.b.ii.

(vii) **Corrective Action Plan.** If any audit reveals any discrepancies or inadequacies which are necessary in order to maintain compliance with this Agreement, applicable laws, regulations, or Chevron's obligations hereunder, Chevron agrees within thirty (30) calendar days after Chevron's receipt of the audit findings, to propose and submit to OOG a corrective action plan to correct such discrepancies or inadequacies subject to the approval of the OOG. Chevron further agrees to complete the corrective action approved by OOG within thirty (30) calendar days after OOG approves Chevron's corrective action plan, at the sole cost of Chevron.

(viii) **Reports.** Chevron shall provide to OOG periodic status reports in accordance with OOG's audit procedures regarding Chevron's resolution of any audit-related compliance activity for which Chevron is responsible.

b. Economic Impact Reports; Periodic Progress Briefings. In a manner consistent with the need to protect privacy and the intellectual property of Chevron and third parties, Chevron will provide periodic briefings as reasonably requested by OOG on the general activities, economic impact and progress of the new project development and business operations in Texas.

c. Use and Retention of Texas Suppliers. Chevron will use reasonable efforts to use qualified Texas-based suppliers to provide products and services under this Agreement, provided however, Chevron may in its sole discretion select suppliers and contractors based on program needs, scientific criteria, and industry standards.

d. Financial Information. Chevron will furnish to OOG on an annual basis by January 31, of each year throughout the term of the Agreement, information regarding the general business status, market and general summary financial updates regarding Chevron. Such financial information shall be in a form reasonably satisfactory to OOG.

e. Indemnity and Hold Harmless. Chevron agrees to indemnify and hold the State, the maker of this grant, and its agents, officers, and employees harmless for any and all losses, claims, suits, actions, and liability, including any litigation costs, that arise from any act or omission of Chevron or any of its officers and employees, agents, contractors, assignees, and affiliates relating to the project for which this grant is made regardless of whether the act or omission is related to job creation or other stated purpose of the grant.

f. EXPRESS NEGLIGENCE. THE INDEMNITY SET FORTH IN THIS AGREEMENT IS INTENDED TO BE ENFORCEABLE AGAINST CHEVRON AND ITS SUCCESSORS AND ASSIGNS IN ACCORDANCE WITH THE EXPRESS TERMS AND SCOPE HEREOF NOTWITHSTANDING TEXAS' EXPRESS NEGLIGENCE RULE OR ANY SIMILAR DIRECTIVE THAT WOULD PROHIBIT OR OTHERWISE LIMIT INDEMNITIES BECAUSE OF THE NEGLIGENCE (WHETHER SOLE, CONCURRENT, ACTIVE OR PASSIVE) OR OTHER FAULT OR STRICT LIABILITY OF THE OOG.

5. DEFAULTS AND REMEDIES

Each of the following acts or omissions of Chevron or occurrences shall constitute an act of default under this Agreement:

a. Failure to Invest and Open the Facility. If Chevron fails to invest and open the Facility by December 31, 2017, then the State may terminate the Agreement and require Chevron to immediately repay the entirety of any amounts disbursed under this agreement plus interest at the rate of 2.0% per year, compounded annually from the date of disbursement to the date of repayment, reduced by any funds refunded to the State for failure to meet Job Targets.

b. Failure to pay liquidated damages for job creation. After notice, Chevron shall have thirty (30) days to pay outstanding damages for job creation. If Chevron does not pay after this period, all amounts that could potentially be claimed for failure to meet job targets shall become due and payable immediately on demand of the State of Texas.

c. Failure to provide verification. If after the end of a calendar year Chevron fails to provide an Annual Compliance Verification by the deadline for that year, OOG may make a good faith estimate, based on information available to OOG, of the Employment Positions at Chevron as of December 31 of that year and, if the estimated Employment Positions fall short of the Job Target, require corresponding liquidated damages in accordance with Section 3.b.ii. above. Chevron will not be eligible to earn Surplus Job Credits for any such year for which it fails to provide an Annual Compliance Verification by the deadline for that year.

d. Failure to comply with Section 2.f. If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.0%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

6. GENERAL PROVISIONS

a. Authority. Each party represents that it has obtained all necessary authority to enter into this Agreement.

b. Relationship of Parties and Disclaimer of Liability. The parties will perform their respective obligations under this Agreement as independent contractors and not as agents, employees, partners, joint venturers, or representatives of the other party. Neither party can make representations or commitments that bind the other party. Chevron is not a “governmental body” by virtue of this Agreement or the use of TEF or other funding.

c. Limitation of Liability. In no event will either party be liable to the other party for any indirect, special, punitive, exemplary, incidental or consequential damages. This limitation will apply regardless of whether or not the other party has been advised of the possibility of such damages. Chevron’s total liability under this Agreement shall not exceed the amount of Funds actually received by Chevron plus interest at a rate of 2.0%.

d. Term. The term of this Agreement commences on the Effective Date of the Agreement and continues until January 31, 2023, unless terminated earlier pursuant to the terms of this Agreement.

e. Termination for Cause. Either party may terminate this Agreement for Cause upon thirty (30) days prior written notice to the other party. “Cause” is any failure to perform a material obligation under this Agreement within the specified time, including a material breach of a Funding Condition. This Agreement may not be terminated if the alleged Cause is cured within the specified thirty-day period. The sole remedy for any termination for Cause (and for the “cause” giving rise to the termination) shall be that each party is relieved of its obligation to perform hereunder, however, following termination by the State, Chevron will continue to be obligated to the State for liquidated damages and/or repayment of funds in accordance with applicable provisions of this Agreement.

f. Repayment upon Early Termination. In the event of early termination of the Agreement for Cause or by mutual agreement of the parties, Chevron shall repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.0% per year, compounded annually from the date of disbursement to the date of repayment.

g. Dispute Resolution and Applicable Law.

(i) Informal Meetings. The parties’ representatives will meet as needed to implement the terms of this Agreement and will make a good faith attempt to informally resolve any disputes.

(ii) Non-binding Mediation. Except to prevent irreparable harm for which there is no adequate remedy at law, neither party shall file suit to enforce this Agreement without first submitting the dispute to confidential, non-binding mediation before a mediator mutually agreed upon by the parties.

(iii) Applicable Law and Venue. This Agreement is made and entered into in the state of Texas, and this Agreement and all disputes arising out of or relating thereto shall be governed by the laws of the state of Texas, without regard to any otherwise applicable conflict of law rules or requirements.

Chevron agrees that any action, suit, litigation or other proceeding (collectively “litigation”) arising out of or in any way relating to this Agreement, or the matters referred to therein, shall be commenced exclusively in the Travis County District Court or the United States District Court for the Western District of Texas, Austin Division, and hereby irrevocably and unconditionally consents to the exclusive jurisdiction of those courts for the purpose of prosecuting and/or defending such litigation. Chevron hereby waives and agrees not to assert by way of motion, as a defense, or otherwise, in any suit, action or proceeding, any claim that (a) Chevron is not personally subject to the jurisdiction of the above-named courts, (b) the suit, action or proceeding is brought in an inconvenient forum or (c) the venue of the suit, action or proceeding is improper.

h. Publicity. Upon request by OOG, Chevron agrees to cooperate fully with OOG to assist in the preparation of any press release or other public disclosure regarding this Agreement. Chevron agrees to obtain OOG’s approval prior to Chevron’s issuance of any press release or other public disclosure concerning this Agreement, unless otherwise required by law.

i. No Waiver of Sovereign Immunity. Nothing in this Agreement may be construed to be a waiver of the sovereign immunity of the State to suit.

7. MISCELLANEOUS PROVISIONS

a. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in establishing proof of this Agreement to produce or account for more than one such counterpart.

b. Merger. This document constitutes the final entire agreement between the parties and supersedes any and all prior oral or written communication, representation or agreement relating to the subject matter of this Agreement.

c. Severability. Any term in this Agreement prohibited by, or unlawful or unenforceable under, any applicable law or jurisdiction is void without invalidating the remaining terms of this said Agreement. However, where the provisions of any such applicable law may be waived, they are hereby waived by either party, as the case may be, to the fullest extent permitted by the law, and the affected terms are enforceable in accordance with the parties' original intent.

d. Survival of Promises. Notwithstanding any expiration, termination or cancellation of this Agreement, the rights and obligations pertaining to payment or repayment of funds and/or liquidated damages, confidentiality, disclaimers and limitation of liability, indemnification, and any other provision implying survivability will remain in effect after this Agreement ends.

e. Binding Effect. This Agreement and all terms, provisions and obligations set forth herein shall be binding upon and shall inure to the benefit of the parties and their successors and assigns and shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns and all other state agencies and any other agencies, departments, divisions, governmental entities, public corporations and other entities which shall be successors to each of the parties or which shall succeed to or become obligated to perform or become bound by any of the covenants, agreements or obligations hereunder of each of the parties hereto.

f. Successors and Assigns/Notice. Chevron, or any legal successor thereto or prior assignee thereof, may assign its rights and obligations under this Agreement, including by merger or operation of law, to any legal successor or any person or entity that acquires all or substantially all of its business and operations. In addition, with the prior written consent of the State, which consent shall not be unreasonably withheld, or delayed, Chevron, or any legal successor company thereto or prior assignee thereof, may assign its rights and obligations under this Agreement to any parent or wholly owned subsidiary that it currently has in place or later establishes, if it is constituted as a separate legally recognized business entity. Any such assignment will be made without additional consideration being payable to the State. This Agreement shall survive any sale, change of control or similar transaction involving Chevron, any successor thereto or prior assignee thereof and no such transaction shall require the consent of the State. Chevron shall provide the State written notice of any assignment, sale, change of control or similar transaction pursuant to this section as soon as possible and in no event not later than thirty (30) calendar days following such event.

g. Force Majeure. Neither party shall be required to perform any obligation under this Agreement or be liable or responsible for any loss or damage resulting from its failure to perform so long as performance is delayed by force majeure or acts of God, including but not limited to strikes, lockouts or labor shortages, embargo, riot, war, revolution, terrorism, rebellion, insurrection, flood, natural disaster, or interruption of utilities from external causes.

h. Notice. All notices, requests, demands and other communications will be in writing and will be deemed given and received (i) on the date of delivery when delivered by hand, (ii) on

the following business day when sent by confirmed simultaneous telecopy, (iii) on the following business day when sent by receipted overnight courier, or (iv) three (3) business days after deposit in the United States Mail when mailed by registered or certified mail, return receipt requested, first class postage prepaid, as follows:

If to the State to:

TEF Compliance
Compliance and Oversight Division
PO Box 12428
Austin, TX 78711

with a concurrent copy to:

General Counsel
Office of the Governor
P.O. Box 12428
Austin, Texas 78711
Phone: 512-463-1788
Fax: 512-463-1932

If to Chevron to:

Attn: _____
Phone: _____
Fax: _____

{Signature Page Follows}

The parties have caused this Economic Development Agreement to be executed by their duly authorized representatives to be effective as of the date first specified above.

THE STATE OF TEXAS

CHEVRON U.S.A. INC.

BRANDY MARTY
CHIEF OF STAFF
OFFICE OF THE GOVERNOR

[NAME]
[TITLE]

EXHIBIT A

LETTER FROM GOVERNOR, LIEUTENANT GOVERNOR AND SPEAKER
APPROVING GRANT TO CHEVRON FROM THE TEXAS ENTERPRISE FUND

DRAFT AGREEMENT

ECONOMIC DEVELOPMENT AGREEMENT

BETWEEN

THE STATE OF TEXAS

AND

CHEVRON U.S.A. INC.

MONTH XX, 2013

THIS AGREEMENT (“Agreement”) is by and between the State of Texas (the “State”), acting by and through the Office of Economic Development and Tourism, a division within the Office of the Governor (“OOG”), and Chevron U.S.A. Inc., a Pennsylvania company, (“Chevron”). The State and Chevron are hereinafter referred to either individually as the “party,” or collectively as the “parties.” The Effective Date of this Agreement is _____, 2013.

RECITALS

WHEREAS, Texas’ low taxes, budgetary discipline, reasonable regulations and educated workforce continue to make the state a top location for businesses looking to expand or relocate; and

WHEREAS, Chevron is known for ~~being one of the world’s leading integrated energy companies, with subsidiaries that conduct business worldwide in virtually every facet of the energy industry;~~ and

WHEREAS, Chevron employs ~~approximately 61,900 people throughout the United States worldwide with 2012 sales and other operating revenues annual revenues~~ of approximately ~~\$231 million;~~ and

WHEREAS, Chevron has proposed expanding its existing operations in Houston, Harris County, Texas; and

WHEREAS, ~~the new facility will involve~~ Chevron ~~is proposing to invest~~investing approximately \$662 million ~~in the expansion of its existing operations an additional facility in Houston, Harris County,~~ Texas, and is expected to create at least 1,752 new full-time jobs for Texans, with an average annual payroll of approximately \$193 million; and

WHEREAS, Article III, Section 52-a of the Texas Constitution expressly authorizes the State to use public funds for the public purposes of development and diversification of the economy of the State, the elimination of unemployment or underemployment in the State, or the development of commerce in the State; and

WHEREAS, SB 1771 of the 78th Texas Legislature established the Texas Enterprise Fund (“TEF”) to be used with the express written approval of the Governor, Lieutenant Governor, and Speaker

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of the House of Representatives for economic development, infrastructure development, community development, job training programs, and business incentives, and the 82nd Texas Legislature reauthorized the TEF for the 2012 and 2013 biennium; and

WHEREAS, the State values Chevron as a distinguished and important corporate citizen, and wishes to receive a commitment that Chevron will expand its existing operations in Texas, and Chevron wishes to provide such a commitment; and

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WHEREAS, the Governor, Lieutenant Governor, and Speaker have each approved a grant from the TEF to Chevron, as evidenced in the letter attached as Exhibit A hereto; and

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WHEREAS, to ensure that the benefits the State provides under this Agreement are utilized in a manner consistent with Article III, Section 52-a of the Texas Constitution, and other laws, the State requires Chevron to comply with conditions and deliver certain performance as set forth herein, including achieving measurable job creation and retention commitments, in exchange for receiving these benefits; and

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WHEREAS, the parties desire to have such proposals set forth in a valid, binding and enforceable agreement; and

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WHEREAS, the State believes it is in the best public interest to enter into this Agreement for the reasons set forth above.

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(i) **First Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "First Payment") within thirty days following the execution of this Agreement, provided that the following accounting documents required for disbursement have been provided in acceptable form to the State: Request for Taxpayer Identification Number and Certification; Texas Application for Payee Identification Number; and Vendor Direct Deposit Authorization.

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(ii) **Second Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "Second Payment") within thirty days following receipt from Chevron of reasonable evidence of creating at least Four Hundred Fifty-Five (455) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

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(iii) **Third Grant Payment from the Texas Enterprise Fund.** The State shall pay

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cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "Third Payment") within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Two Hundred Twenty-Seven (1,227) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

- (iv) **Fourth Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "Fourth Payment") within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

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2. CHEVRON FUNDING CONDITIONS

Chevron must meet all of the following "Funding Conditions", or will be subject to liquidated damages and/or repayment in accordance with the Agreement. The Funding Conditions are as follows:

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a. Expanding Chevron Operations. Chevron commits to expanding ~~operations at its business locations operations in downtown~~ Houston, Harris County ~~which currently includes consist of its owned buildings at 1400 Smith St., Houston, Harris County and 1500 Louisiana St., Houston, Harris County, and leased spaces in the vicinity. (the "Campus") campus (the "Facility")~~ by one or more of the following actions: (i) possibly constructing a new multi-story office building at 1600 Louisiana St., in Houston, Harris County, Texas, (ii) leasing and occupying additional office space in downtown Houston, Harris County, or (iii) expanding the use of its existing owned office buildings (as expanded, the "Campus") Campus (the "Facility") use of existing facilities at 1500 Louisiana St. and 1400 Smith St., Houston, Harris County. The ~~Facility~~ Campus shall be open and operational by December 31, 2017.

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b. Job Target. Chevron commits to meeting a job target of (i) creating a total of at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions by December 31, 2020, in total at the ~~Campus~~ Campus and Facility and of (ii) maintaining these Employment Positions through December 31, 2022 (collectively, the "Job Target"). Chevron also commits to the following job creation schedule:

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- (i) One Hundred Forty-Four Employment Positions by December 31, 2013;
- (ii) One Hundred Fifty-Four additional Employment Positions (298 total) on December 31, 2014;
- (iii) One Hundred Fifty-Seven additional Employment Positions (455 total) on December 31, 2015;
- (iv) One Hundred Fifty-Seven additional Employment Positions (612 total) on December 31, 2016;
- (v) Six Hundred Fifteen additional Employment Positions (1,227 total) on December 31, 2017;
- (vi) One Hundred Seventy-Five additional Employment Positions (1,402 total) on December 31, 2018;
- (vii) One Hundred Seventy-Five additional Employment Positions (1,577 total) on December 31, 2019;

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(viii) ~~One Hundred Seventy-Five additional Employment Positions (1,752 total) on December 31, 2020.~~

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~~Jobs will only be counted as Employment Positions for purposes of this Agreement if they are above the total number of employment positions with Chevron's operations, in Texas at the time this Agreement is executed (the "Threshold"). The parties agree that for purposes of this Agreement, the Threshold shall be ~~Nine-Eight Thousand Four-Two Hundred hundred Forty Fifty-Nine-Three (9,4598,243).~~~~

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c. Employment Positions. For the purposes of this Agreement, "Employment Positions" shall be defined as jobs meeting all of the following criteria:

(i) ~~New full-time employment positions with Chevron at the ~~Campus~~Campus and the ~~Facility~~Facility; and~~

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(ii) ~~With an average annual gross compensation (excluding benefits) each year of at least:~~

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- (A) ~~\$110,000 for 2013;~~
- (B) ~~\$112,200 for 2014;~~
- (C) ~~\$114,444 for 2015;~~
- (D) ~~\$116,733 for 2016;~~
- (E) ~~\$119,068 for 2017;~~
- (F) ~~\$121,449 for 2018;~~
- (G) ~~\$123,878 for 2019;~~
- (H) ~~\$126,355 for 2020;~~
- (I) ~~\$128,883 for 2021;~~
- (J) ~~\$131,460 for 2022.~~

~~(iii) Unless specifically provided by this Agreement, no jobs created by Chevron subsidiaries, affiliates, contractors, or any other party not identified in this Agreement constitute Employment Positions.~~

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d. Annual Compliance Verification. Beginning in January 2014, and continuing every year thereafter through January 2023, each year by January 31 Chevron must deliver to OOG a compliance verification signed by a duly authorized representative of Chevron that shall certify the number of and generally describe the Employment Positions existing as of December 31 of the year preceding and provide the median wage for all Employment Positions (the "Annual Compliance Verification"). There will be a total of Ten (10) Annual Compliance Verifications due, covering jobs created and maintained in years 2013 through 2022. All Annual Compliance Verifications shall be in a form reasonably satisfactory to OOG and shall provide appropriate back-up data for the Employment Position numbers provided and for the Threshold. In addition, Chevron must submit each year a copy of the Annual Compliance Verification to the Office of the Lieutenant Governor and the Office of the Speaker of the House of Representatives at the addresses listed below.

Lt. Governor of Texas
P.O. Box 12068
Austin, Texas 78711

Speaker of the House of Representatives of Texas
P.O. Box 2910
Austin, TX 78768

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e. Certification of Good Standing/Delinquent Taxes. By execution of this Agreement, Chevron certifies that it is in good standing under the laws of the State in which it was formed or organized, and has provided the State sufficient evidence of such. In addition, Chevron certifies that it owes no delinquent taxes to any taxing unit of this State at the time of execution of this Agreement.

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f. Certification relating to undocumented workers. By execution of this Agreement, Chevron, including any branch, division, and department of Chevron, certifies that it does not and will not knowingly employ an undocumented worker (as defined by Texas Government Code Section 2264.001(4)). If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

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3. LIQUIDATED DAMAGES

a. Failure to Meet 2013 “Floor” Job Target. If Chevron’s first Annual Compliance Verification demonstrates that it has failed to create and maintain at least Seventy-Two (72) Employment Positions as of December 31, 2013, the State may terminate the Agreement and require Chevron to repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

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b. Job Target. As set forth in Section 2 above, annually during the term of this Agreement through 2023 Chevron must deliver to OOG an Annual Compliance Verification demonstrating that it has met the Job Target for the year just ended. The consequences to Chevron of satisfying, failing to satisfy, or exceeding the Job Target are as follows:

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(i) Compliance with Job Target. If Chevron has met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then Chevron will be deemed to have met its obligations for such preceding year and no liquidated damages will be due.

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(ii) Failure to Meet Job Target. Except as provided in Section 3(a), if Chevron has not met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then OOG may require Chevron to pay liquidated damages in the amount of One Thousand Six Hundred Ten Dollars (\$1,610) per job for every Employment Position by which it is short that year.

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(iii) Exceeding Job Target. If an Annual Compliance Verification filed by Chevron demonstrates that it has exceeded the job target for that year, then Chevron will be deemed to have exceeded its obligations, and will receive a “Surplus Job Credit” for each extra Employment Position that it has maintained above the job target for that year. Chevron may utilize any earned Surplus Job Credits in following years as follows:

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A. Chevron may expend a Surplus Job Credit in lieu of paying liquidated damages in the amount of \$1,610 per job (for example, if Chevron owes liquidated damages in the amount of \$161,000 for 100 Employment Positions lacking in a particular year, Chevron may discharge completely or reduce this amount by expending up to 100 Surplus Job Credits it has earned in prior years); or

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B. Chevron may apply any Surplus Job Credits toward meeting the remaining Job Target for future years, such that if Chevron accumulates enough Surplus Job Credits it will be deemed to have fulfilled all of its obligations under the Agreement, and will be released from the Agreement early (for example, if Chevron has accumulated at least One Thousand Seven Hundred Fifty-Two (1,752) Surplus Job Credits by December 31, 2021, then it may apply these Surplus Job Credits forward to fulfill its Job Target for 2022, and may thereby fulfill its obligations and be released from the Agreement one year early).

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4. CHEVRON ADDITIONAL COMMITMENTS

a. OOG Audit Rights.

(i) **Duty to Maintain Records.** Chevron shall maintain adequate records to support its charges, procedures and performances to OOG for all work related to this Agreement. Chevron also shall maintain such records as are deemed necessary by the OOG and auditors of the State of Texas or United States, or such other persons or entities designated by the OOG, to ensure proper accounting for all costs and performances related to this Agreement.

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(ii) **Records Retention.** Chevron shall maintain and retain for a period of four (4) years after the submission of the final Annual Compliance Verification, or until full and final resolution of all audit or litigation matters which arise after the expiration of the four (4) year period after the submission of the final Annual Compliance Verification, whichever time period is longer, such records as are necessary to fully disclose the extent of services provided under this Agreement, including but not limited to any daily activity reports and time distribution and attendance records, and other records which may show the basis for the calculation of full time positions.

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(iii) **Audit Trails.** Appropriate audit trails shall be maintained by Chevron to provide accountability for updates and changes to automated personnel and financial systems. Audit trails maintained by Chevron will, at a minimum, identify the changes made, the individual making the change and the date the change was made. An adequate history of transactions shall be maintained by Chevron to permit an audit of the system by tracing the activities of individuals through the system. Chevron's automated systems must provide the means whereby authorized personnel have the ability to audit and establish individual accountability for any action that can potentially cause access to, generation of, or modification of information related to the performances of this Agreement. Chevron agrees that Chevron's failure to maintain adequate audit trails and corresponding documentation shall create a rebuttable presumption that the performances were not performed.

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(iv) **Access.** Chevron shall grant access to all paper and electronic records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement to OOG and auditors of the State of Texas, or such other persons or entities designated by OOG for the purposes of inspecting, auditing, or copying such books and records. All records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement shall be subject to examination or audit by the OOG and auditors of the State of Texas, or such other persons or entities designated by the OOG in accordance with all applicable state

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and federal laws, regulations or directives. Chevron will direct any subcontractor with whom it has established a contractual relationship to discharge Chevron's obligations to likewise permit access to, inspection of, and reproduction of all books and records of Chevron's subcontractor(s) which pertain to this Agreement.

(v) **Location.** Any such audit shall be conducted during Chevron's normal business hours at a Chevron location chosen by OOG and at OOG's expense, provided all costs incurred by OOG in conducting any such audit shall be reimbursed by Chevron in the event such audit reveals a material discrepancy in any Chevron reporting of compliance as required by the Agreement.

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(vi) **Reimbursement.** If any audit or examination reveals that Chevron's reports for the audited period are not accurate in the calculation of the Job Target for such period, Chevron shall promptly reimburse the OOG for the liquidated damages amount(s) in accordance with section 3.b.ii.

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(vii) **Corrective Action Plan.** If any audit reveals any discrepancies or inadequacies which are necessary in order to maintain compliance with this Agreement, applicable laws, regulations, or Chevron's obligations hereunder, Chevron agrees within thirty (30) calendar days after Chevron's receipt of the audit findings, to propose and submit to OOG a corrective action plan to correct such discrepancies or inadequacies subject to the approval of the OOG. Chevron further agrees to complete the corrective action approved by OOG within thirty (30) calendar days after OOG approves Chevron's corrective action plan, at the sole cost of Chevron.

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(viii) **Reports.** Chevron shall provide to OOG periodic status reports in accordance with OOG's audit procedures regarding Chevron's resolution of any audit-related compliance activity for which Chevron is responsible.

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b. Economic Impact Reports; Periodic Progress Briefings. In a manner consistent with the need to protect privacy and the intellectual property of Chevron and third parties, Chevron will provide periodic briefings as reasonably requested by OOG on the general activities, economic impact and progress of the new project development and business operations in Texas.

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c. Use and Retention of Texas Suppliers. Chevron will use reasonable efforts to use qualified Texas-based suppliers to provide products and services under this Agreement, provided however, Chevron may in its sole discretion select suppliers and contractors based on program needs, scientific criteria, and industry standards.

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d. Financial Information. Chevron will furnish to OOG on an annual basis by ~~January 31~~ April 30, of each year throughout the term of the Agreement, information regarding the general business status, market and general summary financial updates regarding Chevron. Such financial information shall be in a form reasonably satisfactory to OOG.

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Comment [YTPH1]: We need to wait for the publication of Chevron's annual report for the prior year.

e. Indemnity and Hold Harmless. Chevron agrees to indemnify and hold the State, the maker of this grant, and its agents, officers, and employees harmless for any and all losses, claims, suits, actions, and liability, including any litigation costs, that arise from any act or omission of Chevron or any of its officers and employees, agents, contractors, assignees, and affiliates relating to the project for which this grant is made regardless of whether the act or omission is related to job creation or other stated purpose of the grant.

f. EXPRESS NEGLIGENCE. THE INDEMNITY SET FORTH IN THIS AGREEMENT IS INTENDED TO BE ENFORCEABLE AGAINST CHEVRON AND ITS SUCCESSORS AND ASSIGNS IN ACCORDANCE WITH THE EXPRESS TERMS AND SCOPE HEREOF NOTWITHSTANDING TEXAS' EXPRESS NEGLIGENCE RULE OR ANY SIMILAR DIRECTIVE THAT WOULD PROHIBIT OR OTHERWISE LIMIT INDEMNITIES BECAUSE OF THE NEGLIGENCE (WHETHER SOLE, CONCURRENT, ACTIVE OR PASSIVE) OR OTHER FAULT OR STRICT LIABILITY OF THE OOG.

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5. DEFAULTS AND REMEDIES

Each of the following acts or omissions of Chevron or occurrences shall constitute an act of default under this Agreement:

a. Failure to Invest and Expand the Facility Complete Campus. If Chevron fails to invest and ~~expand-complete~~ the ~~Campus Facility~~ by December 31, 2017, then the State may terminate the Agreement and require Chevron to immediately repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment, reduced by any funds refunded to the State for failure to meet Job Targets.

b. Failure to pay liquidated damages for job creation. Upon receipt of ~~After~~ notice, Chevron shall have ~~fourty-fivethirty~~ (3045) days to pay outstanding damages for job creation. If Chevron does not pay after this period, all amounts that could potentially be claimed for failure to meet job targets shall become due and payable immediately on demand of the State of Texas.

Comment [YTPH2]: Given how large Chevron is, it could take awhile for the notice to reach the appropriate person for handling. It also takes on average 1 week for a payment request to be approved and processed.

c. Failure to provide verification. If after the end of a calendar year Chevron fails to provide an Annual Compliance Verification by the deadline for that year, OOG may make a good faith estimate, based on information available to OOG, of the Employment Positions at Chevron as of December 31 of that year and, if the estimated Employment Positions fall short of the Job Target, require corresponding liquidated damages in accordance with Section 3.b.ii. above. Chevron will not be eligible to earn Surplus Job Credits for any such year for which it fails to provide an Annual Compliance Verification by the deadline for that year.

d. Failure to comply with Section 2.f. If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

6. GENERAL PROVISIONS

a. Authority. Each party represents that it has obtained all necessary authority to enter into this Agreement.

b. Relationship of Parties and Disclaimer of Liability. The parties will perform their respective obligations under this Agreement as independent contractors and not as agents, employees, partners, joint venturers, or representatives of the other party. Neither party can make

representations or commitments that bind the other party. Chevron is not a “governmental body” by virtue of this Agreement or the use of TEF or other funding.

c. Limitation of Liability. In no event will either party be liable to the other party for any indirect, special, punitive, exemplary, incidental or consequential damages. This limitation will apply regardless of whether or not the other party has been advised of the possibility of such damages. Chevron’s total liability under this Agreement shall not exceed the amount of Funds actually received by Chevron plus interest at a rate of 2.2%.

d. Term. The term of this Agreement commences on the Effective Date of the Agreement and continues until January 31, 2023, unless terminated earlier pursuant to the terms of this Agreement.

e. Termination for Cause. Either party may terminate this Agreement for Cause upon thirty (30) days prior written notice to the other party. “Cause” is any failure to perform a material obligation under this Agreement within the specified time, including a material breach of a Funding Condition. This Agreement may not be terminated if the alleged Cause is cured within the specified thirty-day period. The sole remedy for any termination for Cause (and for the “cause” giving rise to the termination) shall be that each party is relieved of its obligation to perform hereunder, however, following termination by the State, Chevron will continue to be obligated to the State for liquidated damages and/or repayment of funds in accordance with applicable provisions of this Agreement.

f. Repayment upon Early Termination. In the event of early termination of the Agreement for Cause or by mutual agreement of the parties, Chevron shall repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

g. Dispute Resolution and Applicable Law.

(i) Informal Meetings. The parties’ representatives will meet as needed to implement the terms of this Agreement and will make a good faith attempt to informally resolve any disputes.

(ii) Non-binding Mediation. Except to prevent irreparable harm for which there is no adequate remedy at law, neither party shall file suit to enforce this Agreement without first submitting the dispute to confidential, non-binding mediation before a mediator mutually agreed upon by the parties.

(iii) Applicable Law and Venue. This Agreement is made and entered into in the state of Texas, and this Agreement and all disputes arising out of or relating thereto shall be governed by the laws of the state of Texas, without regard to any otherwise applicable conflict of law rules or requirements.

Chevron agrees that any action, suit, litigation or other proceeding (collectively “litigation”) arising out of or in any way relating to this Agreement, or the matters referred to therein, shall be commenced exclusively in the Travis County District Court or the United States District Court for the Western District of Texas, Austin Division, and hereby irrevocably and unconditionally consents to the exclusive jurisdiction of those courts for the purpose of prosecuting and/or defending such litigation. Chevron hereby waives and agrees not to assert by way of motion, as a defense, or otherwise, in any suit, action or proceeding, any claim that (a)

Chevron is not personally subject to the jurisdiction of the above-named courts, (b) the suit, action or proceeding is brought in an inconvenient forum or (c) the venue of the suit, action or proceeding is improper.

h. Publicity. Upon request by OOG, Chevron agrees to cooperate fully with OOG to assist in the preparation of any press release or other public disclosure regarding this Agreement.

~~Chevron agrees to obtain will provide OOG with a copy of its approval prior to any proposed press release or public disclosure. Chevron desires to issue before the its issuance of any such press release or other public disclosure concerning this Agreement, unless otherwise required by law.~~

i. No Waiver of Sovereign Immunity. Nothing in this Agreement may be construed to be a waiver of the sovereign immunity of the State to suit.

7. MISCELLANEOUS PROVISIONS

a. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in establishing proof of this Agreement to produce or account for more than one such counterpart.

b. Merger. This document constitutes the final entire agreement between the parties and supersedes any and all prior oral or written communication, representation or agreement relating to the subject matter of this Agreement.

c. Severability. Any term in this Agreement prohibited by, or unlawful or unenforceable under, any applicable law or jurisdiction is void without invalidating the remaining terms of this said Agreement. However, where the provisions of any such applicable law may be waived, they are hereby waived by either party, as the case may be, to the fullest extent permitted by the law, and the affected terms are enforceable in accordance with the parties' original intent.

d. Survival of Promises. Notwithstanding any expiration, termination or cancellation of this Agreement, the rights and obligations pertaining to payment or repayment of funds and/or liquidated damages, confidentiality, disclaimers and limitation of liability, indemnification, and any other provision implying survivability will remain in effect after this Agreement ends.

e. Binding Effect. This Agreement and all terms, provisions and obligations set forth herein shall be binding upon and shall inure to the benefit of the parties and their successors and assigns and shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns and all other state agencies and any other agencies, departments, divisions, governmental entities, public corporations and other entities which shall be successors to each of the parties or which shall succeed to or become obligated to perform or become bound by any of the covenants, agreements or obligations hereunder of each of the parties hereto.

f. Successors and Assigns/Notice. Chevron, or any legal successor thereto or prior assignee thereof, may assign its rights and obligations under this Agreement, including by merger or operation of law, to any legal successor or any person or entity that acquires all or substantially all of its business and operations. In addition, with the prior written consent of the State, which consent shall not be unreasonably withheld, or delayed, Chevron, or any legal successor company thereto or prior assignee thereof, may assign its rights and obligations under this Agreement to any parent or wholly owned subsidiary that it currently has in place or later establishes, if it is constituted as a separate legally recognized business entity. Any such assignment will be made without additional consideration being payable to the State. This Agreement shall survive any

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Comment [YTPH3]: Chevron will need the OOG to review its proposed press release.

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sale, change of control or similar transaction involving Chevron, any successor thereto or prior assignee thereof and no such transaction shall require the consent of the State. Chevron shall provide the State written notice of any assignment, sale, change of control or similar transaction pursuant to this section as soon as possible and in no event not later than thirty (30) calendar days following such event.

g. Force Majeure. Neither party shall be required to perform any obligation under this Agreement or be liable or responsible for any loss or damage resulting from its failure to perform so long as performance is delayed by force majeure or acts of God, including but not limited to strikes, lockouts or labor shortages, embargo, riot, war, revolution, terrorism, rebellion, insurrection, flood, natural disaster, or interruption of utilities from external causes.

h. Notice. All notices, requests, demands and other communications will be in writing and will be deemed given and received (i) on the date of delivery when delivered by hand, (ii) on the following business day when sent by confirmed simultaneous telecopy, (iii) on the following business day when sent by receipted overnight courier, or (iv) three (3) business days after deposit in the United States Mail when mailed by registered or certified mail, return receipt requested, first class postage prepaid, as follows:

If to the State to:

TEF Compliance
Compliance and Oversight Division
PO Box 12428
Austin, TX 78711

with a concurrent copy to:
General Counsel
Office of the Governor
P.O. Box 12428
Austin, Texas 78711
Phone: 512-463-1788
Fax: 512-463-1932

If to Chevron to:

 Chevron Corporation
 6001 Bollinger Canyon Road
 San Ramon, CA 94583
Attn: Corporate Real Estate Counsel
Phone: 925-842-4337
Fax: 925-842-2011

with a concurrent copy to:
 Manager of State and Local Tax Counsel
 Corporate Tax
 6001 Bollinger Canyon Rd.
 San Ramon, CA 94583
 Phone: 925-842-1173

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{Signature Page Follows}

The parties have caused this Economic Development Agreement to be executed by their duly authorized representatives to be effective as of the date first specified above.

THE STATE OF TEXAS

CHEVRON U.S.A. INC.

BRANDY MARTY
CHIEF OF STAFF
OFFICE OF THE GOVERNOR

[NAME]
[TITLE]

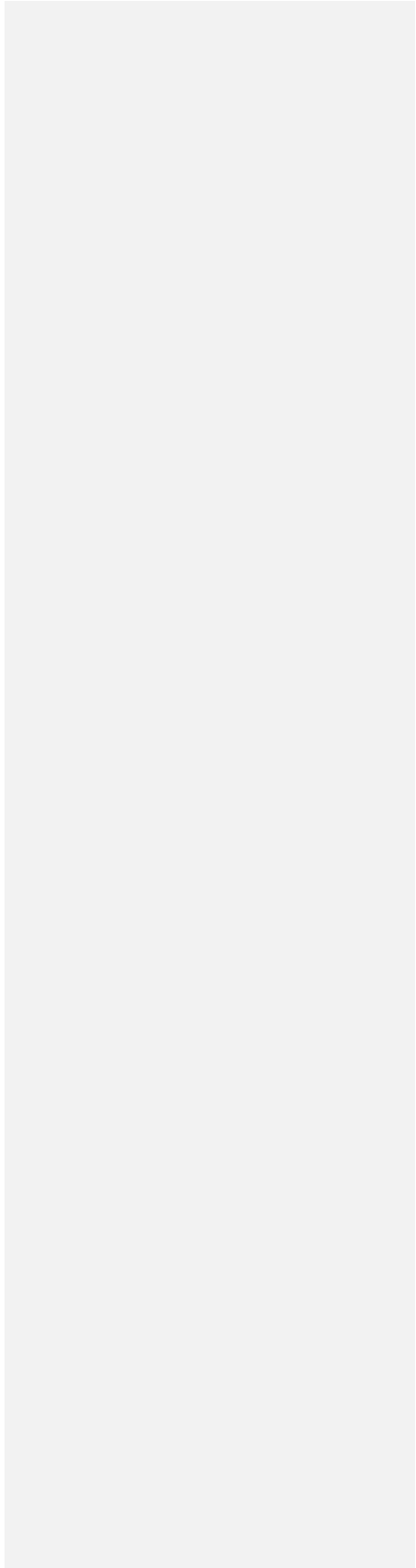


EXHIBIT A

LETTER FROM GOVERNOR, LIEUTENANT GOVERNOR AND SPEAKER
APPROVING GRANT TO CHEVRON FROM THE TEXAS ENTERPRISE FUND

ECONOMIC DEVELOPMENT AGREEMENT

BETWEEN

THE STATE OF TEXAS

AND

CHEVRON U.S.A. INC.

MONTH XX, 2013

THIS AGREEMENT (“Agreement”) is by and between the State of Texas (the “State”), acting by and through the Office of Economic Development and Tourism, a division within the Office of the Governor (“OOG”), and Chevron U.S.A. Inc., a Pennsylvania company, (“Chevron”). The State and Chevron are hereinafter referred to either individually as the “party,” or collectively as the “parties.” The Effective Date of this Agreement is _____, 2013.

RECITALS

WHEREAS, Texas’ low taxes, budgetary discipline, reasonable regulations and educated workforce continue to make the state a top location for businesses looking to expand or relocate; and

WHEREAS, Chevron is known for _____; and

WHEREAS, Chevron employs _____ people throughout the United States with annual revenues of approximately \$_____ million; and

WHEREAS, Chevron has proposed expanding its existing operations in Houston, Harris County, Texas; and

WHEREAS, the new facility will involve Chevron investing approximately \$662 million in Texas, and is expected to create at least 1,752 new full-time jobs for Texans, with an average annual payroll of approximately \$193 million; and

WHEREAS, Article III, Section 52-a of the Texas Constitution expressly authorizes the State to use public funds for the public purposes of development and diversification of the economy of the State, the elimination of unemployment or underemployment in the State, or the development of commerce in the State; and

WHEREAS, SB 1771 of the 78th Texas Legislature established the Texas Enterprise Fund (“TEF”) to be used with the express written approval of the Governor, Lieutenant Governor, and Speaker of the House of Representatives for economic development, infrastructure development, community development, job training programs, and business incentives, and the 82nd Texas Legislature reauthorized the TEF for the 2012 and 2013 biennium; and

WHEREAS, the State values Chevron as a distinguished and important corporate citizen, and wishes to receive a commitment that Chevron will expand its existing operations in Texas, and Chevron wishes to provide such a commitment; and

WHEREAS, the Governor, Lieutenant Governor, and Speaker have each approved a grant from the TEF to Chevron, as evidenced in the letter attached as Exhibit A hereto; and

WHEREAS, to ensure that the benefits the State provides under this Agreement are utilized in a manner consistent with Article III, Section 52-a of the Texas Constitution, and other laws, the State requires Chevron to comply with conditions and deliver certain performance as set forth herein, including achieving measurable job creation and retention commitments, in exchange for receiving these benefits; and

WHEREAS, the parties desire to have such proposals set forth in a valid, binding and enforceable agreement; and

WHEREAS, the State believes it is in the best public interest to enter into this Agreement for the reasons set forth above.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual promises herein, the parties agree as follows:

1. STATE OF TEXAS COMMITMENT

Grant of Funds from the Texas Enterprise Fund. The State agrees to pay cash from the Texas Enterprise Fund to Chevron in the amount of Twelve Million Dollars (\$12,000,000) (the “Funds”) as follows:

- (i) First Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “First Payment”) within thirty days following the execution of this Agreement, provided that the following accounting documents required for disbursement have been provided in acceptable form to the State: Request for Taxpayer Identification Number and Certification; Texas Application for Payee Identification Number; and Vendor Direct Deposit Authorization.
- (ii) Second Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “Second Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least Four Hundred Fifty-Five (455) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.
- (iii) Third Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “Third Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Two Hundred Twenty-Seven (1,227) Employment Positions, as defined below. The

format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

- (iv) **Fourth Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “Fourth Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

2. CHEVRON FUNDING CONDITIONS

Chevron must meet all of the following “Funding Conditions”, or will be subject to liquidated damages and/or repayment in accordance with the Agreement. The Funding Conditions are as follows:

a. Expanding Chevron Operations. Chevron commits to expanding operations at its Houston, Harris County campus (the “Facility”) by constructing a new multi-story office building at 1600 Louisiana St., in Houston, Harris County, Texas, occupying additional office space in downtown Houston, Harris County, or expanding the use of existing facilities at 1500 Louisiana St. and 1400 Smith St., Houston, Harris County. The Facility shall be open and operational by December 31, 2017.

b. Job Target. Chevron commits to meeting a job target of (i) creating a total of at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions by December 31, 2020, at the Facility and of (ii) maintaining these Employment Positions through December 31, 2022 (collectively, the “Job Target”). Chevron also commits to the following job creation schedule:

- (i) One Hundred Forty-Four Employment Positions by December 31, 2013;
- (ii) One Hundred Fifty-Four additional Employment Positions (298 total) on December 31, 2014;
- (iii) One Hundred Fifty-Seven additional Employment Positions (455 total) on December 31, 2015;
- (iv) One Hundred Fifty-Seven additional Employment Positions (612 total) on December 31, 2016;
- (v) Six Hundred Fifteen additional Employment Positions (1,227 total) on December 31, 2017;
- (vi) One Hundred Seventy-Five additional Employment Positions (1,402 total) on December 31, 2018;
- (vii) One Hundred Seventy-Five additional Employment Positions (1,577 total) on December 31, 2019;
- (viii) One Hundred Seventy-Five additional Employment Positions (1,752 total) on December 31, 2020.

Jobs will only be counted as Employment Positions for purposes of this Agreement if they are above the total number of employment positions with Chevron’s operations, in Texas at the time this Agreement is executed (the “Threshold”). The parties agree that for purposes of this Agreement, the Threshold shall be Nine Thousand Four hundred Fifty-Nine (9,459).

c. Employment Positions. For the purposes of this Agreement, “Employment Positions” shall be defined as jobs meeting all of the following criteria:

- (i) New full-time employment positions with Chevron at the Facility; and
- (ii) With an average annual gross compensation (excluding benefits) each year of at least:

- (A) \$110,000 for 2013;
- (B) \$112,200 for 2014;
- (C) \$114,444 for 2015;
- (D) \$116,733 for 2016;
- (E) \$119,068 for 2017;
- (F) \$121,449 for 2018;
- (G) \$123,878 for 2019;
- (H) \$126,355 for 2020;
- (I) \$128,883 for 2021;
- (J) \$131,460 for 2022.

- (iii) Unless specifically provided by this Agreement, no jobs created by Chevron subsidiaries, affiliates, contractors, or any other party not identified in this Agreement constitute Employment Positions.

d. Annual Compliance Verification. Beginning in January 2014, and continuing every year thereafter through January 2023, each year by January 31 Chevron must deliver to OOG a compliance verification signed by a duly authorized representative of Chevron that shall certify the number of and generally describe the Employment Positions existing as of December 31 of the year preceding and provide the median wage for all Employment Positions (the “Annual Compliance Verification”). There will be a total of Ten (10) Annual Compliance Verifications due, covering jobs created and maintained in years 2013 through 2022. All Annual Compliance Verifications shall be in a form reasonably satisfactory to OOG and shall provide appropriate back-up data for the Employment Position numbers provided and for the Threshold. In addition, Chevron must submit each year a copy of the Annual Compliance Verification to the Office of the Lieutenant Governor and the Office of the Speaker of the House of Representatives at the addresses listed below.

Lt. Governor of Texas
P.O. Box 12068
Austin, Texas 78711

Speaker of the House of Representatives of Texas
P.O. Box 2910
Austin, TX 78768

e. Certification of Good Standing/Delinquent Taxes. By execution of this Agreement, Chevron certifies that it is in good standing under the laws of the State in which it was formed or organized, and has provided the State sufficient evidence of such. In addition, Chevron certifies that it owes no delinquent taxes to any taxing unit of this State at the time of execution of this Agreement.

f. Certification relating to undocumented workers. By execution of this Agreement, Chevron, including any branch, division, and department of Chevron, certifies that it does not and will not knowingly employ an undocumented worker (as defined by Texas Government Code Section 2264.001(4)). If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron

shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

3. LIQUIDATED DAMAGES

a. Failure to Meet 2013 “Floor” Job Target. If Chevron’s first Annual Compliance Verification demonstrates that it has failed to create and maintain at least Seventy-Two (72) Employment Positions as of December 31, 2013, the State may terminate the Agreement and require Chevron to repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

b. Job Target. As set forth in Section 2 above, annually during the term of this Agreement through 2023 Chevron must deliver to OOG an Annual Compliance Verification demonstrating that it has met the Job Target for the year just ended. The consequences to Chevron of satisfying, failing to satisfy, or exceeding the Job Target are as follows:

(i) Compliance with Job Target. If Chevron has met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then Chevron will be deemed to have met its obligations for such preceding year and no liquidated damages will be due.

(ii) Failure to Meet Job Target. If Chevron has not met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then OOG may require Chevron to pay liquidated damages in the amount of One Thousand Six Hundred Ten Dollars (\$1,610) per job for every Employment Position by which it is short that year.

(iii) Exceeding Job Target. If an Annual Compliance Verification filed by Chevron demonstrates that it has exceeded the job target for that year, then Chevron will be deemed to have exceeded its obligations, and will receive a “Surplus Job Credit” for each extra Employment Position that it has maintained above the job target for that year. Chevron may utilize any earned Surplus Job Credits in following years as follows:

A. Chevron may expend a Surplus Job Credit in lieu of paying liquidated damages in the amount of \$1,610 per job (for example, if Chevron owes liquidated damages in the amount of \$161,000 for 100 Employment Positions lacking in a particular year, Chevron may discharge completely or reduce this amount by expending up to 100 Surplus Job Credits it has earned in prior years); or

B. Chevron may apply any Surplus Job Credits toward meeting the remaining Job Target for future years, such that if Chevron accumulates enough Surplus Job Credits it will be deemed to have fulfilled all of its obligations under the Agreement, and will be released from the Agreement early (for example, if Chevron has accumulated at least One Thousand Seven Hundred Fifty-Two (1,752) Surplus Job Credits by December 31, 2021, then it may apply these Surplus Job Credits forward to fulfill its Job Target for 2022, and may thereby fulfill its obligations and be released from the Agreement one year early).

4. CHEVRON ADDITIONAL COMMITMENTS

a. OOG Audit Rights.

(i) **Duty to Maintain Records.** Chevron shall maintain adequate records to support its charges, procedures and performances to OOG for all work related to this Agreement. Chevron also shall maintain such records as are deemed necessary by the OOG and auditors of the State of Texas or United States, or such other persons or entities designated by the OOG, to ensure proper accounting for all costs and performances related to this Agreement.

(ii) **Records Retention.** Chevron shall maintain and retain for a period of four (4) years after the submission of the final Annual Compliance Verification, or until full and final resolution of all audit or litigation matters which arise after the expiration of the four (4) year period after the submission of the final Annual Compliance Verification, whichever time period is longer, such records as are necessary to fully disclose the extent of services provided under this Agreement, including but not limited to any daily activity reports and time distribution and attendance records, and other records which may show the basis for the calculation of full time positions.

(iii) **Audit Trails.** Appropriate audit trails shall be maintained by Chevron to provide accountability for updates and changes to automated personnel and financial systems. Audit trails maintained by Chevron will, at a minimum, identify the changes made, the individual making the change and the date the change was made. An adequate history of transactions shall be maintained by Chevron to permit an audit of the system by tracing the activities of individuals through the system. Chevron's automated systems must provide the means whereby authorized personnel have the ability to audit and establish individual accountability for any action that can potentially cause access to, generation of, or modification of information related to the performances of this Agreement. Chevron agrees that Chevron's failure to maintain adequate audit trails and corresponding documentation shall create a rebuttable presumption that the performances were not performed.

(iv) **Access.** Chevron shall grant access to all paper and electronic records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement to OOG and auditors of the State of Texas, or such other persons or entities designated by OOG for the purposes of inspecting, auditing, or copying such books and records. All records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement shall be subject to examination or audit by the OOG and auditors of the State of Texas, or such other persons or entities designated by the OOG in accordance with all applicable state and federal laws, regulations or directives. Chevron will direct any subcontractor with whom it has established a contractual relationship to discharge Chevron's obligations to likewise permit access to, inspection of, and reproduction of all books and records of Chevron's subcontractor(s) which pertain to this Agreement.

(v) **Location.** Any such audit shall be conducted during Chevron's normal business hours at a Chevron location chosen by OOG and at OOG's expense, provided all costs incurred by OOG in conducting any such audit shall be reimbursed by Chevron in the event such audit reveals a material discrepancy in any Chevron reporting of compliance as required by the Agreement.

(vi) **Reimbursement.** If any audit or examination reveals that Chevron's reports for the audited period are not accurate in the calculation of the Job Target for such period, Chevron shall promptly reimburse the OOG for the liquidated damages amount(s) in accordance with section 3.b.ii.

(vii) **Corrective Action Plan.** If any audit reveals any discrepancies or inadequacies which are necessary in order to maintain compliance with this Agreement, applicable laws, regulations, or Chevron's obligations hereunder, Chevron agrees within thirty (30) calendar days after Chevron's receipt of the audit findings, to propose and submit to OOG a corrective action plan to correct such discrepancies or inadequacies subject to the approval of the OOG. Chevron further agrees to complete the corrective action approved by OOG within thirty (30) calendar days after OOG approves Chevron's corrective action plan, at the sole cost of Chevron.

(viii) **Reports.** Chevron shall provide to OOG periodic status reports in accordance with OOG's audit procedures regarding Chevron's resolution of any audit-related compliance activity for which Chevron is responsible.

b. Economic Impact Reports; Periodic Progress Briefings. In a manner consistent with the need to protect privacy and the intellectual property of Chevron and third parties, Chevron will provide periodic briefings as reasonably requested by OOG on the general activities, economic impact and progress of the new project development and business operations in Texas.

c. Use and Retention of Texas Suppliers. Chevron will use reasonable efforts to use qualified Texas-based suppliers to provide products and services under this Agreement, provided however, Chevron may in its sole discretion select suppliers and contractors based on program needs, scientific criteria, and industry standards.

d. Financial Information. Chevron will furnish to OOG on an annual basis by January 31, of each year throughout the term of the Agreement, information regarding the general business status, market and general summary financial updates regarding Chevron. Such financial information shall be in a form reasonably satisfactory to OOG.

e. Indemnity and Hold Harmless. Chevron agrees to indemnify and hold the State, the maker of this grant, and its agents, officers, and employees harmless for any and all losses, claims, suits, actions, and liability, including any litigation costs, that arise from any act or omission of Chevron or any of its officers and employees, agents, contractors, assignees, and affiliates relating to the project for which this grant is made regardless of whether the act or omission is related to job creation or other stated purpose of the grant.

f. EXPRESS NEGLIGENCE. THE INDEMNITY SET FORTH IN THIS AGREEMENT IS INTENDED TO BE ENFORCEABLE AGAINST CHEVRON AND ITS SUCCESSORS AND ASSIGNS IN ACCORDANCE WITH THE EXPRESS TERMS AND SCOPE HEREOF NOTWITHSTANDING TEXAS' EXPRESS NEGLIGENCE RULE OR ANY SIMILAR DIRECTIVE THAT WOULD PROHIBIT OR OTHERWISE LIMIT INDEMNITIES BECAUSE OF THE NEGLIGENCE (WHETHER SOLE, CONCURRENT, ACTIVE OR PASSIVE) OR OTHER FAULT OR STRICT LIABILITY OF THE OOG.

5. DEFAULTS AND REMEDIES

Each of the following acts or omissions of Chevron or occurrences shall constitute an act of default under this Agreement:

a. Failure to Invest and Expand the Facility. If Chevron fails to invest and expand the Facility by December 31, 2017, then the State may terminate the Agreement and require Chevron to immediately repay the entirety of any amounts disbursed under this agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment, reduced by any funds refunded to the State for failure to meet Job Targets.

b. Failure to pay liquidated damages for job creation. After notice, Chevron shall have thirty (30) days to pay outstanding damages for job creation. If Chevron does not pay after this period, all amounts that could potentially be claimed for failure to meet job targets shall become due and payable immediately on demand of the State of Texas.

c. Failure to provide verification. If after the end of a calendar year Chevron fails to provide an Annual Compliance Verification by the deadline for that year, OOG may make a good faith estimate, based on information available to OOG, of the Employment Positions at Chevron as of December 31 of that year and, if the estimated Employment Positions fall short of the Job Target, require corresponding liquidated damages in accordance with Section 3.b.ii. above. Chevron will not be eligible to earn Surplus Job Credits for any such year for which it fails to provide an Annual Compliance Verification by the deadline for that year.

d. Failure to comply with Section 2.f. If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

6. GENERAL PROVISIONS

a. Authority. Each party represents that it has obtained all necessary authority to enter into this Agreement.

b. Relationship of Parties and Disclaimer of Liability. The parties will perform their respective obligations under this Agreement as independent contractors and not as agents, employees, partners, joint venturers, or representatives of the other party. Neither party can make representations or commitments that bind the other party. Chevron is not a “governmental body” by virtue of this Agreement or the use of TEF or other funding.

c. Limitation of Liability. In no event will either party be liable to the other party for any indirect, special, punitive, exemplary, incidental or consequential damages. This limitation will apply regardless of whether or not the other party has been advised of the possibility of such damages. Chevron’s total liability under this Agreement shall not exceed the amount of Funds actually received by Chevron plus interest at a rate of 2.2%.

d. Term. The term of this Agreement commences on the Effective Date of the Agreement and continues until January 31, 2023, unless terminated earlier pursuant to the terms of this Agreement.

e. Termination for Cause. Either party may terminate this Agreement for Cause upon thirty (30) days prior written notice to the other party. “Cause” is any failure to perform a material obligation under this Agreement within the specified time, including a material breach of a Funding Condition. This Agreement may not be terminated if the alleged Cause is cured within the specified thirty-day period. The sole remedy for any termination for Cause (and for the “cause” giving rise to the termination) shall be that each party is relieved of its obligation to perform hereunder, however, following termination by the State, Chevron will continue to be obligated to the State for liquidated damages and/or repayment of funds in accordance with applicable provisions of this Agreement.

f. Repayment upon Early Termination. In the event of early termination of the Agreement for Cause or by mutual agreement of the parties, Chevron shall repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

g. Dispute Resolution and Applicable Law.

(i) Informal Meetings. The parties’ representatives will meet as needed to implement the terms of this Agreement and will make a good faith attempt to informally resolve any disputes.

(ii) Non-binding Mediation. Except to prevent irreparable harm for which there is no adequate remedy at law, neither party shall file suit to enforce this Agreement without first submitting the dispute to confidential, non-binding mediation before a mediator mutually agreed upon by the parties.

(iii) Applicable Law and Venue. This Agreement is made and entered into in the state of Texas, and this Agreement and all disputes arising out of or relating thereto shall be governed by the laws of the state of Texas, without regard to any otherwise applicable conflict of law rules or requirements.

Chevron agrees that any action, suit, litigation or other proceeding (collectively “litigation”) arising out of or in any way relating to this Agreement, or the matters referred to therein, shall be commenced exclusively in the Travis County District Court or the United States District Court for the Western District of Texas, Austin Division, and hereby irrevocably and unconditionally consents to the exclusive jurisdiction of those courts for the purpose of prosecuting and/or defending such litigation. Chevron hereby waives and agrees not to assert by way of motion, as a defense, or otherwise, in any suit, action or proceeding, any claim that (a) Chevron is not personally subject to the jurisdiction of the above-named courts, (b) the suit, action or proceeding is brought in an inconvenient forum or (c) the venue of the suit, action or proceeding is improper.

h. Publicity. Upon request by OOG, Chevron agrees to cooperate fully with OOG to assist in the preparation of any press release or other public disclosure regarding this Agreement. Chevron agrees to obtain OOG’s approval prior to Chevron’s issuance of any press release or other public disclosure concerning this Agreement, unless otherwise required by law.

i. No Waiver of Sovereign Immunity. Nothing in this Agreement may be construed to be a waiver of the sovereign immunity of the State to suit.

7. MISCELLANEOUS PROVISIONS

a. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in establishing proof of this Agreement to produce or account for more than one such counterpart.

b. Merger. This document constitutes the final entire agreement between the parties and supersedes any and all prior oral or written communication, representation or agreement relating to the subject matter of this Agreement.

c. Severability. Any term in this Agreement prohibited by, or unlawful or unenforceable under, any applicable law or jurisdiction is void without invalidating the remaining terms of this said Agreement. However, where the provisions of any such applicable law may be waived, they are hereby waived by either party, as the case may be, to the fullest extent permitted by the law, and the affected terms are enforceable in accordance with the parties' original intent.

d. Survival of Promises. Notwithstanding any expiration, termination or cancellation of this Agreement, the rights and obligations pertaining to payment or repayment of funds and/or liquidated damages, confidentiality, disclaimers and limitation of liability, indemnification, and any other provision implying survivability will remain in effect after this Agreement ends.

e. Binding Effect. This Agreement and all terms, provisions and obligations set forth herein shall be binding upon and shall inure to the benefit of the parties and their successors and assigns and shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns and all other state agencies and any other agencies, departments, divisions, governmental entities, public corporations and other entities which shall be successors to each of the parties or which shall succeed to or become obligated to perform or become bound by any of the covenants, agreements or obligations hereunder of each of the parties hereto.

f. Successors and Assigns/Notice. Chevron, or any legal successor thereto or prior assignee thereof, may assign its rights and obligations under this Agreement, including by merger or operation of law, to any legal successor or any person or entity that acquires all or substantially all of its business and operations. In addition, with the prior written consent of the State, which consent shall not be unreasonably withheld, or delayed, Chevron, or any legal successor company thereto or prior assignee thereof, may assign its rights and obligations under this Agreement to any parent or wholly owned subsidiary that it currently has in place or later establishes, if it is constituted as a separate legally recognized business entity. Any such assignment will be made without additional consideration being payable to the State. This Agreement shall survive any sale, change of control or similar transaction involving Chevron, any successor thereto or prior assignee thereof and no such transaction shall require the consent of the State. Chevron shall provide the State written notice of any assignment, sale, change of control or similar transaction pursuant to this section as soon as possible and in no event not later than thirty (30) calendar days following such event.

g. Force Majeure. Neither party shall be required to perform any obligation under this Agreement or be liable or responsible for any loss or damage resulting from its failure to perform so long as performance is delayed by force majeure or acts of God, including but not limited to strikes, lockouts or labor shortages, embargo, riot, war, revolution, terrorism, rebellion, insurrection, flood, natural disaster, or interruption of utilities from external causes.

h. Notice. All notices, requests, demands and other communications will be in writing and will be deemed given and received (i) on the date of delivery when delivered by hand, (ii) on

the following business day when sent by confirmed simultaneous telecopy, (iii) on the following business day when sent by receipted overnight courier, or (iv) three (3) business days after deposit in the United States Mail when mailed by registered or certified mail, return receipt requested, first class postage prepaid, as follows:

If to the State to:

TEF Compliance
Compliance and Oversight Division
PO Box 12428
Austin, TX 78711

with a concurrent copy to:

General Counsel
Office of the Governor
P.O. Box 12428
Austin, Texas 78711
Phone: 512-463-1788
Fax: 512-463-1932

If to Chevron to:

Attn: _____
Phone: _____
Fax: _____

{Signature Page Follows}

The parties have caused this Economic Development Agreement to be executed by their duly authorized representatives to be effective as of the date first specified above.

THE STATE OF TEXAS

CHEVRON U.S.A. INC.

BRANDY MARTY
CHIEF OF STAFF
OFFICE OF THE GOVERNOR

[NAME]
[TITLE]

EXHIBIT A

LETTER FROM GOVERNOR, LIEUTENANT GOVERNOR AND SPEAKER
APPROVING GRANT TO CHEVRON FROM THE TEXAS ENTERPRISE FUND

ECONOMIC DEVELOPMENT AGREEMENT

BETWEEN

THE STATE OF TEXAS

AND

CHEVRON U.S.A. INC.

MONTH XX, 2013

THIS AGREEMENT (“Agreement”) is by and between the State of Texas (the “State”), acting by and through the Office of Economic Development and Tourism, a division within the Office of the Governor (“OOG”), and Chevron U.S.A. Inc., a Pennsylvania company, (“Chevron”). The State and Chevron are hereinafter referred to either individually as the “party,” or collectively as the “parties.” The Effective Date of this Agreement is _____, 2013.

RECITALS

WHEREAS, Texas’ low taxes, budgetary discipline, reasonable regulations and educated workforce continue to make the state a top location for businesses looking to expand or relocate; and

WHEREAS, Chevron is known for _____; and

WHEREAS, Chevron employs _____ people throughout the United States with annual revenues of approximately \$_____ million; and

WHEREAS, Chevron has proposed expanding its existing operations in Houston, Harris County, Texas; and

WHEREAS, the new facility will involve Chevron investing approximately \$662 million in Texas, and is expected to create at least 1,752 new full-time jobs for Texans, with an average annual payroll of approximately \$193 million; and

WHEREAS, Article III, Section 52-a of the Texas Constitution expressly authorizes the State to use public funds for the public purposes of development and diversification of the economy of the State, the elimination of unemployment or underemployment in the State, or the development of commerce in the State; and

WHEREAS, SB 1771 of the 78th Texas Legislature established the Texas Enterprise Fund (“TEF”) to be used with the express written approval of the Governor, Lieutenant Governor, and Speaker of the House of Representatives for economic development, infrastructure development, community development, job training programs, and business incentives, and the 82nd Texas Legislature reauthorized the TEF for the 2012 and 2013 biennium; and

WHEREAS, the State values Chevron as a distinguished and important corporate citizen, and wishes to receive a commitment that Chevron will expand its existing operations in Texas, and Chevron wishes to provide such a commitment; and

WHEREAS, the Governor, Lieutenant Governor, and Speaker have each approved a grant from the TEF to Chevron, as evidenced in the letter attached as Exhibit A hereto; and

WHEREAS, to ensure that the benefits the State provides under this Agreement are utilized in a manner consistent with Article III, Section 52-a of the Texas Constitution, and other laws, the State requires Chevron to comply with conditions and deliver certain performance as set forth herein, including achieving measurable job creation and retention commitments, in exchange for receiving these benefits; and

WHEREAS, the parties desire to have such proposals set forth in a valid, binding and enforceable agreement; and

WHEREAS, the State believes it is in the best public interest to enter into this Agreement for the reasons set forth above.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual promises herein, the parties agree as follows:

1. STATE OF TEXAS COMMITMENT

Grant of Funds from the Texas Enterprise Fund. The State agrees to pay cash from the Texas Enterprise Fund to Chevron in the amount of Twelve Million Dollars (\$12,000,000) (the “Funds”) as follows:

- (i) First Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “First Payment”) within thirty days following the execution of this Agreement, provided that the following accounting documents required for disbursement have been provided in acceptable form to the State: Request for Taxpayer Identification Number and Certification; Texas Application for Payee Identification Number; and Vendor Direct Deposit Authorization.
- (ii) Second Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “Second Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least Four Hundred Fifty-Five (455) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.
- (iii) Third Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “Third Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Two Hundred Twenty-Seven (1,227) Employment Positions, as defined below. The

format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

- (iv) **Fourth Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “Fourth Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

2. CHEVRON FUNDING CONDITIONS

Chevron must meet all of the following “Funding Conditions”, or will be subject to liquidated damages and/or repayment in accordance with the Agreement. The Funding Conditions are as follows:

a. Expanding Chevron Operations. Chevron commits to expanding operations at its Houston, Harris County campus (the “Facility”) by constructing a new multi-story office building at 1600 Louisiana St., in Houston, Harris County, Texas, occupying additional office space in downtown Houston, Harris County, or expanding the use of existing facilities at 1500 Louisiana St. and 1400 Smith St., Houston, Harris County. The Facility shall be open and operational by December 31, 2017.

b. Job Target. Chevron commits to meeting a job target of (i) creating a total of at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions by December 31, 2020, at the Facility and of (ii) maintaining these Employment Positions through December 31, 2022 (collectively, the “Job Target”). Chevron also commits to the following job creation schedule:

- (i) One Hundred Forty-Four Employment Positions by December 31, 2013;
- (ii) One Hundred Fifty-Four additional Employment Positions (298 total) on December 31, 2014;
- (iii) One Hundred Fifty-Seven additional Employment Positions (455 total) on December 31, 2015;
- (iv) One Hundred Fifty-Seven additional Employment Positions (612 total) on December 31, 2016;
- (v) Six Hundred Fifteen additional Employment Positions (1,227 total) on December 31, 2017;
- (vi) One Hundred Seventy-Five additional Employment Positions (1,402 total) on December 31, 2018;
- (vii) One Hundred Seventy-Five additional Employment Positions (1,577 total) on December 31, 2019;
- (viii) One Hundred Seventy-Five additional Employment Positions (1,752 total) on December 31, 2020.

Jobs will only be counted as Employment Positions for purposes of this Agreement if they are above the total number of employment positions with Chevron’s operations, in Texas at the time this Agreement is executed (the “Threshold”). The parties agree that for purposes of this Agreement, the Threshold shall be Nine Thousand Four hundred Fifty-Nine (9,459).

c. Employment Positions. For the purposes of this Agreement, “Employment Positions” shall be defined as jobs meeting all of the following criteria:

- (i) New full-time employment positions with Chevron at the Facility; and
- (ii) With an average annual gross compensation (excluding benefits) each year of at least:

- (A) \$110,000 for 2013;
- (B) \$112,200 for 2014;
- (C) \$114,444 for 2015;
- (D) \$116,733 for 2016;
- (E) \$119,068 for 2017;
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- (I) \$128,883 for 2021;
- (J) \$131,460 for 2022.

- (iii) Unless specifically provided by this Agreement, no jobs created by Chevron subsidiaries, affiliates, contractors, or any other party not identified in this Agreement constitute Employment Positions.

d. Annual Compliance Verification. Beginning in January 2014, and continuing every year thereafter through January 2023, each year by January 31 Chevron must deliver to OOG a compliance verification signed by a duly authorized representative of Chevron that shall certify the number of and generally describe the Employment Positions existing as of December 31 of the year preceding and provide the median wage for all Employment Positions (the “Annual Compliance Verification”). There will be a total of Ten (10) Annual Compliance Verifications due, covering jobs created and maintained in years 2013 through 2022. All Annual Compliance Verifications shall be in a form reasonably satisfactory to OOG and shall provide appropriate back-up data for the Employment Position numbers provided and for the Threshold. In addition, Chevron must submit each year a copy of the Annual Compliance Verification to the Office of the Lieutenant Governor and the Office of the Speaker of the House of Representatives at the addresses listed below.

Lt. Governor of Texas
P.O. Box 12068
Austin, Texas 78711

Speaker of the House of Representatives of Texas
P.O. Box 2910
Austin, TX 78768

e. Certification of Good Standing/Delinquent Taxes. By execution of this Agreement, Chevron certifies that it is in good standing under the laws of the State in which it was formed or organized, and has provided the State sufficient evidence of such. In addition, Chevron certifies that it owes no delinquent taxes to any taxing unit of this State at the time of execution of this Agreement.

f. Certification relating to undocumented workers. By execution of this Agreement, Chevron, including any branch, division, and department of Chevron, certifies that it does not and will not knowingly employ an undocumented worker (as defined by Texas Government Code Section 2264.001(4)). If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron

shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

3. LIQUIDATED DAMAGES

a. Failure to Meet 2013 “Floor” Job Target. If Chevron’s first Annual Compliance Verification demonstrates that it has failed to create and maintain at least Seventy-Two (72) Employment Positions as of December 31, 2013, the State may terminate the Agreement and require Chevron to repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

b. Job Target. As set forth in Section 2 above, annually during the term of this Agreement through 2023 Chevron must deliver to OOG an Annual Compliance Verification demonstrating that it has met the Job Target for the year just ended. The consequences to Chevron of satisfying, failing to satisfy, or exceeding the Job Target are as follows:

(i) Compliance with Job Target. If Chevron has met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then Chevron will be deemed to have met its obligations for such preceding year and no liquidated damages will be due.

(ii) Failure to Meet Job Target. If Chevron has not met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then OOG may require Chevron to pay liquidated damages in the amount of One Thousand Six Hundred Ten Dollars (\$1,610) per job for every Employment Position by which it is short that year.

(iii) Exceeding Job Target. If an Annual Compliance Verification filed by Chevron demonstrates that it has exceeded the job target for that year, then Chevron will be deemed to have exceeded its obligations, and will receive a “Surplus Job Credit” for each extra Employment Position that it has maintained above the job target for that year. Chevron may utilize any earned Surplus Job Credits in following years as follows:

A. Chevron may expend a Surplus Job Credit in lieu of paying liquidated damages in the amount of \$1,610 per job (for example, if Chevron owes liquidated damages in the amount of \$161,000 for 100 Employment Positions lacking in a particular year, Chevron may discharge completely or reduce this amount by expending up to 100 Surplus Job Credits it has earned in prior years); or

B. Chevron may apply any Surplus Job Credits toward meeting the remaining Job Target for future years, such that if Chevron accumulates enough Surplus Job Credits it will be deemed to have fulfilled all of its obligations under the Agreement, and will be released from the Agreement early (for example, if Chevron has accumulated at least One Thousand Seven Hundred Fifty-Two (1,752) Surplus Job Credits by December 31, 2021, then it may apply these Surplus Job Credits forward to fulfill its Job Target for 2022, and may thereby fulfill its obligations and be released from the Agreement one year early).

4. CHEVRON ADDITIONAL COMMITMENTS

a. OOG Audit Rights.

(i) **Duty to Maintain Records.** Chevron shall maintain adequate records to support its charges, procedures and performances to OOG for all work related to this Agreement. Chevron also shall maintain such records as are deemed necessary by the OOG and auditors of the State of Texas or United States, or such other persons or entities designated by the OOG, to ensure proper accounting for all costs and performances related to this Agreement.

(ii) **Records Retention.** Chevron shall maintain and retain for a period of four (4) years after the submission of the final Annual Compliance Verification, or until full and final resolution of all audit or litigation matters which arise after the expiration of the four (4) year period after the submission of the final Annual Compliance Verification, whichever time period is longer, such records as are necessary to fully disclose the extent of services provided under this Agreement, including but not limited to any daily activity reports and time distribution and attendance records, and other records which may show the basis for the calculation of full time positions.

(iii) **Audit Trails.** Appropriate audit trails shall be maintained by Chevron to provide accountability for updates and changes to automated personnel and financial systems. Audit trails maintained by Chevron will, at a minimum, identify the changes made, the individual making the change and the date the change was made. An adequate history of transactions shall be maintained by Chevron to permit an audit of the system by tracing the activities of individuals through the system. Chevron's automated systems must provide the means whereby authorized personnel have the ability to audit and establish individual accountability for any action that can potentially cause access to, generation of, or modification of information related to the performances of this Agreement. Chevron agrees that Chevron's failure to maintain adequate audit trails and corresponding documentation shall create a rebuttable presumption that the performances were not performed.

(iv) **Access.** Chevron shall grant access to all paper and electronic records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement to OOG and auditors of the State of Texas, or such other persons or entities designated by OOG for the purposes of inspecting, auditing, or copying such books and records. All records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement shall be subject to examination or audit by the OOG and auditors of the State of Texas, or such other persons or entities designated by the OOG in accordance with all applicable state and federal laws, regulations or directives. Chevron will direct any subcontractor with whom it has established a contractual relationship to discharge Chevron's obligations to likewise permit access to, inspection of, and reproduction of all books and records of Chevron's subcontractor(s) which pertain to this Agreement.

(v) **Location.** Any such audit shall be conducted during Chevron's normal business hours at a Chevron location chosen by OOG and at OOG's expense, provided all costs incurred by OOG in conducting any such audit shall be reimbursed by Chevron in the event such audit reveals a material discrepancy in any Chevron reporting of compliance as required by the Agreement.

(vi) **Reimbursement.** If any audit or examination reveals that Chevron's reports for the audited period are not accurate in the calculation of the Job Target for such period, Chevron shall promptly reimburse the OOG for the liquidated damages amount(s) in accordance with section 3.b.ii.

(vii) **Corrective Action Plan.** If any audit reveals any discrepancies or inadequacies which are necessary in order to maintain compliance with this Agreement, applicable laws, regulations, or Chevron's obligations hereunder, Chevron agrees within thirty (30) calendar days after Chevron's receipt of the audit findings, to propose and submit to OOG a corrective action plan to correct such discrepancies or inadequacies subject to the approval of the OOG. Chevron further agrees to complete the corrective action approved by OOG within thirty (30) calendar days after OOG approves Chevron's corrective action plan, at the sole cost of Chevron.

(viii) **Reports.** Chevron shall provide to OOG periodic status reports in accordance with OOG's audit procedures regarding Chevron's resolution of any audit-related compliance activity for which Chevron is responsible.

b. Economic Impact Reports; Periodic Progress Briefings. In a manner consistent with the need to protect privacy and the intellectual property of Chevron and third parties, Chevron will provide periodic briefings as reasonably requested by OOG on the general activities, economic impact and progress of the new project development and business operations in Texas.

c. Use and Retention of Texas Suppliers. Chevron will use reasonable efforts to use qualified Texas-based suppliers to provide products and services under this Agreement, provided however, Chevron may in its sole discretion select suppliers and contractors based on program needs, scientific criteria, and industry standards.

d. Financial Information. Chevron will furnish to OOG on an annual basis by January 31, of each year throughout the term of the Agreement, information regarding the general business status, market and general summary financial updates regarding Chevron. Such financial information shall be in a form reasonably satisfactory to OOG.

e. Indemnity and Hold Harmless. Chevron agrees to indemnify and hold the State, the maker of this grant, and its agents, officers, and employees harmless for any and all losses, claims, suits, actions, and liability, including any litigation costs, that arise from any act or omission of Chevron or any of its officers and employees, agents, contractors, assignees, and affiliates relating to the project for which this grant is made regardless of whether the act or omission is related to job creation or other stated purpose of the grant.

f. EXPRESS NEGLIGENCE. THE INDEMNITY SET FORTH IN THIS AGREEMENT IS INTENDED TO BE ENFORCEABLE AGAINST CHEVRON AND ITS SUCCESSORS AND ASSIGNS IN ACCORDANCE WITH THE EXPRESS TERMS AND SCOPE HEREOF NOTWITHSTANDING TEXAS' EXPRESS NEGLIGENCE RULE OR ANY SIMILAR DIRECTIVE THAT WOULD PROHIBIT OR OTHERWISE LIMIT INDEMNITIES BECAUSE OF THE NEGLIGENCE (WHETHER SOLE, CONCURRENT, ACTIVE OR PASSIVE) OR OTHER FAULT OR STRICT LIABILITY OF THE OOG.

5. DEFAULTS AND REMEDIES

Each of the following acts or omissions of Chevron or occurrences shall constitute an act of default under this Agreement:

a. Failure to Invest and Expand the Facility. If Chevron fails to invest and expand the Facility by December 31, 2017, then the State may terminate the Agreement and require Chevron to immediately repay the entirety of any amounts disbursed under this agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment, reduced by any funds refunded to the State for failure to meet Job Targets.

b. Failure to pay liquidated damages for job creation. After notice, Chevron shall have thirty (30) days to pay outstanding damages for job creation. If Chevron does not pay after this period, all amounts that could potentially be claimed for failure to meet job targets shall become due and payable immediately on demand of the State of Texas.

c. Failure to provide verification. If after the end of a calendar year Chevron fails to provide an Annual Compliance Verification by the deadline for that year, OOG may make a good faith estimate, based on information available to OOG, of the Employment Positions at Chevron as of December 31 of that year and, if the estimated Employment Positions fall short of the Job Target, require corresponding liquidated damages in accordance with Section 3.b.ii. above. Chevron will not be eligible to earn Surplus Job Credits for any such year for which it fails to provide an Annual Compliance Verification by the deadline for that year.

d. Failure to comply with Section 2.f. If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

6. GENERAL PROVISIONS

a. Authority. Each party represents that it has obtained all necessary authority to enter into this Agreement.

b. Relationship of Parties and Disclaimer of Liability. The parties will perform their respective obligations under this Agreement as independent contractors and not as agents, employees, partners, joint venturers, or representatives of the other party. Neither party can make representations or commitments that bind the other party. Chevron is not a “governmental body” by virtue of this Agreement or the use of TEF or other funding.

c. Limitation of Liability. In no event will either party be liable to the other party for any indirect, special, punitive, exemplary, incidental or consequential damages. This limitation will apply regardless of whether or not the other party has been advised of the possibility of such damages. Chevron’s total liability under this Agreement shall not exceed the amount of Funds actually received by Chevron plus interest at a rate of 2.2%.

d. Term. The term of this Agreement commences on the Effective Date of the Agreement and continues until January 31, 2023, unless terminated earlier pursuant to the terms of this Agreement.

e. Termination for Cause. Either party may terminate this Agreement for Cause upon thirty (30) days prior written notice to the other party. “Cause” is any failure to perform a material obligation under this Agreement within the specified time, including a material breach of a Funding Condition. This Agreement may not be terminated if the alleged Cause is cured within the specified thirty-day period. The sole remedy for any termination for Cause (and for the “cause” giving rise to the termination) shall be that each party is relieved of its obligation to perform hereunder, however, following termination by the State, Chevron will continue to be obligated to the State for liquidated damages and/or repayment of funds in accordance with applicable provisions of this Agreement.

f. Repayment upon Early Termination. In the event of early termination of the Agreement for Cause or by mutual agreement of the parties, Chevron shall repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

g. Dispute Resolution and Applicable Law.

(i) Informal Meetings. The parties’ representatives will meet as needed to implement the terms of this Agreement and will make a good faith attempt to informally resolve any disputes.

(ii) Non-binding Mediation. Except to prevent irreparable harm for which there is no adequate remedy at law, neither party shall file suit to enforce this Agreement without first submitting the dispute to confidential, non-binding mediation before a mediator mutually agreed upon by the parties.

(iii) Applicable Law and Venue. This Agreement is made and entered into in the state of Texas, and this Agreement and all disputes arising out of or relating thereto shall be governed by the laws of the state of Texas, without regard to any otherwise applicable conflict of law rules or requirements.

Chevron agrees that any action, suit, litigation or other proceeding (collectively “litigation”) arising out of or in any way relating to this Agreement, or the matters referred to therein, shall be commenced exclusively in the Travis County District Court or the United States District Court for the Western District of Texas, Austin Division, and hereby irrevocably and unconditionally consents to the exclusive jurisdiction of those courts for the purpose of prosecuting and/or defending such litigation. Chevron hereby waives and agrees not to assert by way of motion, as a defense, or otherwise, in any suit, action or proceeding, any claim that (a) Chevron is not personally subject to the jurisdiction of the above-named courts, (b) the suit, action or proceeding is brought in an inconvenient forum or (c) the venue of the suit, action or proceeding is improper.

h. Publicity. Upon request by OOG, Chevron agrees to cooperate fully with OOG to assist in the preparation of any press release or other public disclosure regarding this Agreement. Chevron agrees to obtain OOG’s approval prior to Chevron’s issuance of any press release or other public disclosure concerning this Agreement, unless otherwise required by law.

i. No Waiver of Sovereign Immunity. Nothing in this Agreement may be construed to be a waiver of the sovereign immunity of the State to suit.

7. MISCELLANEOUS PROVISIONS

a. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in establishing proof of this Agreement to produce or account for more than one such counterpart.

b. Merger. This document constitutes the final entire agreement between the parties and supersedes any and all prior oral or written communication, representation or agreement relating to the subject matter of this Agreement.

c. Severability. Any term in this Agreement prohibited by, or unlawful or unenforceable under, any applicable law or jurisdiction is void without invalidating the remaining terms of this said Agreement. However, where the provisions of any such applicable law may be waived, they are hereby waived by either party, as the case may be, to the fullest extent permitted by the law, and the affected terms are enforceable in accordance with the parties' original intent.

d. Survival of Promises. Notwithstanding any expiration, termination or cancellation of this Agreement, the rights and obligations pertaining to payment or repayment of funds and/or liquidated damages, confidentiality, disclaimers and limitation of liability, indemnification, and any other provision implying survivability will remain in effect after this Agreement ends.

e. Binding Effect. This Agreement and all terms, provisions and obligations set forth herein shall be binding upon and shall inure to the benefit of the parties and their successors and assigns and shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns and all other state agencies and any other agencies, departments, divisions, governmental entities, public corporations and other entities which shall be successors to each of the parties or which shall succeed to or become obligated to perform or become bound by any of the covenants, agreements or obligations hereunder of each of the parties hereto.

f. Successors and Assigns/Notice. Chevron, or any legal successor thereto or prior assignee thereof, may assign its rights and obligations under this Agreement, including by merger or operation of law, to any legal successor or any person or entity that acquires all or substantially all of its business and operations. In addition, with the prior written consent of the State, which consent shall not be unreasonably withheld, or delayed, Chevron, or any legal successor company thereto or prior assignee thereof, may assign its rights and obligations under this Agreement to any parent or wholly owned subsidiary that it currently has in place or later establishes, if it is constituted as a separate legally recognized business entity. Any such assignment will be made without additional consideration being payable to the State. This Agreement shall survive any sale, change of control or similar transaction involving Chevron, any successor thereto or prior assignee thereof and no such transaction shall require the consent of the State. Chevron shall provide the State written notice of any assignment, sale, change of control or similar transaction pursuant to this section as soon as possible and in no event not later than thirty (30) calendar days following such event.

g. Force Majeure. Neither party shall be required to perform any obligation under this Agreement or be liable or responsible for any loss or damage resulting from its failure to perform so long as performance is delayed by force majeure or acts of God, including but not limited to strikes, lockouts or labor shortages, embargo, riot, war, revolution, terrorism, rebellion, insurrection, flood, natural disaster, or interruption of utilities from external causes.

h. Notice. All notices, requests, demands and other communications will be in writing and will be deemed given and received (i) on the date of delivery when delivered by hand, (ii) on

the following business day when sent by confirmed simultaneous telecopy, (iii) on the following business day when sent by receipted overnight courier, or (iv) three (3) business days after deposit in the United States Mail when mailed by registered or certified mail, return receipt requested, first class postage prepaid, as follows:

If to the State to:

TEF Compliance
Compliance and Oversight Division
PO Box 12428
Austin, TX 78711

with a concurrent copy to:

General Counsel
Office of the Governor
P.O. Box 12428
Austin, Texas 78711
Phone: 512-463-1788
Fax: 512-463-1932

If to Chevron to:

Attn: _____
Phone: _____
Fax: _____

{Signature Page Follows}

The parties have caused this Economic Development Agreement to be executed by their duly authorized representatives to be effective as of the date first specified above.

THE STATE OF TEXAS

CHEVRON U.S.A. INC.

BRANDY MARTY
CHIEF OF STAFF
OFFICE OF THE GOVERNOR

[NAME]
[TITLE]

EXHIBIT A

LETTER FROM GOVERNOR, LIEUTENANT GOVERNOR AND SPEAKER
APPROVING GRANT TO CHEVRON FROM THE TEXAS ENTERPRISE FUND

DRAFT AGREEMENT

ECONOMIC DEVELOPMENT AGREEMENT

BETWEEN

THE STATE OF TEXAS

AND

CHEVRON U.S.A. INC.

MONTH XX, 2013

THIS AGREEMENT (“Agreement”) is by and between the State of Texas (the “State”), acting by and through the Office of Economic Development and Tourism, a division within the Office of the Governor (“OOG”), and Chevron U.S.A. Inc., a Pennsylvania company, (“Chevron”). The State and Chevron are hereinafter referred to either individually as the “party,” or collectively as the “parties.” The Effective Date of this Agreement is _____, 2013.

RECITALS

WHEREAS, Texas’ low taxes, budgetary discipline, reasonable regulations and educated workforce continue to make the state a top location for businesses looking to expand or relocate; and

WHEREAS, Chevron is known for ~~being one of the world’s leading integrated energy companies, with subsidiaries that conduct business worldwide in virtually every facet of the energy industry;~~ and

WHEREAS, Chevron employs ~~approximately 61,900 people throughout the United States worldwide with 2012 sales and other operating revenues annual revenues~~ of approximately ~~\$231 m~~ billion; and

WHEREAS, Chevron has proposed expanding its existing operations in Houston, Harris County, Texas; and

WHEREAS, ~~the new facility will involve~~ Chevron ~~is proposing to invest~~ investing approximately \$662 million ~~in the expansion of its existing operations an additional facility~~ in Houston, Harris County, Texas, and is expected to create at least 1,752 new full-time jobs for Texans, with an average annual payroll of approximately \$193 million; and

WHEREAS, Article III, Section 52-a of the Texas Constitution expressly authorizes the State to use public funds for the public purposes of development and diversification of the economy of the State, the elimination of unemployment or underemployment in the State, or the development of commerce in the State; and

WHEREAS, SB 1771 of the 78th Texas Legislature established the Texas Enterprise Fund (“TEF”) to be used with the express written approval of the Governor, Lieutenant Governor, and Speaker

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of the House of Representatives for economic development, infrastructure development, community development, job training programs, and business incentives, and the 82nd Texas Legislature reauthorized the TEF for the 2012 and 2013 biennium; and

WHEREAS, the State values Chevron as a distinguished and important corporate citizen, and wishes to receive a commitment that Chevron will expand its existing operations in Texas, and Chevron wishes to provide such a commitment; and

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WHEREAS, the Governor, Lieutenant Governor, and Speaker have each approved a grant from the TEF to Chevron, as evidenced in the letter attached as Exhibit A hereto; and

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WHEREAS, to ensure that the benefits the State provides under this Agreement are utilized in a manner consistent with Article III, Section 52-a of the Texas Constitution, and other laws, the State requires Chevron to comply with conditions and deliver certain performance as set forth herein, including achieving measurable job creation and retention commitments, in exchange for receiving these benefits; and

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WHEREAS, the parties desire to have such proposals set forth in a valid, binding and enforceable agreement; and

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WHEREAS, the State believes it is in the best public interest to enter into this Agreement for the reasons set forth above.

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AGREEMENTS

NOW, THEREFORE, in consideration of the mutual promises herein, the parties agree as follows:

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1. STATE OF TEXAS COMMITMENT

Grant of Funds from the Texas Enterprise Fund. The State agrees to pay cash from the Texas Enterprise Fund to Chevron in the amount of Twelve Million Dollars (\$12,000,000) (the "Funds") as follows:

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(i) **First Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "First Payment") within thirty days following the execution of this Agreement, provided that the following accounting documents required for disbursement have been provided in acceptable form to the State: Request for Taxpayer Identification Number and Certification; Texas Application for Payee Identification Number; and Vendor Direct Deposit Authorization.

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(ii) **Second Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "Second Payment") within thirty days following receipt from Chevron of reasonable evidence of creating at least Four Hundred Fifty-Five (455) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

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(iii) **Third Grant Payment from the Texas Enterprise Fund.** The State shall pay

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cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "Third Payment") within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Two Hundred Twenty-Seven (1,227) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

- (iv) **Fourth Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the "Fourth Payment") within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

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2. CHEVRON FUNDING CONDITIONS

Chevron must meet all of the following "Funding Conditions", or will be subject to liquidated damages and/or repayment in accordance with the Agreement. The Funding Conditions are as follows:

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a. Expanding Chevron Operations. Chevron commits to expanding ~~operations at its business locations operations in downtown~~ Houston, Harris County ~~which currently includes consist of its owned buildings at 1400 Smith St., Houston, Harris County and 1500 Louisiana St., Houston, Harris County, and leased spaces in the vicinity. (the "Campus") campus (the "Facility")~~ by one or more of the following actions: (i) possibly constructing a new multi-story office building at 1600 Louisiana St., in Houston, Harris County, Texas, (ii) leasing and occupying additional office space in downtown Houston, Harris County, or (iii) expanding the use of its existing owned office buildings (as expanded, the "CampusFacility"). Campus (the "Facility") use of existing facilities at 1500 Louisiana St. and 1400 Smith St., Houston, Harris County. The ~~Facility~~ CampusFacility shall be open and operational by December 31, 2017.

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b. Job Target. Chevron commits to meeting a job target of (i) creating a total of at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions by December 31, 2020, in total at the ~~Campus Facility~~ Campus and Facility and of (ii) maintaining these Employment Positions through December 31, 2022 (collectively, the "Job Target"). Chevron also commits to the following job creation schedule:

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- (i) One Hundred Forty-Four Employment Positions by December 31, 2013;
- (ii) One Hundred Fifty-Four additional Employment Positions (298 total) on December 31, 2014;
- (iii) One Hundred Fifty-Seven additional Employment Positions (455 total) on December 31, 2015;
- (iv) One Hundred Fifty-Seven additional Employment Positions (612 total) on December 31, 2016;
- (v) Six Hundred Fifteen additional Employment Positions (1,227 total) on December 31, 2017;
- (vi) One Hundred Seventy-Five additional Employment Positions (1,402 total) on December 31, 2018;
- (vii) One Hundred Seventy-Five additional Employment Positions (1,577 total) on December 31, 2019;

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(viii) One Hundred Seventy-Five additional Employment Positions (1,752 total) on December 31, 2020.

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Jobs will only be counted as Employment Positions for purposes of this Agreement if they are above the total number of employment positions with Chevron's operations, in Texas at the time this Agreement is executed (the "Threshold"). The parties agree that for purposes of this Agreement, the Threshold shall be Nine Eight Thousand Four Two Hundred hundred Forty Fifty Nine Three (9,4598,243).

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c. Employment Positions. For the purposes of this Agreement, "Employment Positions" shall be defined as jobs meeting all of the following criteria:

(i) New full-time employment positions with Chevron at the Campus Facility, Campus and the Facility Facility; and

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(ii) With an average annual gross compensation (excluding benefits) each year of at least:

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- (A) \$110,000 for 2013;
- (B) \$112,200 for 2014;
- (C) \$114,444 for 2015;
- (D) \$116,733 for 2016;
- (E) \$119,068 for 2017;
- (F) \$121,449 for 2018;
- (G) \$123,878 for 2019;
- (H) \$126,355 for 2020;
- (I) \$128,883 for 2021;
- (J) \$131,460 for 2022.

(iii) Unless specifically provided by this Agreement, no jobs created by Chevron subsidiaries, affiliates, contractors, or any other party not identified in this Agreement constitute Employment Positions.

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d. Annual Compliance Verification. Beginning in January 2014, and continuing every year thereafter through January 2023, each year by January 31 Chevron must deliver to OOG a compliance verification signed by a duly authorized representative of Chevron that shall certify the number of and generally describe the Employment Positions existing as of December 31 of the year preceding and provide the median wage for all Employment Positions (the "Annual Compliance Verification"). There will be a total of Ten (10) Annual Compliance Verifications due, covering jobs created and maintained in years 2013 through 2022. All Annual Compliance Verifications shall be in a form reasonably satisfactory to OOG and shall provide appropriate back-up data for the Employment Position numbers provided and for the Threshold. In addition, Chevron must submit each year a copy of the Annual Compliance Verification to the Office of the Lieutenant Governor and the Office of the Speaker of the House of Representatives at the addresses listed below.

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Lt. Governor of Texas
P.O. Box 12068
Austin, Texas 78711

Speaker of the House of Representatives of Texas
P.O. Box 2910
Austin, TX 78768

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e. Certification of Good Standing/Delinquent Taxes. By execution of this Agreement, Chevron certifies that it is in good standing under the laws of the State in which it was formed or organized, and has provided the State sufficient evidence of such. In addition, Chevron certifies that it owes no delinquent taxes to any taxing unit of this State at the time of execution of this Agreement.

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f. Certification relating to undocumented workers. By execution of this Agreement, Chevron, including any branch, division, and department of Chevron, certifies that it does not and will not knowingly employ an undocumented worker (as defined by Texas Government Code Section 2264.001(4)). If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

3. LIQUIDATED DAMAGES

a. Failure to Meet 2013 “Floor” Job Target. If Chevron’s first Annual Compliance Verification demonstrates that it has failed to create and maintain at least Seventy-Two (72) Employment Positions as of December 31, 2013, the State may terminate the Agreement and require Chevron to repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

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b. Job Target. As set forth in Section 2 above, annually during the term of this Agreement through 2023 Chevron must deliver to OOG an Annual Compliance Verification demonstrating that it has met the Job Target for the year just ended. The consequences to Chevron of satisfying, failing to satisfy, or exceeding the Job Target are as follows:

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(i) Compliance with Job Target. If Chevron has met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then Chevron will be deemed to have met its obligations for such preceding year and no liquidated damages will be due.

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(ii) Failure to Meet Job Target. Except as provided in Section 3(a), If Chevron has not met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then OOG may require Chevron to pay liquidated damages in the amount of One Thousand Six Hundred Ten Dollars (\$1,610) per job for every Employment Position by which it is short that year.

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(iii) Exceeding Job Target. If an Annual Compliance Verification filed by Chevron demonstrates that it has exceeded the job target for that year, then Chevron will be deemed to have exceeded its obligations, and will receive a “Surplus Job Credit” for each extra Employment Position that it has maintained above the job target for that year. Chevron may utilize any earned Surplus Job Credits in following years as follows:

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A. Chevron may expend a Surplus Job Credit in lieu of paying liquidated damages in the amount of \$1,610 per job (for example, if Chevron owes liquidated damages in the amount of \$161,000 for 100 Employment Positions lacking in a particular year, Chevron may discharge completely or reduce this amount by expending up to 100 Surplus Job Credits it has earned in prior years); or

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B. Chevron may apply any Surplus Job Credits toward meeting the remaining Job Target for future years, such that if Chevron accumulates enough Surplus Job Credits it will be deemed to have fulfilled all of its obligations under the Agreement, and will be released from the Agreement early (for example, if Chevron has accumulated at least One Thousand Seven Hundred Fifty-Two (1,752) Surplus Job Credits by December 31, 2021, then it may apply these Surplus Job Credits forward to fulfill its Job Target for 2022, and may thereby fulfill its obligations and be released from the Agreement one year early).

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4. CHEVRON ADDITIONAL COMMITMENTS

a. OOG Audit Rights.

(i) **Duty to Maintain Records.** Chevron shall maintain adequate records to support its charges, procedures and performances to OOG for all work related to this Agreement. Chevron also shall maintain such records as are deemed necessary by the OOG and auditors of the State of Texas or United States, or such other persons or entities designated by the OOG, to ensure proper accounting for all costs and performances related to this Agreement.

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(ii) **Records Retention.** Chevron shall maintain and retain for a period of four (4) years after the submission of the final Annual Compliance Verification, or until full and final resolution of all audit or litigation matters which arise after the expiration of the four (4) year period after the submission of the final Annual Compliance Verification, whichever time period is longer, such records as are necessary to fully disclose the extent of services provided under this Agreement, including but not limited to any daily activity reports and time distribution and attendance records, and other records which may show the basis for the calculation of full time positions.

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(iii) **Audit Trails.** Appropriate audit trails shall be maintained by Chevron to provide accountability for updates and changes to automated personnel and financial systems. Audit trails maintained by Chevron will, at a minimum, identify the changes made, the individual making the change and the date the change was made. An adequate history of transactions shall be maintained by Chevron to permit an audit of the system by tracing the activities of individuals through the system. Chevron's automated systems must provide the means whereby authorized personnel have the ability to audit and establish individual accountability for any action that can potentially cause access to, generation of, or modification of information related to the performances of this Agreement. Chevron agrees that Chevron's failure to maintain adequate audit trails and corresponding documentation shall create a rebuttable presumption that the performances were not performed.

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(iv) **Access.** Chevron shall grant access to all paper and electronic records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement to OOG and auditors of the State of Texas, or such other persons or entities designated by OOG for the purposes of inspecting, auditing, or copying such books and records. All records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement shall be subject to examination or audit by the OOG and auditors of the State of Texas, or such other persons or entities designated by the OOG in accordance with all applicable state

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and federal laws, regulations or directives. Chevron will direct any subcontractor with whom it has established a contractual relationship to discharge Chevron's obligations to likewise permit access to, inspection of, and reproduction of all books and records of Chevron's subcontractor(s) which pertain to this Agreement.

(v) **Location.** Any such audit shall be conducted during Chevron's normal business hours at a Chevron location chosen by OOG and at OOG's expense, provided all costs incurred by OOG in conducting any such audit shall be reimbursed by Chevron in the event such audit reveals a material discrepancy in any Chevron reporting of compliance as required by the Agreement.

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(vi) **Reimbursement.** If any audit or examination reveals that Chevron's reports for the audited period are not accurate in the calculation of the Job Target for such period, Chevron shall promptly reimburse the OOG for the liquidated damages amount(s) in accordance with section 3.b.ii.

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(vii) **Corrective Action Plan.** If any audit reveals any discrepancies or inadequacies which are necessary in order to maintain compliance with this Agreement, applicable laws, regulations, or Chevron's obligations hereunder, Chevron agrees within thirty (30) calendar days after Chevron's receipt of the audit findings, to propose and submit to OOG a corrective action plan to correct such discrepancies or inadequacies subject to the approval of the OOG. Chevron further agrees to complete the corrective action approved by OOG within thirty (30) calendar days after OOG approves Chevron's corrective action plan, at the sole cost of Chevron.

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(viii) **Reports.** Chevron shall provide to OOG periodic status reports in accordance with OOG's audit procedures regarding Chevron's resolution of any audit-related compliance activity for which Chevron is responsible.

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b. Economic Impact Reports; Periodic Progress Briefings. In a manner consistent with the need to protect privacy and the intellectual property of Chevron and third parties, Chevron will provide periodic briefings as reasonably requested by OOG on the general activities, economic impact and progress of the new project development and business operations in Texas.

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c. Use and Retention of Texas Suppliers. Chevron will use reasonable efforts to use qualified Texas-based suppliers to provide products and services under this Agreement, provided however, Chevron may in its sole discretion select suppliers and contractors based on program needs, scientific criteria, and industry standards.

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d. Financial Information. Chevron will furnish to OOG on an annual basis by ~~January 31~~ April 30, of each year throughout the term of the Agreement, information regarding the general business status, market and general summary financial updates regarding Chevron. Such financial information shall be in a form reasonably satisfactory to OOG.

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Comment [YTPH1]: We need to wait for the publication of Chevron's annual report for the prior year.

e. Indemnity and Hold Harmless. Chevron agrees to indemnify and hold the State, the maker of this grant, and its agents, officers, and employees harmless for any and all losses, claims, suits, actions, and liability, including any litigation costs, that arise from any act or omission of Chevron or any of its officers and employees, agents, contractors, assignees, and affiliates relating to the project for which this grant is made regardless of whether the act or omission is related to job creation or other stated purpose of the grant.

f. EXPRESS NEGLIGENCE. THE INDEMNITY SET FORTH IN THIS AGREEMENT IS INTENDED TO BE ENFORCEABLE AGAINST CHEVRON AND ITS SUCCESSORS AND ASSIGNS IN ACCORDANCE WITH THE EXPRESS TERMS AND SCOPE HEREOF NOTWITHSTANDING TEXAS' EXPRESS NEGLIGENCE RULE OR ANY SIMILAR DIRECTIVE THAT WOULD PROHIBIT OR OTHERWISE LIMIT INDEMNITIES BECAUSE OF THE NEGLIGENCE (WHETHER SOLE, CONCURRENT, ACTIVE OR PASSIVE) OR OTHER FAULT OR STRICT LIABILITY OF THE OOG.

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5. DEFAULTS AND REMEDIES

Each of the following acts or omissions of Chevron or occurrences shall constitute an act of default under this Agreement:

a. Failure to Invest ~~and~~ ~~and~~ ~~Expand the Facility~~ ~~Complete Campus~~ ~~Expand the Facility~~. If Chevron fails to invest and ~~expand~~ ~~expand~~ ~~complete~~ the ~~Facility~~ ~~Campus~~ ~~Facility~~ by December 31, 2017, then the State may terminate the Agreement and require Chevron to immediately repay the entirety of any amounts disbursed under this ~~A~~agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment, reduced by any funds refunded to the State for failure to meet Job Targets.

b. Failure to pay liquidated damages for job creation. ~~Upon receipt of~~ ~~After~~ notice, Chevron shall have ~~fourty-five~~ ~~thirty~~ ~~thirty~~ (30/45) days to pay outstanding damages for job creation. If Chevron does not pay after this period, all amounts that could potentially be claimed for failure to meet job targets shall become due and payable immediately on demand of the State of Texas.

Comment [YTPH2]: Given how large Chevron is, it could take awhile for the notice to reach the appropriate person for handling. It also takes on average 1 week for a payment request to be approved and processed.

c. Failure to provide verification. If after the end of a calendar year Chevron fails to provide an Annual Compliance Verification by the deadline for that year, OOG may make a good faith estimate, based on information available to OOG, of the Employment Positions at Chevron as of December 31 of that year and, if the estimated Employment Positions fall short of the Job Target, require corresponding liquidated damages in accordance with Section 3.b.ii. above. Chevron will not be eligible to earn Surplus Job Credits for any such year for which it fails to provide an Annual Compliance Verification by the deadline for that year.

d. Failure to comply with Section 2.f. If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

6. GENERAL PROVISIONS

a. Authority. Each party represents that it has obtained all necessary authority to enter into this Agreement.

b. Relationship of Parties and Disclaimer of Liability. The parties will perform their respective obligations under this Agreement as independent contractors and not as agents, employees, partners, joint venturers, or representatives of the other party. Neither party can make

representations or commitments that bind the other party. Chevron is not a “governmental body” by virtue of this Agreement or the use of TEF or other funding.

c. Limitation of Liability. In no event will either party be liable to the other party for any indirect, special, punitive, exemplary, incidental or consequential damages. This limitation will apply regardless of whether or not the other party has been advised of the possibility of such damages. Chevron’s total liability under this Agreement shall not exceed the amount of Funds actually received by Chevron plus interest at a rate of 2.2%.

d. Term. The term of this Agreement commences on the Effective Date of the Agreement and continues until January 31, 2023, unless terminated earlier pursuant to the terms of this Agreement.

e. Termination for Cause. Either party may terminate this Agreement for Cause upon thirty (30) days prior written notice to the other party. “Cause” is any failure to perform a material obligation under this Agreement within the specified time, including a material breach of a Funding Condition. This Agreement may not be terminated if the alleged Cause is cured within the specified thirty-day period. The sole remedy for any termination for Cause (and for the “cause” giving rise to the termination) shall be that each party is relieved of its obligation to perform hereunder, however, following termination by the State, Chevron will continue to be obligated to the State for liquidated damages and/or repayment of funds in accordance with applicable provisions of this Agreement.

f. Repayment upon Early Termination. In the event of early termination of the Agreement for Cause or by mutual agreement of the parties, Chevron shall repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

g. Dispute Resolution and Applicable Law.

(i) Informal Meetings. The parties’ representatives will meet as needed to implement the terms of this Agreement and will make a good faith attempt to informally resolve any disputes.

(ii) Non-binding Mediation. Except to prevent irreparable harm for which there is no adequate remedy at law, neither party shall file suit to enforce this Agreement without first submitting the dispute to confidential, non-binding mediation before a mediator mutually agreed upon by the parties.

(iii) Applicable Law and Venue. This Agreement is made and entered into in the state of Texas, and this Agreement and all disputes arising out of or relating thereto shall be governed by the laws of the state of Texas, without regard to any otherwise applicable conflict of law rules or requirements.

Chevron agrees that any action, suit, litigation or other proceeding (collectively “litigation”) arising out of or in any way relating to this Agreement, or the matters referred to therein, shall be commenced exclusively in the Travis County District Court or the United States District Court for the Western District of Texas, Austin Division, and hereby irrevocably and unconditionally consents to the exclusive jurisdiction of those courts for the purpose of prosecuting and/or defending such litigation. Chevron hereby waives and agrees not to assert by way of motion, as a defense, or otherwise, in any suit, action or proceeding, any claim that (a)

Chevron is not personally subject to the jurisdiction of the above-named courts, (b) the suit, action or proceeding is brought in an inconvenient forum or (c) the venue of the suit, action or proceeding is improper.

h. Publicity. ~~Upon request by OOG, Chevron agrees to cooperate fully with OOG to assist in the preparation of any press release or other public disclosure regarding this Agreement. Chevron agrees to obtain OOG's approval prior to Chevron's issuance of any press release or other public disclosure concerning this Agreement, unless otherwise required by law.~~ Upon request by OOG, Chevron agrees to cooperate fully with OOG to assist in the preparation of any press release or other public disclosure regarding this Agreement. ~~Chevron agrees to obtain will provide OOG with a copy of 's approval prior to any proposed press release or public disclosure Chevron desires to issue before the 's issuance of any such press release or other public disclosure concerning this Agreement, unless otherwise required by law.~~

i. No Waiver of Sovereign Immunity. Nothing in this Agreement may be construed to be a waiver of the sovereign immunity of the State to suit.

7. MISCELLANEOUS PROVISIONS

a. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in establishing proof of this Agreement to produce or account for more than one such counterpart.

b. Merger. This document constitutes the final entire agreement between the parties and supersedes any and all prior oral or written communication, representation or agreement relating to the subject matter of this Agreement.

c. Severability. Any term in this Agreement prohibited by, or unlawful or unenforceable under, any applicable law or jurisdiction is void without invalidating the remaining terms of this said Agreement. However, where the provisions of any such applicable law may be waived, they are hereby waived by either party, as the case may be, to the fullest extent permitted by the law, and the affected terms are enforceable in accordance with the parties' original intent.

d. Survival of Promises. Notwithstanding any expiration, termination or cancellation of this Agreement, the rights and obligations pertaining to payment or repayment of funds and/or liquidated damages, confidentiality, disclaimers and limitation of liability, indemnification, and any other provision implying survivability will remain in effect after this Agreement ends.

e. Binding Effect. This Agreement and all terms, provisions and obligations set forth herein shall be binding upon and shall inure to the benefit of the parties and their successors and assigns and shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns and all other state agencies and any other agencies, departments, divisions, governmental entities, public corporations and other entities which shall be successors to each of the parties or which shall succeed to or become obligated to perform or become bound by any of the covenants, agreements or obligations hereunder of each of the parties hereto.

f. Successors and Assigns/Notice. Chevron, or any legal successor thereto or prior assignee thereof, may assign its rights and obligations under this Agreement, including by merger or operation of law, to any legal successor or any person or entity that acquires all or substantially all of its business and operations. In addition, with the prior written consent of the State, which consent shall not be unreasonably withheld, or delayed, Chevron, or any legal successor company

Comment [jg3]: Reverted to original

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Comment [YTPH4]: Chevron will need the OOG to review its proposed press release.

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thereto or prior assignee thereof, may assign its rights and obligations under this Agreement to any parent or wholly owned subsidiary that it currently has in place or later establishes, if it is constituted as a separate legally recognized business entity. Any such assignment will be made without additional consideration being payable to the State. This Agreement shall survive any sale, change of control or similar transaction involving Chevron, any successor thereto or prior assignee thereof and no such transaction shall require the consent of the State. Chevron shall provide the State written notice of any assignment, sale, change of control or similar transaction pursuant to this section as soon as possible and in no event not later than thirty (30) calendar days following such event.

g. Force Majeure. Neither party shall be required to perform any obligation under this Agreement or be liable or responsible for any loss or damage resulting from its failure to perform so long as performance is delayed by force majeure or acts of God, including but not limited to strikes, lockouts or labor shortages, embargo, riot, war, revolution, terrorism, rebellion, insurrection, flood, natural disaster, or interruption of utilities from external causes.

h. Notice. All notices, requests, demands and other communications will be in writing and will be deemed given and received (i) on the date of delivery when delivered by hand, (ii) on the following business day when sent by confirmed simultaneous telecopy, (iii) on the following business day when sent by receipted overnight courier, or (iv) three (3) business days after deposit in the United States Mail when mailed by registered or certified mail, return receipt requested, first class postage prepaid, as follows:

If to the State to:

TEF Compliance
Compliance and Oversight Division
PO Box 12428
Austin, TX 78711

with a concurrent copy to:

General Counsel
Office of the Governor
P.O. Box 12428
Austin, Texas 78711
Phone: 512-463-1788
Fax: 512-463-1932

If to Chevron to:

 Chevron Corporation
 6001 Bollinger Canyon Road
 San Ramon, CA 94583
Attn: Corporate Real Estate Counsel
Phone: 925-842-4337
Fax: 925-842-2011

with a concurrent copy to:

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Manager of State and Local Tax Counsel
Corporate Tax
6001 Bollinger Canyon Rd.
San Ramon, CA 94583
Phone: 925-842-1173

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{Signature Page Follows}

The parties have caused this Economic Development Agreement to be executed by their duly authorized representatives to be effective as of the date first specified above.

THE STATE OF TEXAS

CHEVRON U.S.A. INC.

BRANDY MARTY
CHIEF OF STAFF
OFFICE OF THE GOVERNOR

[NAME]
[TITLE]

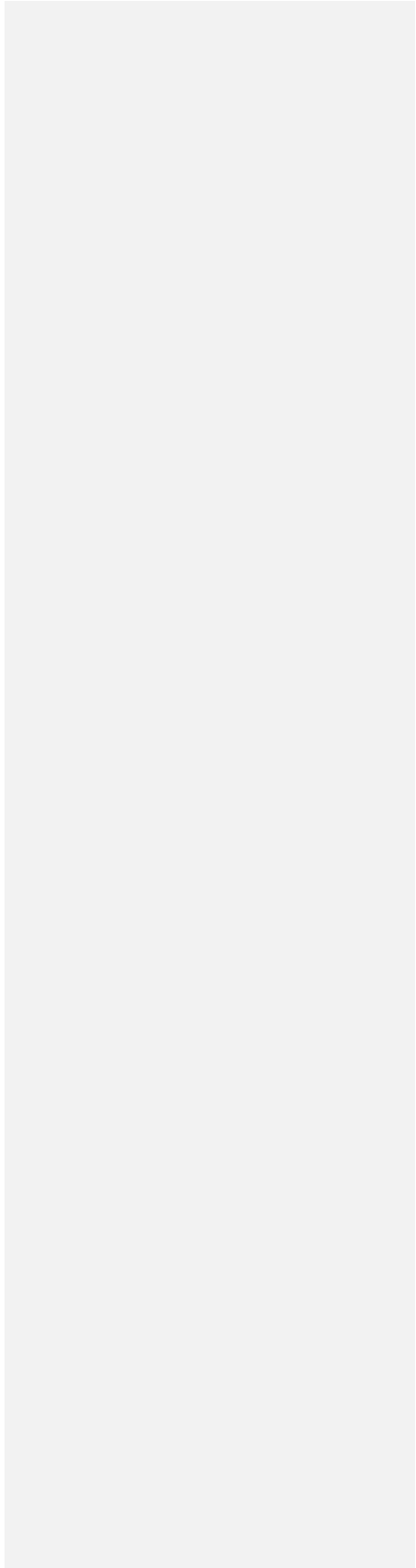


EXHIBIT A

LETTER FROM GOVERNOR, LIEUTENANT GOVERNOR AND SPEAKER
APPROVING GRANT TO CHEVRON FROM THE TEXAS ENTERPRISE FUND

ECONOMIC DEVELOPMENT AGREEMENT

BETWEEN

THE STATE OF TEXAS

AND

CHEVRON U.S.A. INC.

MONTH XX, 2013

THIS AGREEMENT (“Agreement”) is by and between the State of Texas (the “State”), acting by and through the Office of Economic Development and Tourism, a division within the Office of the Governor (“OOG”), and Chevron U.S.A. Inc. a Pennsylvania company, (“Chevron”). The State and Chevron are hereinafter referred to either individually as the “party,” or collectively as the “parties.” The Effective Date of this Agreement is _____, 2013.

RECITALS

WHEREAS, Texas’ low taxes, budgetary discipline, reasonable regulations and educated workforce continue to make the state a top location for businesses looking to expand or relocate; and

WHEREAS, Chevron is known for _____; and

WHEREAS, Chevron employs _____ people throughout the United States with annual revenues of approximately \$_____ million;

WHEREAS, Chevron has proposed constructing a new multi-story office building of approximately 1.5 million square feet, located at 1600 Louisiana St. in Houston, Harris County, Texas; and

WHEREAS, the new facility will involve Chevron investing approximately \$662 million in Texas, and is expected to create at least 1,752 new full-time jobs for Texans, with an average annual payroll of approximately \$193 million; and

WHEREAS, Article III, Section 52-a of the Texas Constitution expressly authorizes the State to use public funds for the public purposes of development and diversification of the economy of the State, the elimination of unemployment or underemployment in the State, or the development of commerce in the State; and

WHEREAS, SB 1771 of the 78th Texas Legislature established the Texas Enterprise Fund (“TEF”) to be used with the express written approval of the Governor, Lieutenant Governor, and Speaker of the House of Representatives for economic development, infrastructure development, community development, job training programs, and business incentives, and the 82nd Texas Legislature reauthorized the TEF for the 2012 and 2013 biennium; and

WHEREAS, the State values Chevron as a distinguished and important corporate citizen, and wishes to receive a commitment that Chevron will expand its existing operations in Texas, and Chevron wishes to provide such a commitment; and

WHEREAS, the Governor, Lieutenant Governor, and Speaker have each approved a grant from the TEF to Chevron, as evidenced in the letter attached as Exhibit A hereto; and

WHEREAS, to ensure that the benefits the State provides under this Agreement are utilized in a manner consistent with Article III, Section 52-a of the Texas Constitution, and other laws, the State requires Chevron to comply with conditions and deliver certain performance as set forth herein, including achieving measurable job creation and retention commitments, in exchange for receiving these benefits; and

WHEREAS, the parties desire to have such proposals set forth in a valid, binding and enforceable agreement; and

WHEREAS, the State believes it is in the best public interest to enter into this Agreement for the reasons set forth above;

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual promises herein, the parties agree as follows:

1. STATE OF TEXAS COMMITMENT

Grant of Funds from the Texas Enterprise Fund. The State agrees to pay cash from the Texas Enterprise Fund to Chevron in the amount of Twelve Million Dollars (\$12,000,000) (the “Funds”) as follows:

- (i) First Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “First Payment”) within thirty days following the execution of this Agreement, provided that the following accounting documents required for disbursement have been provided in acceptable form to the State: Request for Taxpayer Identification Number and Certification; Texas Application for Payee Identification Number; and Vendor Direct Deposit Authorization.
- (ii) Second Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “Second Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least Four Hundred Fifty-Five (455) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.
- (iii) Third Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “Third Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Four

Hundred Two (1,402) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

- (iv) **Fourth Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “Fourth Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

2. CHEVRON FUNDING CONDITIONS

Chevron must meet all of the following “Funding Conditions”, or will be subject to liquidated damages and/or repayment in accordance with the Agreement. The Funding Conditions are as follows:

a. Opening of the New Chevron Location. Chevron commits to constructing a new multi-story office building of approximately 1.5 million square feet, located at 1600 Louisiana St., in Houston, Harris County, Texas (the “Facility”). The Facility shall be open and operational by December 31, 2017.

b. Job Target. Chevron commits to meeting a job target of (i) creating a total of at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions by December 31, 2020, at the Facility and of (ii) maintaining these Employment Positions through December 31, 2022 (collectively, the “Job Target”). Chevron also commits to the following job creation schedule:

- (i) One Hundred Forty-Four Employment Positions by December 31, 2013;
- (ii) One Hundred Fifty-Four additional Employment Positions (298 total) on December 31, 2014;
- (iii) One Hundred Fifty-Seven additional Employment Positions (455 total) on December 31, 2015;
- (iv) One Hundred Fifty-Seven additional Employment Positions (612 total) on December 31, 2016;
- (v) Six Hundred Fifteen additional Employment Positions (1,227 total) on December 31, 2017;
- (vi) One Hundred Seventy-Five additional Employment Positions (1,402 total) on December 31, 2018;
- (vii) One Hundred Seventy-Five additional Employment Positions (1,577 total) on December 31, 2019;
- (viii) One Hundred Seventy-Five additional Employment Positions (1,752 total) on December 31, 2020.

Jobs will only be counted as Employment Positions for purposes of this Agreement if they are above the total number of employment positions with Chevron’s operations, in Texas at the time this Agreement is executed (the “Threshold”). The parties agree that for purposes of this Agreement, the Threshold shall be Eight Thousand Four Hundred Thirty (8,430).

c. Employment Positions. For the purposes of this Agreement, “Employment Positions” shall be defined as jobs meeting all of the following criteria:

(i) New full-time employment positions with Chevron at the Facility; however, until the Facility is open and operational on December 31, 2017, employment positions may be located at a temporary site in Houston, Harris County, and

(ii) With an average annual gross compensation (excluding benefits) each year of at least:

- (A) \$110,000 for 2013;
- (B) \$112,200 for 2014;
- (C) \$114,444 for 2015;
- (D) \$116,733 for 2016;
- (E) \$119,068 for 2017;
- (F) \$121,449 for 2018;
- (G) \$123,878 for 2019;
- (H) \$126,355 for 2020;
- (I) \$128,883 for 2021;
- (J) \$131,460 for 2022.

(iii) Unless specifically provided by this Agreement, no jobs created by Chevron subsidiaries, affiliates, contractors, or any other party not identified in this Agreement constitute Employment Positions.

d. Annual Compliance Verification. Beginning in January 2014, and continuing every year thereafter through January 2023, each year by January 31 Chevron must deliver to OOG a compliance verification signed by a duly authorized representative of Chevron that shall certify the number of and generally describe the Employment Positions existing as of December 31 of the year preceding and provide the median wage for all Employment Positions (the “Annual Compliance Verification”). There will be a total of Ten (10) Annual Compliance Verifications due, covering jobs created and maintained in years 2013 through 2022. All Annual Compliance Verifications shall be in a form reasonably satisfactory to OOG and shall provide appropriate back-up data for the Employment Position numbers provided and for the Threshold. In addition, Chevron must submit each year a copy of the Annual Compliance Verification to the Office of the Lieutenant Governor and the Office of the Speaker of the House of Representatives at the addresses listed below.

Lt. Governor of Texas
P.O. Box 12068
Austin, Texas 78711

Speaker of the House of Representatives of Texas
P.O. Box 2910
Austin, TX 78768

e. Certification of Good Standing/Delinquent Taxes. By execution of this Agreement, Chevron certifies that it is in good standing under the laws of the State in which it was formed or organized, and has provided the State sufficient evidence of such. In addition, Chevron certifies that it owes no delinquent taxes to any taxing unit of this State at the time of execution of this Agreement.

f. Certification relating to undocumented workers. By execution of this Agreement, Chevron, including any branch, division, and department of Chevron, certifies that it does not and will not knowingly employ an undocumented worker (as defined by Texas Government Code Section 2264.001(4)). If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron

shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

3. LIQUIDATED DAMAGES

a. Failure to Meet 2013 “Floor” Job Target. If Chevron’s first Annual Compliance Verification demonstrates that it has failed to create and maintain at least Seventy-Two (72) Employment Positions as of December 31, 2013, the State may terminate the Agreement and require Chevron to repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

b. Job Target. As set forth in Section 2 above, annually during the term of this Agreement through 2023 Chevron must deliver to OOG an Annual Compliance Verification demonstrating that it has met the Job Target for the year just ended. The consequences to Chevron of satisfying, failing to satisfy, or exceeding the Job Target are as follows:

(i) Compliance with Job Target. If Chevron has met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then Chevron will be deemed to have met its obligations for such preceding year and no liquidated damages will be due.

(ii) Failure to Meet Job Target. If Chevron has not met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then OOG may require Chevron to pay liquidated damages in the amount of One Thousand Six Hundred Ten Dollars (\$1,610) per job for every Employment Position by which it is short that year.

(iii) Exceeding Job Target. If an Annual Compliance Verification filed by Chevron demonstrates that it has exceeded the job target for that year, then Chevron will be deemed to have exceeded its obligations, and will receive a “Surplus Job Credit” for each extra Employment Position that it has maintained above the job target for that year. Chevron may utilize any earned Surplus Job Credits in following years as follows:

A. Chevron may expend a Surplus Job Credit in lieu of paying liquidated damages in the amount of \$1,610 per job (for example, if Chevron owes liquidated damages in the amount of \$161,000 for 100 Employment Positions lacking in a particular year, Chevron may discharge completely or reduce this amount by expending up to 100 Surplus Job Credits it has earned in prior years); or

B. Chevron may apply any Surplus Job Credits toward meeting the remaining Job Target for future years, such that if Chevron accumulates enough Surplus Job Credits it will be deemed to have fulfilled all of its obligations under the Agreement, and will be released from the Agreement early (for example, if Chevron has accumulated at least One Thousand Seven Hundred Fifty-Two (1,752) Surplus Job Credits by December 31, 2021, then it may apply these Surplus Job Credits forward to fulfill its Job Target for 2022, and may thereby fulfill its obligations and be released from the Agreement one year early).

4. CHEVRON ADDITIONAL COMMITMENTS

a. OOG Audit Rights.

(i) **Duty to Maintain Records.** Chevron shall maintain adequate records to support its charges, procedures and performances to OOG for all work related to this Agreement. Chevron also shall maintain such records as are deemed necessary by the OOG and auditors of the State of Texas or United States, or such other persons or entities designated by the OOG, to ensure proper accounting for all costs and performances related to this Agreement.

(ii) **Records Retention.** Chevron shall maintain and retain for a period of four (4) years after the submission of the final Annual Compliance Verification, or until full and final resolution of all audit or litigation matters which arise after the expiration of the four (4) year period after the submission of the final Annual Compliance Verification, whichever time period is longer, such records as are necessary to fully disclose the extent of services provided under this Agreement, including but not limited to any daily activity reports and time distribution and attendance records, and other records which may show the basis for the calculation of full time positions.

(iii) **Audit Trails.** Appropriate audit trails shall be maintained by Chevron to provide accountability for updates and changes to automated personnel and financial systems. Audit trails maintained by Chevron will, at a minimum, identify the changes made, the individual making the change and the date the change was made. An adequate history of transactions shall be maintained by Chevron to permit an audit of the system by tracing the activities of individuals through the system. Chevron's automated systems must provide the means whereby authorized personnel have the ability to audit and establish individual accountability for any action that can potentially cause access to, generation of, or modification of information related to the performances of this Agreement. Chevron agrees that Chevron's failure to maintain adequate audit trails and corresponding documentation shall create a rebuttable presumption that the performances were not performed.

(iv) **Access.** Chevron shall grant access to all paper and electronic records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement to OOG and auditors of the State of Texas, or such other persons or entities designated by OOG for the purposes of inspecting, auditing, or copying such books and records. All records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement shall be subject to examination or audit by the OOG and auditors of the State of Texas, or such other persons or entities designated by the OOG in accordance with all applicable state and federal laws, regulations or directives. Chevron will direct any subcontractor with whom it has established a contractual relationship to discharge Chevron's obligations to likewise permit access to, inspection of, and reproduction of all books and records of Chevron's subcontractor(s) which pertain to this Agreement.

(v) **Location.** Any such audit shall be conducted during Chevron's normal business hours at a Chevron location chosen by OOG and at OOG's expense, provided all costs incurred by OOG in conducting any such audit shall be reimbursed by Chevron in the event such audit reveals a material discrepancy in any Chevron reporting of compliance as required by the Agreement.

(vi) **Reimbursement.** If any audit or examination reveals that Chevron's reports for the audited period are not accurate in the calculation of the Job Target for such period, Chevron shall promptly reimburse the OOG for the liquidated damages amount(s) in accordance with section 3.b.ii.

(vii) **Corrective Action Plan.** If any audit reveals any discrepancies or inadequacies which are necessary in order to maintain compliance with this Agreement, applicable laws, regulations, or Chevron's obligations hereunder, Chevron agrees within thirty (30) calendar days after Chevron's receipt of the audit findings, to propose and submit to OOG a corrective action plan to correct such discrepancies or inadequacies subject to the approval of the OOG. Chevron further agrees to complete the corrective action approved by OOG within thirty (30) calendar days after OOG approves Chevron's corrective action plan, at the sole cost of Chevron.

(viii) **Reports.** Chevron shall provide to OOG periodic status reports in accordance with OOG's audit procedures regarding Chevron's resolution of any audit-related compliance activity for which Chevron is responsible.

b. Economic Impact Reports; Periodic Progress Briefings. In a manner consistent with the need to protect privacy and the intellectual property of Chevron and third parties, Chevron will provide periodic briefings as reasonably requested by OOG on the general activities, economic impact and progress of the new project development and business operations in Texas.

c. Use and Retention of Texas Suppliers. Chevron will use reasonable efforts to use qualified Texas-based suppliers to provide products and services under this Agreement, provided however, Chevron may in its sole discretion select suppliers and contractors based on program needs, scientific criteria, and industry standards.

d. Financial Information. Chevron will furnish to OOG on an annual basis by January 31, of each year throughout the term of the Agreement, information regarding the general business status, market and general summary financial updates regarding Chevron. Such financial information shall be in a form reasonably satisfactory to OOG.

e. Indemnity and Hold Harmless. Chevron agrees to indemnify and hold the State, the maker of this grant, and its agents, officers, and employees harmless for any and all losses, claims, suits, actions, and liability, including any litigation costs, that arise from any act or omission of Chevron or any of its officers and employees, agents, contractors, assignees, and affiliates relating to the project for which this grant is made regardless of whether the act or omission is related to job creation or other stated purpose of the grant.

f. EXPRESS NEGLIGENCE. THE INDEMNITY SET FORTH IN THIS AGREEMENT IS INTENDED TO BE ENFORCEABLE AGAINST CHEVRON AND ITS SUCCESSORS AND ASSIGNS IN ACCORDANCE WITH THE EXPRESS TERMS AND SCOPE HEREOF NOTWITHSTANDING TEXAS' EXPRESS NEGLIGENCE RULE OR ANY SIMILAR DIRECTIVE THAT WOULD PROHIBIT OR OTHERWISE LIMIT INDEMNITIES BECAUSE OF THE NEGLIGENCE (WHETHER SOLE, CONCURRENT, ACTIVE OR PASSIVE) OR OTHER FAULT OR STRICT LIABILITY OF THE OOG.

5. DEFAULTS AND REMEDIES

Each of the following acts or omissions of Chevron or occurrences shall constitute an act of default under this Agreement:

a. Failure to Invest and Open the Facility. If Chevron fails to invest and open the Facility by December 31, 2017, then the State may terminate the Agreement and require Chevron to immediately repay the entirety of any amounts disbursed under this agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment, reduced by any funds refunded to the State for failure to meet Job Targets.

b. Failure to pay liquidated damages for job creation. After notice, Chevron shall have thirty (30) days to pay outstanding damages for job creation. If Chevron does not pay after this period, all amounts that could potentially be claimed for failure to meet job targets shall become due and payable immediately on demand of the State of Texas.

c. Failure to provide verification. If after the end of a calendar year Chevron fails to provide an Annual Compliance Verification by the deadline for that year, OOG may make a good faith estimate, based on information available to OOG, of the Employment Positions at Chevron as of December 31 of that year and, if the estimated Employment Positions fall short of the Job Target, require corresponding liquidated damages in accordance with Section 3.b.ii. above. Chevron will not be eligible to earn Surplus Job Credits for any such year for which it fails to provide an Annual Compliance Verification by the deadline for that year.

d. Failure to comply with Section 2.f. If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

6. GENERAL PROVISIONS

a. Authority. Each party represents that it has obtained all necessary authority to enter into this Agreement.

b. Relationship of Parties and Disclaimer of Liability. The parties will perform their respective obligations under this Agreement as independent contractors and not as agents, employees, partners, joint venturers, or representatives of the other party. Neither party can make representations or commitments that bind the other party. Chevron is not a “governmental body” by virtue of this Agreement or the use of TEF or other funding.

c. Limitation of Liability. In no event will either party be liable to the other party for any indirect, special, punitive, exemplary, incidental or consequential damages. This limitation will apply regardless of whether or not the other party has been advised of the possibility of such damages. Chevron’s total liability under this Agreement shall not exceed the amount of Funds actually received by Chevron plus interest at a rate of 2.2%.

d. Term. The term of this Agreement commences on the Effective Date of the Agreement and continues until January 31, 2023, unless terminated earlier pursuant to the terms of this Agreement.

e. Termination for Cause. Either party may terminate this Agreement for Cause upon thirty (30) days prior written notice to the other party. “Cause” is any failure to perform a material obligation under this Agreement within the specified time, including a material breach of a Funding Condition. This Agreement may not be terminated if the alleged Cause is cured within the specified thirty-day period. The sole remedy for any termination for Cause (and for the “cause” giving rise to the termination) shall be that each party is relieved of its obligation to perform hereunder, however, following termination by the State, Chevron will continue to be obligated to the State for liquidated damages and/or repayment of funds in accordance with applicable provisions of this Agreement.

f. Repayment upon Early Termination. In the event of early termination of the Agreement for Cause or by mutual agreement of the parties, Chevron shall repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

g. Dispute Resolution and Applicable Law.

(i) Informal Meetings. The parties’ representatives will meet as needed to implement the terms of this Agreement and will make a good faith attempt to informally resolve any disputes.

(ii) Non-binding Mediation. Except to prevent irreparable harm for which there is no adequate remedy at law, neither party shall file suit to enforce this Agreement without first submitting the dispute to confidential, non-binding mediation before a mediator mutually agreed upon by the parties.

(iii) Applicable Law and Venue. This Agreement is made and entered into in the state of Texas, and this Agreement and all disputes arising out of or relating thereto shall be governed by the laws of the state of Texas, without regard to any otherwise applicable conflict of law rules or requirements.

Chevron agrees that any action, suit, litigation or other proceeding (collectively “litigation”) arising out of or in any way relating to this Agreement, or the matters referred to therein, shall be commenced exclusively in the Travis County District Court or the United States District Court for the Western District of Texas, Austin Division, and hereby irrevocably and unconditionally consents to the exclusive jurisdiction of those courts for the purpose of prosecuting and/or defending such litigation. Chevron hereby waives and agrees not to assert by way of motion, as a defense, or otherwise, in any suit, action or proceeding, any claim that (a) Chevron is not personally subject to the jurisdiction of the above-named courts, (b) the suit, action or proceeding is brought in an inconvenient forum or (c) the venue of the suit, action or proceeding is improper.

h. Publicity. Upon request by OOG, Chevron agrees to cooperate fully with OOG to assist in the preparation of any press release or other public disclosure regarding this Agreement. Chevron agrees to obtain OOG’s approval prior to Chevron’s issuance of any press release or other public disclosure concerning this Agreement, unless otherwise required by law.

i. No Waiver of Sovereign Immunity. Nothing in this Agreement may be construed to be a waiver of the sovereign immunity of the State to suit.

7. MISCELLANEOUS PROVISIONS

a. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in establishing proof of this Agreement to produce or account for more than one such counterpart.

b. Merger. This document constitutes the final entire agreement between the parties and supersedes any and all prior oral or written communication, representation or agreement relating to the subject matter of this Agreement.

c. Severability. Any term in this Agreement prohibited by, or unlawful or unenforceable under, any applicable law or jurisdiction is void without invalidating the remaining terms of this said Agreement. However, where the provisions of any such applicable law may be waived, they are hereby waived by either party, as the case may be, to the fullest extent permitted by the law, and the affected terms are enforceable in accordance with the parties' original intent.

d. Survival of Promises. Notwithstanding any expiration, termination or cancellation of this Agreement, the rights and obligations pertaining to payment or repayment of funds and/or liquidated damages, confidentiality, disclaimers and limitation of liability, indemnification, and any other provision implying survivability will remain in effect after this Agreement ends.

e. Binding Effect. This Agreement and all terms, provisions and obligations set forth herein shall be binding upon and shall inure to the benefit of the parties and their successors and assigns and shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns and all other state agencies and any other agencies, departments, divisions, governmental entities, public corporations and other entities which shall be successors to each of the parties or which shall succeed to or become obligated to perform or become bound by any of the covenants, agreements or obligations hereunder of each of the parties hereto.

f. Successors and Assigns/Notice. Chevron, or any legal successor thereto or prior assignee thereof, may assign its rights and obligations under this Agreement, including by merger or operation of law, to any legal successor or any person or entity that acquires all or substantially all of its business and operations. In addition, with the prior written consent of the State, which consent shall not be unreasonably withheld, or delayed, Chevron, or any legal successor company thereto or prior assignee thereof, may assign its rights and obligations under this Agreement to any parent or wholly owned subsidiary that it currently has in place or later establishes, if it is constituted as a separate legally recognized business entity. Any such assignment will be made without additional consideration being payable to the State. This Agreement shall survive any sale, change of control or similar transaction involving Chevron, any successor thereto or prior assignee thereof and no such transaction shall require the consent of the State. Chevron shall provide the State written notice of any assignment, sale, change of control or similar transaction pursuant to this section as soon as possible and in no event not later than thirty (30) calendar days following such event.

g. Force Majeure. Neither party shall be required to perform any obligation under this Agreement or be liable or responsible for any loss or damage resulting from its failure to perform so long as performance is delayed by force majeure or acts of God, including but not limited to strikes, lockouts or labor shortages, embargo, riot, war, revolution, terrorism, rebellion, insurrection, flood, natural disaster, or interruption of utilities from external causes.

h. Notice. All notices, requests, demands and other communications will be in writing and will be deemed given and received (i) on the date of delivery when delivered by hand, (ii) on

the following business day when sent by confirmed simultaneous telecopy, (iii) on the following business day when sent by receipted overnight courier, or (iv) three (3) business days after deposit in the United States Mail when mailed by registered or certified mail, return receipt requested, first class postage prepaid, as follows:

If to the State to:

TEF Compliance
Compliance and Oversight Division
PO Box 12428
Austin, TX 78711

with a concurrent copy to:

General Counsel
Office of the Governor
P.O. Box 12428
Austin, Texas 78711
Phone: 512-463-1788
Fax: 512-463-1932

If to Chevron to:

Attn: _____
Phone: _____
Fax: _____

{Signature Page Follows}

The parties have caused this Economic Development Agreement to be executed by their duly authorized representatives to be effective as of the date first specified above.

THE STATE OF TEXAS

CHEVRON U.S.A. INC.

BRANDY MARTY
CHIEF OF STAFF
OFFICE OF THE GOVERNOR

[NAME]
[TITLE]

EXHIBIT A

LETTER FROM GOVERNOR, LIEUTENANT GOVERNOR AND SPEAKER
APPROVING GRANT TO CHEVRON FROM THE TEXAS ENTERPRISE FUND

ECONOMIC DEVELOPMENT AGREEMENT

BETWEEN

THE STATE OF TEXAS

AND

CHEVRON U.S.A. INC.

JUNE 25, 2013

THIS AGREEMENT (“Agreement”) is by and between the State of Texas (the “State”), acting by and through the Office of Economic Development and Tourism, a division within the Office of the Governor (“OOG”), and Chevron U.S.A. Inc., a Pennsylvania corporation, (“Chevron”). The State and Chevron are hereinafter referred to either individually as the “party,” or collectively as the “parties.” The Effective Date of this Agreement is June 25, 2013.

RECITALS

WHEREAS, Texas’ low taxes, budgetary discipline, reasonable regulations and educated workforce continue to make the state a top location for businesses looking to expand or relocate; and

WHEREAS, Chevron is known for being one of the world’s leading integrated energy companies, with subsidiaries that conduct business worldwide in virtually every facet of the energy industry; and

WHEREAS, Chevron employs approximately 61,900 people worldwide with 2012 sales and other operating revenues of approximately \$231 billion; and

WHEREAS, Chevron has proposed expanding its existing operations in Houston, Harris County, Texas; and

WHEREAS, Chevron is proposing to invest approximately \$662 million in the expansion of its existing operations in Houston, Harris County, Texas, and is expected to create at least 1,752 new full-time jobs for Texans, with an average annual payroll of approximately \$193 million; and

WHEREAS, Article III, Section 52-a of the Texas Constitution expressly authorizes the State to use public funds for the public purposes of development and diversification of the economy of the State, the elimination of unemployment or underemployment in the State, or the development of commerce in the State; and

WHEREAS, SB 1771 of the 78th Texas Legislature established the Texas Enterprise Fund (“TEF”) to be used with the express written approval of the Governor, Lieutenant Governor, and Speaker of the House of Representatives for economic development, infrastructure development,

community development, job training programs, and business incentives, and the 82nd Texas Legislature reauthorized the TEF for the 2012 and 2013 biennium; and

WHEREAS, the State values Chevron as a distinguished and important corporate citizen, and wishes to receive a commitment that Chevron will expand its existing operations in Texas, and Chevron wishes to provide such a commitment; and

WHEREAS, the Governor, Lieutenant Governor, and Speaker have each approved a grant from the TEF to Chevron, as evidenced in the letter attached as Exhibit A hereto; and

WHEREAS, to ensure that the benefits the State provides under this Agreement are utilized in a manner consistent with Article III, Section 52-a of the Texas Constitution, and other laws, the State requires Chevron to comply with conditions and deliver certain performance as set forth herein, including achieving measurable job creation and retention commitments, in exchange for receiving these benefits; and

WHEREAS, the parties desire to have such proposals set forth in a valid, binding and enforceable agreement; and

WHEREAS, the State believes it is in the best public interest to enter into this Agreement for the reasons set forth above.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual promises herein, the parties agree as follows:

1. STATE OF TEXAS COMMITMENT

Grant of Funds from the Texas Enterprise Fund. The State agrees to pay cash from the Texas Enterprise Fund to Chevron in the amount of Twelve Million Dollars (\$12,000,000) (the “Funds”) as follows:

- (i) **First Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “First Payment”) within thirty days following the execution of this Agreement, provided that the following accounting documents required for disbursement have been provided in acceptable form to the State: Request for Taxpayer Identification Number and Certification; Texas Application for Payee Identification Number; and Vendor Direct Deposit Authorization.
- (ii) **Second Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “Second Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least Four Hundred Fifty-Five (455) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.
- (iii) **Third Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million

Dollars (\$3,000,000) (the “Third Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Two Hundred Twenty-Seven (1,227) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

- (iv) **Fourth Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “Fourth Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

2. CHEVRON FUNDING CONDITIONS

Chevron must meet all of the following “Funding Conditions”, or will be subject to liquidated damages and/or repayment in accordance with the Agreement. The Funding Conditions are as follows:

a. Expanding Chevron Operations. Chevron commits to expanding its operations in downtown Houston, Harris County, which currently consist of owned buildings at 1400 Smith St., Houston, Harris County and 1500 Louisiana Street, Houston, Harris County, and leased spaces in the vicinity, by one or more of the following actions: (i) constructing a new multi-story office building at 1600 Louisiana Street, in Houston, Harris County, Texas, (ii) leasing and occupying additional office space in downtown Houston, Harris County, or (iii) expanding the use of its existing owned office buildings (as expanded, the “Facility”). The Facility shall be open and operational by December 31, 2017.

b. Job Target. Chevron commits to meeting a job target of (i) creating a total of at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions by December 31, 2020, in total at the Facility and of (ii) maintaining these Employment Positions through December 31, 2022 (collectively, the “Job Target”). Chevron also commits to the following job creation schedule:

- (i) One Hundred Forty-Four Employment Positions by December 31, 2013;
- (ii) One Hundred Fifty-Four additional Employment Positions (298 total) on December 31, 2014;
- (iii) One Hundred Fifty-Seven additional Employment Positions (455 total) on December 31, 2015;
- (iv) One Hundred Fifty-Seven additional Employment Positions (612 total) on December 31, 2016;
- (v) Six Hundred Fifteen additional Employment Positions (1,227 total) on December 31, 2017;
- (vi) One Hundred Seventy-Five additional Employment Positions (1,402 total) on December 31, 2018;
- (vii) One Hundred Seventy-Five additional Employment Positions (1,577 total) on December 31, 2019;
- (viii) One Hundred Seventy-Five additional Employment Positions (1,752 total) on December 31, 2020.

Jobs will only be counted as Employment Positions for purposes of this Agreement if they are above the total number of employment positions with Chevron’s operations, in Texas (the “Threshold”). The parties agree that for purposes of this Agreement, the Threshold shall be Eight Thousand Two Hundred Forty Three (8,243).

c. Employment Positions. For the purposes of this Agreement, “Employment Positions” shall be defined as jobs meeting all of the following criteria:

- (i) New full-time employment positions with Chevron at the Facility; and
- (ii) With an average annual gross compensation (excluding benefits) each year of at least:
 - (A) \$110,000 for 2013;
 - (B) \$112,200 for 2014;
 - (C) \$114,444 for 2015;
 - (D) \$116,733 for 2016;
 - (E) \$119,068 for 2017;
 - (F) \$121,449 for 2018;
 - (G) \$123,878 for 2019;
 - (H) \$126,355 for 2020;
 - (I) \$128,883 for 2021;
 - (J) \$131,460 for 2022.
- (iii) Unless specifically provided by this Agreement, no jobs created by Chevron subsidiaries, affiliates, contractors, or any other party not identified in this Agreement constitute Employment Positions.

d. Annual Compliance Verification. Beginning in January 2014, and continuing every year thereafter through January 2023, each year by January 31 Chevron must deliver to OOG a compliance verification signed by a duly authorized representative of Chevron that shall certify the number of and generally describe the Employment Positions existing as of December 31 of the year preceding and provide the median wage for all Employment Positions (the “Annual Compliance Verification”). There will be a total of Ten (10) Annual Compliance Verifications due, covering jobs created and maintained in years 2013 through 2022. All Annual Compliance Verifications shall be in a form reasonably satisfactory to OOG and shall provide appropriate back-up data for the Employment Position numbers provided and for the Threshold. In addition, Chevron must submit each year a copy of the Annual Compliance Verification to the Office of the Lieutenant Governor and the Office of the Speaker of the House of Representatives at the addresses listed below.

Lt. Governor of Texas
P.O. Box 12068
Austin, Texas 78711

Speaker of the House of Representatives of Texas
P.O. Box 2910
Austin, TX 78768

e. Certification of Good Standing/Delinquent Taxes. By execution of this Agreement, Chevron certifies that it is in good standing under the laws of the State in which it was formed or organized, and has provided the State sufficient evidence of such. In addition, Chevron certifies that it owes no delinquent taxes to any taxing unit of this State at the time of execution of this Agreement.

f. Certification Relating to Undocumented Workers. By execution of this Agreement, Chevron, including any branch, division, and department of Chevron, certifies that it does not and will not knowingly employ an undocumented worker (as defined by Texas Government Code Section 2264.001(4)). If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

3. LIQUIDATED DAMAGES

a. Failure to Meet 2013 “Floor” Job Target. If Chevron’s first Annual Compliance Verification demonstrates that it has failed to create and maintain at least Seventy-Two (72) Employment Positions as of December 31, 2013, the State may terminate the Agreement and require Chevron to repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

b. Job Target. As set forth in Section 2 above, annually during the term of this Agreement through 2023 Chevron must deliver to OOG an Annual Compliance Verification demonstrating that it has met the Job Target for the year just ended. The consequences to Chevron of satisfying, failing to satisfy, or exceeding the Job Target are as follows:

(i) Compliance with Job Target. If Chevron has met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then Chevron will be deemed to have met its obligations for such preceding year and no liquidated damages will be due.

(ii) Failure to Meet Job Target. If Chevron has not met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then OOG may require Chevron to pay liquidated damages in the amount of One Thousand Six Hundred Ten Dollars (\$1,610) per job for every Employment Position by which it is short that year.

(iii) Exceeding Job Target. If an Annual Compliance Verification filed by Chevron demonstrates that it has exceeded the job target for that year, then Chevron will be deemed to have exceeded its obligations, and will receive a “Surplus Job Credit” for each extra Employment Position that it has maintained above the job target for that year. Chevron may utilize any earned Surplus Job Credits in following years as follows:

A. Chevron may expend a Surplus Job Credit in lieu of paying liquidated damages in the amount of \$1,610 per job (for example, if Chevron owes liquidated damages in the amount of \$161,000 for 100 Employment Positions lacking in a particular year, Chevron may discharge completely or reduce this amount by expending up to 100 Surplus Job Credits it has earned in prior years); or

B. Chevron may apply any Surplus Job Credits toward meeting the remaining Job Target for future years, such that if Chevron accumulates enough Surplus Job Credits it will be deemed to have fulfilled all of its obligations under the Agreement, and will be released from the Agreement early (for example, if Chevron has accumulated at least One Thousand Seven Hundred Fifty-Two (1,752) Surplus Job Credits by December 31, 2021, then it may apply these

Surplus Job Credits forward to fulfill its Job Target for 2022, and may thereby fulfill its obligations and be released from the Agreement one year early).

4. CHEVRON ADDITIONAL COMMITMENTS

a. OOG Audit Rights.

(i) **Duty to Maintain Records.** Chevron shall maintain adequate records to support its charges, procedures and performances to OOG for all work related to this Agreement. Chevron also shall maintain such records as are deemed necessary by the OOG and auditors of the State of Texas or United States, or such other persons or entities designated by the OOG, to ensure proper accounting for all costs and performances related to this Agreement.

(ii) **Records Retention.** Chevron shall maintain and retain for a period of four (4) years after the submission of the final Annual Compliance Verification, or until full and final resolution of all audit or litigation matters which arise after the expiration of the four (4) year period after the submission of the final Annual Compliance Verification, whichever time period is longer, such records as are necessary to fully disclose the extent of services provided under this Agreement, including but not limited to any daily activity reports and time distribution and attendance records, and other records which may show the basis for the calculation of full time positions.

(iii) **Audit Trails.** Appropriate audit trails shall be maintained by Chevron to provide accountability for updates and changes to automated personnel and financial systems. Audit trails maintained by Chevron will, at a minimum, identify the changes made, the individual making the change and the date the change was made. An adequate history of transactions shall be maintained by Chevron to permit an audit of the system by tracing the activities of individuals through the system. Chevron's automated systems must provide the means whereby authorized personnel have the ability to audit and establish individual accountability for any action that can potentially cause access to, generation of, or modification of information related to the performances of this Agreement. Chevron agrees that Chevron's failure to maintain adequate audit trails and corresponding documentation shall create a rebuttable presumption that the performances were not performed.

(iv) **Access.** Chevron shall grant access to all paper and electronic records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement to OOG and auditors of the State of Texas, or such other persons or entities designated by OOG for the purposes of inspecting, auditing, or copying such books and records. All records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement shall be subject to examination or audit by the OOG and auditors of the State of Texas, or such other persons or entities designated by the OOG in accordance with all applicable state and federal laws, regulations or directives. Chevron will direct any subcontractor with whom it has established a contractual relationship to discharge Chevron's obligations to likewise permit access to, inspection of, and reproduction of all books and records of Chevron's subcontractor(s) which pertain to this Agreement.

(v) **Location.** Any such audit shall be conducted during Chevron's normal business hours at a Chevron location chosen by OOG and at OOG's expense, provided all costs incurred by OOG in conducting any such audit shall be reimbursed by Chevron in the event such audit reveals a material discrepancy in any Chevron reporting of compliance as required by the Agreement.

(vi) **Reimbursement.** If any audit or examination reveals that Chevron's reports for the audited period are not accurate in the calculation of the Job Target for such period, Chevron shall promptly reimburse the OOG for the liquidated damages amount(s) in accordance with section 3.b.ii.

(vii) **Corrective Action Plan.** If any audit reveals any discrepancies or inadequacies which are necessary in order to maintain compliance with this Agreement, applicable laws, regulations, or Chevron's obligations hereunder, Chevron agrees within thirty (30) calendar days after Chevron's receipt of the audit findings, to propose and submit to OOG a corrective action plan to correct such discrepancies or inadequacies subject to the approval of the OOG. Chevron further agrees to complete the corrective action approved by OOG within thirty (30) calendar days after OOG approves Chevron's corrective action plan, at the sole cost of Chevron.

(viii) **Reports.** Chevron shall provide to OOG periodic status reports in accordance with OOG's audit procedures regarding Chevron's resolution of any audit-related compliance activity for which Chevron is responsible.

b. Economic Impact Reports; Periodic Progress Briefings. In a manner consistent with the need to protect privacy and the intellectual property of Chevron and third parties, Chevron will provide periodic briefings as reasonably requested by OOG on the general activities, economic impact and progress of the new project development and business operations in Texas.

c. Use and Retention of Texas Suppliers. Chevron will use reasonable efforts to use qualified Texas-based suppliers to provide products and services under this Agreement, provided however, Chevron may in its sole discretion select suppliers and contractors based on program needs, scientific criteria, and industry standards.

d. Financial Information. Chevron will furnish to OOG on an annual basis by April 30, of each year throughout the term of the Agreement, information regarding the general business status, market and general summary financial updates regarding Chevron. Such financial information shall be in a form reasonably satisfactory to OOG.

e. Indemnity and Hold Harmless. Chevron agrees to indemnify and hold the State, the maker of this grant, and its agents, officers, and employees harmless for any and all losses, claims, suits, actions, and liability, including any litigation costs, that arise from any act or omission of Chevron or any of its officers and employees, agents, contractors, assignees, and affiliates relating to the project for which this grant is made regardless of whether the act or omission is related to job creation or other stated purpose of the grant.

f. EXPRESS NEGLIGENCE. THE INDEMNITY SET FORTH IN THIS AGREEMENT IS INTENDED TO BE ENFORCEABLE AGAINST CHEVRON AND ITS SUCCESSORS AND ASSIGNS IN ACCORDANCE WITH THE

EXPRESS TERMS AND SCOPE HEREOF NOTWITHSTANDING TEXAS' EXPRESS NEGLIGENCE RULE OR ANY SIMILAR DIRECTIVE THAT WOULD PROHIBIT OR OTHERWISE LIMIT INDEMNITIES BECAUSE OF THE NEGLIGENCE (WHETHER SOLE, CONCURRENT, ACTIVE OR PASSIVE) OR OTHER FAULT OR STRICT LIABILITY OF THE OOG.

5. DEFAULTS AND REMEDIES

Each of the following acts or omissions of Chevron or occurrences shall constitute an act of default under this Agreement:

a. Failure to Invest and Expand the Facility. If Chevron fails to invest and expand the Facility by December 31, 2017, then the State may terminate the Agreement and require Chevron to immediately repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment, reduced by any funds refunded to the State for failure to meet Job Targets.

b. Failure to pay liquidated damages for job creation. Upon receipt of notice, Chevron shall have thirty (30) days to pay outstanding damages for job creation. If Chevron does not pay after this period, all amounts that could potentially be claimed for failure to meet job targets shall become due and payable immediately on demand of the State of Texas.

c. Failure to provide verification. If after the end of a calendar year Chevron fails to provide an Annual Compliance Verification by the deadline for that year, OOG may make a good faith estimate, based on information available to OOG, of the Employment Positions at Chevron as of December 31 of that year and, if the estimated Employment Positions fall short of the Job Target, require corresponding liquidated damages in accordance with Section 3.b.ii. above. Chevron will not be eligible to earn Surplus Job Credits for any such year for which it fails to provide an Annual Compliance Verification by the deadline for that year.

d. Failure to comply with Section 2.f. If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

6. GENERAL PROVISIONS

a. Authority. Each party represents that it has obtained all necessary authority to enter into this Agreement.

b. Relationship of Parties and Disclaimer of Liability. The parties will perform their respective obligations under this Agreement as independent contractors and not as agents, employees, partners, joint venturers, or representatives of the other party. Neither party can make representations or commitments that bind the other party. Chevron is not a "governmental body" by virtue of this Agreement or the use of TEF or other funding.

c. Limitation of Liability. In no event will either party be liable to the other party for any indirect, special, punitive, exemplary, incidental or consequential damages. This limitation will apply regardless of whether or not the other party has been advised of the possibility of such

damages. Chevron's total liability under this Agreement shall not exceed the amount of Funds actually received by Chevron plus interest at a rate of 2.2%.

d. Term. The term of this Agreement commences on the Effective Date of the Agreement and continues until January 31, 2023, unless terminated earlier pursuant to the terms of this Agreement.

e. Termination for Cause. Either party may terminate this Agreement for Cause upon thirty (30) days prior written notice to the other party. "Cause" is any failure to perform a material obligation under this Agreement within the specified time, including a material breach of a Funding Condition. This Agreement may not be terminated if the alleged Cause is cured within the specified thirty-day period. The sole remedy for any termination for Cause (and for the "cause" giving rise to the termination) shall be that each party is relieved of its obligation to perform hereunder, however, following termination by the State, Chevron will continue to be obligated to the State for liquidated damages and/or repayment of funds in accordance with applicable provisions of this Agreement.

f. Repayment upon Early Termination. In the event of early termination of the Agreement for Cause or by mutual agreement of the parties, Chevron shall repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

g. Dispute Resolution and Applicable Law.

(i) Informal Meetings. The parties' representatives will meet as needed to implement the terms of this Agreement and will make a good faith attempt to informally resolve any disputes.

(ii) Non-binding Mediation. Except to prevent irreparable harm for which there is no adequate remedy at law, neither party shall file suit to enforce this Agreement without first submitting the dispute to confidential, non-binding mediation before a mediator mutually agreed upon by the parties.

(iii) Applicable Law and Venue. This Agreement is made and entered into in the state of Texas, and this Agreement and all disputes arising out of or relating thereto shall be governed by the laws of the state of Texas, without regard to any otherwise applicable conflict of law rules or requirements.

Chevron agrees that any action, suit, litigation or other proceeding (collectively "litigation") arising out of or in any way relating to this Agreement, or the matters referred to therein, shall be commenced exclusively in the Travis County District Court or the United States District Court for the Western District of Texas, Austin Division, and hereby irrevocably and unconditionally consents to the exclusive jurisdiction of those courts for the purpose of prosecuting and/or defending such litigation. Chevron hereby waives and agrees not to assert by way of motion, as a defense, or otherwise, in any suit, action or proceeding, any claim that (a) Chevron is not personally subject to the jurisdiction of the above-named courts, (b) the suit, action or proceeding is brought in an inconvenient forum or (c) the venue of the suit, action or proceeding is improper.

h. Publicity. Upon request by OOG, Chevron agrees to cooperate fully with OOG to assist in the preparation of any press release or other public disclosure regarding this Agreement.

Chevron agrees to obtain OOG's approval prior to Chevron's issuance of any press release or other public disclosure concerning this Agreement, unless otherwise required by law.

i. No Waiver of Sovereign Immunity. Nothing in this Agreement may be construed to be a waiver of the sovereign immunity of the State to suit.

7. MISCELLANEOUS PROVISIONS

a. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in establishing proof of this Agreement to produce or account for more than one such counterpart.

b. Merger. This document constitutes the final entire agreement between the parties and supersedes any and all prior oral or written communication, representation or agreement relating to the subject matter of this Agreement.

c. Severability. Any term in this Agreement prohibited by, or unlawful or unenforceable under, any applicable law or jurisdiction is void without invalidating the remaining terms of this said Agreement. However, where the provisions of any such applicable law may be waived, they are hereby waived by either party, as the case may be, to the fullest extent permitted by the law, and the affected terms are enforceable in accordance with the parties' original intent.

d. Survival of Promises. Notwithstanding any expiration, termination or cancellation of this Agreement, the rights and obligations pertaining to payment or repayment of funds and/or liquidated damages, confidentiality, disclaimers and limitation of liability, indemnification, and any other provision implying survivability will remain in effect after this Agreement ends.

e. Binding Effect. This Agreement and all terms, provisions and obligations set forth herein shall be binding upon and shall inure to the benefit of the parties and their successors and assigns and shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns and all other state agencies and any other agencies, departments, divisions, governmental entities, public corporations and other entities which shall be successors to each of the parties or which shall succeed to or become obligated to perform or become bound by any of the covenants, agreements or obligations hereunder of each of the parties hereto.

f. Successors and Assigns/Notice. Chevron, or any legal successor thereto or prior assignee thereof, may assign its rights and obligations under this Agreement, including by merger or operation of law, to any legal successor or any person or entity that acquires all or substantially all of its business and operations. In addition, with the prior written consent of the State, which consent shall not be unreasonably withheld, or delayed, Chevron, or any legal successor company thereto or prior assignee thereof, may assign its rights and obligations under this Agreement to any parent or wholly owned subsidiary that it currently has in place or later establishes, if it is constituted as a separate legally recognized business entity. Any such assignment will be made without additional consideration being payable to the State. This Agreement shall survive any sale, change of control or similar transaction involving Chevron, any successor thereto or prior assignee thereof and no such transaction shall require the consent of the State. Chevron shall provide the State written notice of any assignment, sale, change of control or similar transaction pursuant to this section as soon as possible and in no event not later than thirty (30) calendar days following such event.

g. Force Majeure. Neither party shall be required to perform any obligation under this Agreement or be liable or responsible for any loss or damage resulting from its failure to perform so long as performance is delayed by force majeure or acts of God, including but not limited to strikes, lockouts or labor shortages, embargo, riot, war, revolution, terrorism, rebellion, insurrection, flood, natural disaster, or interruption of utilities from external causes.

h. Notice. All notices, requests, demands and other communications will be in writing and will be deemed given and received (i) on the date of delivery when delivered by hand, (ii) on the following business day when sent by confirmed simultaneous telecopy, (iii) on the following business day when sent by receipted overnight courier, or (iv) three (3) business days after deposit in the United States Mail when mailed by registered or certified mail, return receipt requested, first class postage prepaid, as follows:

If to the State to:

TEF Compliance
Compliance and Oversight Division
PO Box 12428
Austin, TX 78711

with a concurrent copy to:

General Counsel
Office of the Governor
P.O. Box 12428
Austin, Texas 78711
Phone: 512-463-1788
Fax: 512-463-1932

If to Chevron to:

Chevron Corporation
6001 Bollinger Canyon Road
San Ramon, CA 94583
Attn: Corporate Real Estate Counsel
Phone: 925-842-4337
Fax: 925-842-2011

with a concurrent copy to:

Manager of State and Local Tax Counsel
Corporate Tax
6001 Bollinger Canyon Rd.
San Ramon, CA 94583
Phone: 925-842-1173

{Signature Page Follows}

The parties have caused this Economic Development Agreement to be executed by their duly authorized representatives to be effective as of the date first specified above.

THE STATE OF TEXAS

CHEVRON U.S.A. INC., A PENNSYLVANIA CORPORATION

BRANDY MARTY
CHIEF OF STAFF
OFFICE OF THE GOVERNOR

BEREKET HAREGOT
VICE-PRESIDENT

EXHIBIT A

LETTER FROM GOVERNOR, LIEUTENANT GOVERNOR AND SPEAKER
APPROVING GRANT TO CHEVRON FROM THE TEXAS ENTERPRISE FUND

ECONOMIC DEVELOPMENT AGREEMENT

BETWEEN

THE STATE OF TEXAS

AND

CHEVRON U.S.A. INC.

JUNE 25, 2013

THIS AGREEMENT (“Agreement”) is by and between the State of Texas (the “State”), acting by and through the Office of Economic Development and Tourism, a division within the Office of the Governor (“OOG”), and Chevron U.S.A. Inc., a Pennsylvania corporation, (“Chevron”). The State and Chevron are hereinafter referred to either individually as the “party,” or collectively as the “parties.” The Effective Date of this Agreement is June 25, 2013.

RECITALS

WHEREAS, Texas’ low taxes, budgetary discipline, reasonable regulations and educated workforce continue to make the state a top location for businesses looking to expand or relocate; and

WHEREAS, Chevron is known for being one of the world’s leading integrated energy companies, with subsidiaries that conduct business worldwide in virtually every facet of the energy industry; and

WHEREAS, Chevron employs approximately 61,900 people worldwide with 2012 sales and other operating revenues of approximately \$231 billion; and

WHEREAS, Chevron has proposed expanding its existing operations in Houston, Harris County, Texas; and

WHEREAS, Chevron is proposing to invest approximately \$662 million in the expansion of its existing operations in Houston, Harris County, Texas, and is expected to create at least 1,752 new full-time jobs for Texans, with an average annual payroll of approximately \$193 million; and

WHEREAS, Article III, Section 52-a of the Texas Constitution expressly authorizes the State to use public funds for the public purposes of development and diversification of the economy of the State, the elimination of unemployment or underemployment in the State, or the development of commerce in the State; and

WHEREAS, SB 1771 of the 78th Texas Legislature established the Texas Enterprise Fund (“TEF”) to be used with the express written approval of the Governor, Lieutenant Governor, and Speaker of the House of Representatives for economic development, infrastructure development,

community development, job training programs, and business incentives, and the 82nd Texas Legislature reauthorized the TEF for the 2012 and 2013 biennium; and

WHEREAS, the State values Chevron as a distinguished and important corporate citizen, and wishes to receive a commitment that Chevron will expand its existing operations in Texas, and Chevron wishes to provide such a commitment; and

WHEREAS, the Governor, Lieutenant Governor, and Speaker have each approved a grant from the TEF to Chevron, as evidenced in the letter attached as Exhibit A hereto; and

WHEREAS, to ensure that the benefits the State provides under this Agreement are utilized in a manner consistent with Article III, Section 52-a of the Texas Constitution, and other laws, the State requires Chevron to comply with conditions and deliver certain performance as set forth herein, including achieving measurable job creation and retention commitments, in exchange for receiving these benefits; and

WHEREAS, the parties desire to have such proposals set forth in a valid, binding and enforceable agreement; and

WHEREAS, the State believes it is in the best public interest to enter into this Agreement for the reasons set forth above.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual promises herein, the parties agree as follows:

1. STATE OF TEXAS COMMITMENT

Grant of Funds from the Texas Enterprise Fund. The State agrees to pay cash from the Texas Enterprise Fund to Chevron in the amount of Twelve Million Dollars (\$12,000,000) (the “Funds”) as follows:

- (i) **First Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “First Payment”) within thirty days following the execution of this Agreement, provided that the following accounting documents required for disbursement have been provided in acceptable form to the State: Request for Taxpayer Identification Number and Certification; Texas Application for Payee Identification Number; and Vendor Direct Deposit Authorization.
- (ii) **Second Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “Second Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least Four Hundred Fifty-Five (455) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.
- (iii) **Third Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million

Dollars (\$3,000,000) (the “Third Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Two Hundred Twenty-Seven (1,227) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

- (iv) **Fourth Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “Fourth Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

2. CHEVRON FUNDING CONDITIONS

Chevron must meet all of the following “Funding Conditions”, or will be subject to liquidated damages and/or repayment in accordance with the Agreement. The Funding Conditions are as follows:

a. Expanding Chevron Operations. Chevron commits to expanding its operations in downtown Houston, Harris County, which currently consist of owned buildings at 1400 Smith St., Houston, Harris County and 1500 Louisiana Street, Houston, Harris County, and leased spaces in the vicinity, by one or more of the following actions: (i) constructing a new multi-story office building at 1600 Louisiana Street, in Houston, Harris County, Texas, (ii) leasing and occupying additional office space in downtown Houston, Harris County, or (iii) expanding the use of its existing owned office buildings (as expanded, the “Facility”). The Facility shall be open and operational by December 31, 2017.

b. Job Target. Chevron commits to meeting a job target of (i) creating a total of at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions by December 31, 2020, in total at the Facility and of (ii) maintaining these Employment Positions through December 31, 2022 (collectively, the “Job Target”). Chevron also commits to the following job creation schedule:

- (i) One Hundred Forty-Four Employment Positions by December 31, 2013;
- (ii) One Hundred Fifty-Four additional Employment Positions (298 total) on December 31, 2014;
- (iii) One Hundred Fifty-Seven additional Employment Positions (455 total) on December 31, 2015;
- (iv) One Hundred Fifty-Seven additional Employment Positions (612 total) on December 31, 2016;
- (v) Six Hundred Fifteen additional Employment Positions (1,227 total) on December 31, 2017;
- (vi) One Hundred Seventy-Five additional Employment Positions (1,402 total) on December 31, 2018;
- (vii) One Hundred Seventy-Five additional Employment Positions (1,577 total) on December 31, 2019;
- (viii) One Hundred Seventy-Five additional Employment Positions (1,752 total) on December 31, 2020.

Jobs will only be counted as Employment Positions for purposes of this Agreement if they are above the total number of employment positions with Chevron’s operations, in Texas (the “Threshold”). The parties agree that for purposes of this Agreement, the Threshold shall be Eight Thousand Two Hundred Forty Three (8,243).

c. Employment Positions. For the purposes of this Agreement, “Employment Positions” shall be defined as jobs meeting all of the following criteria:

- (i) New full-time employment positions with Chevron at the Facility; and
- (ii) With an average annual gross compensation (excluding benefits) each year of at least:
 - (A) \$110,000 for 2013;
 - (B) \$112,200 for 2014;
 - (C) \$114,444 for 2015;
 - (D) \$116,733 for 2016;
 - (E) \$119,068 for 2017;
 - (F) \$121,449 for 2018;
 - (G) \$123,878 for 2019;
 - (H) \$126,355 for 2020;
 - (I) \$128,883 for 2021;
 - (J) \$131,460 for 2022.
- (iii) Unless specifically provided by this Agreement, no jobs created by Chevron subsidiaries, affiliates, contractors, or any other party not identified in this Agreement constitute Employment Positions.

d. Annual Compliance Verification. Beginning in January 2014, and continuing every year thereafter through January 2023, each year by January 31 Chevron must deliver to OOG a compliance verification signed by a duly authorized representative of Chevron that shall certify the number of and generally describe the Employment Positions existing as of December 31 of the year preceding and provide the median wage for all Employment Positions (the “Annual Compliance Verification”). There will be a total of Ten (10) Annual Compliance Verifications due, covering jobs created and maintained in years 2013 through 2022. All Annual Compliance Verifications shall be in a form reasonably satisfactory to OOG and shall provide appropriate back-up data for the Employment Position numbers provided and for the Threshold. In addition, Chevron must submit each year a copy of the Annual Compliance Verification to the Office of the Lieutenant Governor and the Office of the Speaker of the House of Representatives at the addresses listed below.

Lt. Governor of Texas
P.O. Box 12068
Austin, Texas 78711

Speaker of the House of Representatives of Texas
P.O. Box 2910
Austin, TX 78768

e. Certification of Good Standing/Delinquent Taxes. By execution of this Agreement, Chevron certifies that it is in good standing under the laws of the State in which it was formed or organized, and has provided the State sufficient evidence of such. In addition, Chevron certifies that it owes no delinquent taxes to any taxing unit of this State at the time of execution of this Agreement.

f. Certification Relating to Undocumented Workers. By execution of this Agreement, Chevron, including any branch, division, and department of Chevron, certifies that it does not and will not knowingly employ an undocumented worker (as defined by Texas Government Code Section 2264.001(4)). If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

3. LIQUIDATED DAMAGES

a. Failure to Meet 2013 “Floor” Job Target. If Chevron’s first Annual Compliance Verification demonstrates that it has failed to create and maintain at least Seventy-Two (72) Employment Positions as of December 31, 2013, the State may terminate the Agreement and require Chevron to repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

b. Job Target. As set forth in Section 2 above, annually during the term of this Agreement through 2023 Chevron must deliver to OOG an Annual Compliance Verification demonstrating that it has met the Job Target for the year just ended. The consequences to Chevron of satisfying, failing to satisfy, or exceeding the Job Target are as follows:

(i) Compliance with Job Target. If Chevron has met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then Chevron will be deemed to have met its obligations for such preceding year and no liquidated damages will be due.

(ii) Failure to Meet Job Target. If Chevron has not met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then OOG may require Chevron to pay liquidated damages in the amount of One Thousand Six Hundred Ten Dollars (\$1,610) per job for every Employment Position by which it is short that year.

(iii) Exceeding Job Target. If an Annual Compliance Verification filed by Chevron demonstrates that it has exceeded the job target for that year, then Chevron will be deemed to have exceeded its obligations, and will receive a “Surplus Job Credit” for each extra Employment Position that it has maintained above the job target for that year. Chevron may utilize any earned Surplus Job Credits in following years as follows:

A. Chevron may expend a Surplus Job Credit in lieu of paying liquidated damages in the amount of \$1,610 per job (for example, if Chevron owes liquidated damages in the amount of \$161,000 for 100 Employment Positions lacking in a particular year, Chevron may discharge completely or reduce this amount by expending up to 100 Surplus Job Credits it has earned in prior years); or

B. Chevron may apply any Surplus Job Credits toward meeting the remaining Job Target for future years, such that if Chevron accumulates enough Surplus Job Credits it will be deemed to have fulfilled all of its obligations under the Agreement, and will be released from the Agreement early (for example, if Chevron has accumulated at least One Thousand Seven Hundred Fifty-Two (1,752) Surplus Job Credits by December 31, 2021, then it may apply these

Surplus Job Credits forward to fulfill its Job Target for 2022, and may thereby fulfill its obligations and be released from the Agreement one year early).

4. CHEVRON ADDITIONAL COMMITMENTS

a. OOG Audit Rights.

(i) **Duty to Maintain Records.** Chevron shall maintain adequate records to support its charges, procedures and performances to OOG for all work related to this Agreement. Chevron also shall maintain such records as are deemed necessary by the OOG and auditors of the State of Texas or United States, or such other persons or entities designated by the OOG, to ensure proper accounting for all costs and performances related to this Agreement.

(ii) **Records Retention.** Chevron shall maintain and retain for a period of four (4) years after the submission of the final Annual Compliance Verification, or until full and final resolution of all audit or litigation matters which arise after the expiration of the four (4) year period after the submission of the final Annual Compliance Verification, whichever time period is longer, such records as are necessary to fully disclose the extent of services provided under this Agreement, including but not limited to any daily activity reports and time distribution and attendance records, and other records which may show the basis for the calculation of full time positions.

(iii) **Audit Trails.** Appropriate audit trails shall be maintained by Chevron to provide accountability for updates and changes to automated personnel and financial systems. Audit trails maintained by Chevron will, at a minimum, identify the changes made, the individual making the change and the date the change was made. An adequate history of transactions shall be maintained by Chevron to permit an audit of the system by tracing the activities of individuals through the system. Chevron's automated systems must provide the means whereby authorized personnel have the ability to audit and establish individual accountability for any action that can potentially cause access to, generation of, or modification of information related to the performances of this Agreement. Chevron agrees that Chevron's failure to maintain adequate audit trails and corresponding documentation shall create a rebuttable presumption that the performances were not performed.

(iv) **Access.** Chevron shall grant access to all paper and electronic records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement to OOG and auditors of the State of Texas, or such other persons or entities designated by OOG for the purposes of inspecting, auditing, or copying such books and records. All records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement shall be subject to examination or audit by the OOG and auditors of the State of Texas, or such other persons or entities designated by the OOG in accordance with all applicable state and federal laws, regulations or directives. Chevron will direct any subcontractor with whom it has established a contractual relationship to discharge Chevron's obligations to likewise permit access to, inspection of, and reproduction of all books and records of Chevron's subcontractor(s) which pertain to this Agreement.

(v) **Location.** Any such audit shall be conducted during Chevron's normal business hours at a Chevron location chosen by OOG and at OOG's expense, provided all costs incurred by OOG in conducting any such audit shall be reimbursed by Chevron in the event such audit reveals a material discrepancy in any Chevron reporting of compliance as required by the Agreement.

(vi) **Reimbursement.** If any audit or examination reveals that Chevron's reports for the audited period are not accurate in the calculation of the Job Target for such period, Chevron shall promptly reimburse the OOG for the liquidated damages amount(s) in accordance with section 3.b.ii.

(vii) **Corrective Action Plan.** If any audit reveals any discrepancies or inadequacies which are necessary in order to maintain compliance with this Agreement, applicable laws, regulations, or Chevron's obligations hereunder, Chevron agrees within thirty (30) calendar days after Chevron's receipt of the audit findings, to propose and submit to OOG a corrective action plan to correct such discrepancies or inadequacies subject to the approval of the OOG. Chevron further agrees to complete the corrective action approved by OOG within thirty (30) calendar days after OOG approves Chevron's corrective action plan, at the sole cost of Chevron.

(viii) **Reports.** Chevron shall provide to OOG periodic status reports in accordance with OOG's audit procedures regarding Chevron's resolution of any audit-related compliance activity for which Chevron is responsible.

b. Economic Impact Reports; Periodic Progress Briefings. In a manner consistent with the need to protect privacy and the intellectual property of Chevron and third parties, Chevron will provide periodic briefings as reasonably requested by OOG on the general activities, economic impact and progress of the new project development and business operations in Texas.

c. Use and Retention of Texas Suppliers. Chevron will use reasonable efforts to use qualified Texas-based suppliers to provide products and services under this Agreement, provided however, Chevron may in its sole discretion select suppliers and contractors based on program needs, scientific criteria, and industry standards.

d. Financial Information. Chevron will furnish to OOG on an annual basis by April 30, of each year throughout the term of the Agreement, information regarding the general business status, market and general summary financial updates regarding Chevron. Such financial information shall be in a form reasonably satisfactory to OOG.

e. Indemnity and Hold Harmless. Chevron agrees to indemnify and hold the State, the maker of this grant, and its agents, officers, and employees harmless for any and all losses, claims, suits, actions, and liability, including any litigation costs, that arise from any act or omission of Chevron or any of its officers and employees, agents, contractors, assignees, and affiliates relating to the project for which this grant is made regardless of whether the act or omission is related to job creation or other stated purpose of the grant.

f. EXPRESS NEGLIGENCE. THE INDEMNITY SET FORTH IN THIS AGREEMENT IS INTENDED TO BE ENFORCEABLE AGAINST CHEVRON AND ITS SUCCESSORS AND ASSIGNS IN ACCORDANCE WITH THE

EXPRESS TERMS AND SCOPE HEREOF NOTWITHSTANDING TEXAS' EXPRESS NEGLIGENCE RULE OR ANY SIMILAR DIRECTIVE THAT WOULD PROHIBIT OR OTHERWISE LIMIT INDEMNITIES BECAUSE OF THE NEGLIGENCE (WHETHER SOLE, CONCURRENT, ACTIVE OR PASSIVE) OR OTHER FAULT OR STRICT LIABILITY OF THE OOG.

5. DEFAULTS AND REMEDIES

Each of the following acts or omissions of Chevron or occurrences shall constitute an act of default under this Agreement:

a. Failure to Invest and Expand the Facility. If Chevron fails to invest and expand the Facility by December 31, 2017, then the State may terminate the Agreement and require Chevron to immediately repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment, reduced by any funds refunded to the State for failure to meet Job Targets.

b. Failure to pay liquidated damages for job creation. Upon receipt of notice, Chevron shall have forty-five (45) days to pay outstanding damages for job creation. If Chevron does not pay after this period, all amounts that could potentially be claimed for failure to meet job targets shall become due and payable immediately on demand of the State of Texas.

c. Failure to provide verification. If after the end of a calendar year Chevron fails to provide an Annual Compliance Verification by the deadline for that year, OOG may make a good faith estimate, based on information available to OOG, of the Employment Positions at Chevron as of December 31 of that year and, if the estimated Employment Positions fall short of the Job Target, require corresponding liquidated damages in accordance with Section 3.b.ii. above. Chevron will not be eligible to earn Surplus Job Credits for any such year for which it fails to provide an Annual Compliance Verification by the deadline for that year.

d. Failure to comply with Section 2.f. If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

6. GENERAL PROVISIONS

a. Authority. Each party represents that it has obtained all necessary authority to enter into this Agreement.

b. Relationship of Parties and Disclaimer of Liability. The parties will perform their respective obligations under this Agreement as independent contractors and not as agents, employees, partners, joint venturers, or representatives of the other party. Neither party can make representations or commitments that bind the other party. Chevron is not a "governmental body" by virtue of this Agreement or the use of TEF or other funding.

c. Limitation of Liability. In no event will either party be liable to the other party for any indirect, special, punitive, exemplary, incidental or consequential damages. This limitation will apply regardless of whether or not the other party has been advised of the possibility of such

damages. Chevron's total liability under this Agreement shall not exceed the amount of Funds actually received by Chevron plus interest at a rate of 2.2%.

d. Term. The term of this Agreement commences on the Effective Date of the Agreement and continues until January 31, 2023, unless terminated earlier pursuant to the terms of this Agreement.

e. Termination for Cause. Either party may terminate this Agreement for Cause upon thirty (30) days prior written notice to the other party. "Cause" is any failure to perform a material obligation under this Agreement within the specified time, including a material breach of a Funding Condition. This Agreement may not be terminated if the alleged Cause is cured within the specified thirty-day period. The sole remedy for any termination for Cause (and for the "cause" giving rise to the termination) shall be that each party is relieved of its obligation to perform hereunder, however, following termination by the State, Chevron will continue to be obligated to the State for liquidated damages and/or repayment of funds in accordance with applicable provisions of this Agreement.

f. Repayment upon Early Termination. In the event of early termination of the Agreement for Cause or by mutual agreement of the parties, Chevron shall repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

g. Dispute Resolution and Applicable Law.

(i) Informal Meetings. The parties' representatives will meet as needed to implement the terms of this Agreement and will make a good faith attempt to informally resolve any disputes.

(ii) Non-binding Mediation. Except to prevent irreparable harm for which there is no adequate remedy at law, neither party shall file suit to enforce this Agreement without first submitting the dispute to confidential, non-binding mediation before a mediator mutually agreed upon by the parties.

(iii) Applicable Law and Venue. This Agreement is made and entered into in the state of Texas, and this Agreement and all disputes arising out of or relating thereto shall be governed by the laws of the state of Texas, without regard to any otherwise applicable conflict of law rules or requirements.

Chevron agrees that any action, suit, litigation or other proceeding (collectively "litigation") arising out of or in any way relating to this Agreement, or the matters referred to therein, shall be commenced exclusively in the Travis County District Court or the United States District Court for the Western District of Texas, Austin Division, and hereby irrevocably and unconditionally consents to the exclusive jurisdiction of those courts for the purpose of prosecuting and/or defending such litigation. Chevron hereby waives and agrees not to assert by way of motion, as a defense, or otherwise, in any suit, action or proceeding, any claim that (a) Chevron is not personally subject to the jurisdiction of the above-named courts, (b) the suit, action or proceeding is brought in an inconvenient forum or (c) the venue of the suit, action or proceeding is improper.

h. Publicity. Upon request by OOG, Chevron agrees to cooperate fully with OOG to assist in the preparation of any press release or other public disclosure regarding this Agreement.

Chevron agrees to obtain OOG's approval prior to Chevron's issuance of any press release or other public disclosure concerning this Agreement, unless otherwise required by law.

i. No Waiver of Sovereign Immunity. Nothing in this Agreement may be construed to be a waiver of the sovereign immunity of the State to suit.

7. MISCELLANEOUS PROVISIONS

a. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in establishing proof of this Agreement to produce or account for more than one such counterpart.

b. Merger. This document constitutes the final entire agreement between the parties and supersedes any and all prior oral or written communication, representation or agreement relating to the subject matter of this Agreement.

c. Severability. Any term in this Agreement prohibited by, or unlawful or unenforceable under, any applicable law or jurisdiction is void without invalidating the remaining terms of this said Agreement. However, where the provisions of any such applicable law may be waived, they are hereby waived by either party, as the case may be, to the fullest extent permitted by the law, and the affected terms are enforceable in accordance with the parties' original intent.

d. Survival of Promises. Notwithstanding any expiration, termination or cancellation of this Agreement, the rights and obligations pertaining to payment or repayment of funds and/or liquidated damages, confidentiality, disclaimers and limitation of liability, indemnification, and any other provision implying survivability will remain in effect after this Agreement ends.

e. Binding Effect. This Agreement and all terms, provisions and obligations set forth herein shall be binding upon and shall inure to the benefit of the parties and their successors and assigns and shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns and all other state agencies and any other agencies, departments, divisions, governmental entities, public corporations and other entities which shall be successors to each of the parties or which shall succeed to or become obligated to perform or become bound by any of the covenants, agreements or obligations hereunder of each of the parties hereto.

f. Successors and Assigns/Notice. Chevron, or any legal successor thereto or prior assignee thereof, may assign its rights and obligations under this Agreement, including by merger or operation of law, to any legal successor or any person or entity that acquires all or substantially all of its business and operations. In addition, with the prior written consent of the State, which consent shall not be unreasonably withheld, or delayed, Chevron, or any legal successor company thereto or prior assignee thereof, may assign its rights and obligations under this Agreement to any parent or wholly owned subsidiary that it currently has in place or later establishes, if it is constituted as a separate legally recognized business entity. Any such assignment will be made without additional consideration being payable to the State. This Agreement shall survive any sale, change of control or similar transaction involving Chevron, any successor thereto or prior assignee thereof and no such transaction shall require the consent of the State. Chevron shall provide the State written notice of any assignment, sale, change of control or similar transaction pursuant to this section as soon as possible and in no event not later than thirty (30) calendar days following such event.

g. Force Majeure. Neither party shall be required to perform any obligation under this Agreement or be liable or responsible for any loss or damage resulting from its failure to perform so long as performance is delayed by force majeure or acts of God, including but not limited to strikes, lockouts or labor shortages, embargo, riot, war, revolution, terrorism, rebellion, insurrection, flood, natural disaster, or interruption of utilities from external causes.

h. Notice. All notices, requests, demands and other communications will be in writing and will be deemed given and received (i) on the date of delivery when delivered by hand, (ii) on the following business day when sent by confirmed simultaneous telecopy, (iii) on the following business day when sent by receipted overnight courier, or (iv) three (3) business days after deposit in the United States Mail when mailed by registered or certified mail, return receipt requested, first class postage prepaid, as follows:

If to the State to:

TEF Compliance
Compliance and Oversight Division
PO Box 12428
Austin, TX 78711

with a concurrent copy to:

General Counsel
Office of the Governor
P.O. Box 12428
Austin, Texas 78711
Phone: 512-463-1788
Fax: 512-463-1932

If to Chevron to:

Chevron Corporation
6001 Bollinger Canyon Road
San Ramon, CA 94583
Attn: Corporate Real Estate Counsel
Phone: 925-842-4337
Fax: 925-842-2011

with a concurrent copy to:

Manager of State and Local Tax Counsel
Corporate Tax
6001 Bollinger Canyon Rd.
San Ramon, CA 94583
Phone: 925-842-1173

{Signature Page Follows}

The parties have caused this Economic Development Agreement to be executed by their duly authorized representatives to be effective as of the date first specified above.

THE STATE OF TEXAS

CHEVRON U.S.A. INC., A PENNSYLVANIA CORPORATION

BRANDY MARTY
CHIEF OF STAFF
OFFICE OF THE GOVERNOR

BEREKET HAREGOT
VICE-PRESIDENT

EXHIBIT A

LETTER FROM GOVERNOR, LIEUTENANT GOVERNOR AND SPEAKER
APPROVING GRANT TO CHEVRON FROM THE TEXAS ENTERPRISE FUND

ECONOMIC DEVELOPMENT AGREEMENT

BETWEEN

THE STATE OF TEXAS

AND

CHEVRON U.S.A. INC.

JUNE 25, 2013

THIS AGREEMENT (“Agreement”) is by and between the State of Texas (the “State”), acting by and through the Office of Economic Development and Tourism, a division within the Office of the Governor (“OOG”), and Chevron U.S.A. Inc., a Pennsylvania corporation, (“Chevron”). The State and Chevron are hereinafter referred to either individually as the “party,” or collectively as the “parties.” The Effective Date of this Agreement is June 25, 2013.

RECITALS

WHEREAS, Texas’ low taxes, budgetary discipline, reasonable regulations and educated workforce continue to make the state a top location for businesses looking to expand or relocate; and

WHEREAS, Chevron is known for being one of the world’s leading integrated energy companies, with subsidiaries that conduct business worldwide in virtually every facet of the energy industry; and

WHEREAS, Chevron employs approximately 61,900 people worldwide with 2012 sales and other operating revenues of approximately \$231 billion; and

WHEREAS, Chevron has proposed expanding its existing operations in Houston, Harris County, Texas; and

WHEREAS, Chevron is proposing to invest approximately \$662 million in the expansion of its existing operations in Houston, Harris County, Texas, and is expected to create at least 1,752 new full-time jobs for Texans, with an average annual payroll of approximately \$193 million; and

WHEREAS, Article III, Section 52-a of the Texas Constitution expressly authorizes the State to use public funds for the public purposes of development and diversification of the economy of the State, the elimination of unemployment or underemployment in the State, or the development of commerce in the State; and

WHEREAS, SB 1771 of the 78th Texas Legislature established the Texas Enterprise Fund (“TEF”) to be used with the express written approval of the Governor, Lieutenant Governor, and Speaker of the House of Representatives for economic development, infrastructure development,

community development, job training programs, and business incentives, and the 82nd Texas Legislature reauthorized the TEF for the 2012 and 2013 biennium; and

WHEREAS, the State values Chevron as a distinguished and important corporate citizen, and wishes to receive a commitment that Chevron will expand its existing operations in Texas, and Chevron wishes to provide such a commitment; and

WHEREAS, the Governor, Lieutenant Governor, and Speaker have each approved a grant from the TEF to Chevron, as evidenced in the letter attached as Exhibit A hereto; and

WHEREAS, to ensure that the benefits the State provides under this Agreement are utilized in a manner consistent with Article III, Section 52-a of the Texas Constitution, and other laws, the State requires Chevron to comply with conditions and deliver certain performance as set forth herein, including achieving measurable job creation and retention commitments, in exchange for receiving these benefits; and

WHEREAS, the parties desire to have such proposals set forth in a valid, binding and enforceable agreement; and

WHEREAS, the State believes it is in the best public interest to enter into this Agreement for the reasons set forth above.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual promises herein, the parties agree as follows:

1. STATE OF TEXAS COMMITMENT

Grant of Funds from the Texas Enterprise Fund. The State agrees to pay cash from the Texas Enterprise Fund to Chevron in the amount of Twelve Million Dollars (\$12,000,000) (the “Funds”) as follows:

- (i) First Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “First Payment”) within thirty days following the execution of this Agreement, provided that the following accounting documents required for disbursement have been provided in acceptable form to the State: Request for Taxpayer Identification Number and Certification; Texas Application for Payee Identification Number; and Vendor Direct Deposit Authorization.
- (ii) Second Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “Second Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least Four Hundred Fifty-Five (455) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.
- (iii) Third Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million

Dollars (\$3,000,000) (the “Third Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Two Hundred Twenty-Seven (1,227) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

- (iv) **Fourth Grant Payment from the Texas Enterprise Fund.** The State shall pay cash from the Texas Enterprise Fund to Chevron in the amount of Three Million Dollars (\$3,000,000) (the “Fourth Payment”) within thirty days following receipt from Chevron of reasonable evidence of creating at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions, as defined below. The format for this submittal will be in sufficient detail for the State to confirm the asserted job creation.

2. CHEVRON FUNDING CONDITIONS

Chevron must meet all of the following “Funding Conditions”, or will be subject to liquidated damages and/or repayment in accordance with the Agreement. The Funding Conditions are as follows:

a. Expanding Chevron Operations. Chevron commits to expanding its operations in downtown Houston, Harris County, which currently consist of owned buildings at 1400 Smith St., Houston, Harris County and 1500 Louisiana Street, Houston, Harris County, and leased spaces in the vicinity, by one or more of the following actions: (i) constructing a new multi-story office building at 1600 Louisiana Street, in Houston, Harris County, Texas, (ii) leasing and occupying additional office space in downtown Houston, Harris County, or (iii) expanding the use of its existing owned office buildings (as expanded, the “Facility”). The Facility shall be open and operational by December 31, 2017.

b. Job Target. Chevron commits to meeting a job target of (i) creating a total of at least One Thousand Seven Hundred Fifty-Two (1,752) Employment Positions by December 31, 2020, in total at the Facility and of (ii) maintaining these Employment Positions through December 31, 2022 (collectively, the “Job Target”). Chevron also commits to the following job creation schedule:

- (i) One Hundred Forty-Four Employment Positions by December 31, 2013;
- (ii) One Hundred Fifty-Four additional Employment Positions (298 total) on December 31, 2014;
- (iii) One Hundred Fifty-Seven additional Employment Positions (455 total) on December 31, 2015;
- (iv) One Hundred Fifty-Seven additional Employment Positions (612 total) on December 31, 2016;
- (v) Six Hundred Fifteen additional Employment Positions (1,227 total) on December 31, 2017;
- (vi) One Hundred Seventy-Five additional Employment Positions (1,402 total) on December 31, 2018;
- (vii) One Hundred Seventy-Five additional Employment Positions (1,577 total) on December 31, 2019;
- (viii) One Hundred Seventy-Five additional Employment Positions (1,752 total) on December 31, 2020.

Jobs will only be counted as Employment Positions for purposes of this Agreement if they are above the total number of employment positions with Chevron’s operations, in Texas (the “Threshold”). The parties agree that for purposes of this Agreement, the Threshold shall be Eight Thousand Two Hundred Forty Three (8,243).

c. Employment Positions. For the purposes of this Agreement, “Employment Positions” shall be defined as jobs meeting all of the following criteria:

- (i) New full-time employment positions with Chevron at the Facility; and
- (ii) With an average annual gross compensation (excluding benefits) each year of at least:
 - (A) \$110,000 for 2013;
 - (B) \$112,200 for 2014;
 - (C) \$114,444 for 2015;
 - (D) \$116,733 for 2016;
 - (E) \$119,068 for 2017;
 - (F) \$121,449 for 2018;
 - (G) \$123,878 for 2019;
 - (H) \$126,355 for 2020;
 - (I) \$128,883 for 2021;
 - (J) \$131,460 for 2022.
- (iii) Unless specifically provided by this Agreement, no jobs created by Chevron subsidiaries, affiliates, contractors, or any other party not identified in this Agreement constitute Employment Positions.

d. Annual Compliance Verification. Beginning in January 2014, and continuing every year thereafter through January 2023, each year by January 31 Chevron must deliver to OOG a compliance verification signed by a duly authorized representative of Chevron that shall certify the number of and generally describe the Employment Positions existing as of December 31 of the year preceding and provide the median wage for all Employment Positions (the “Annual Compliance Verification”). There will be a total of Ten (10) Annual Compliance Verifications due, covering jobs created and maintained in years 2013 through 2022. All Annual Compliance Verifications shall be in a form reasonably satisfactory to OOG and shall provide appropriate back-up data for the Employment Position numbers provided and for the Threshold. In addition, Chevron must submit each year a copy of the Annual Compliance Verification to the Office of the Lieutenant Governor and the Office of the Speaker of the House of Representatives at the addresses listed below.

Lt. Governor of Texas
P.O. Box 12068
Austin, Texas 78711

Speaker of the House of Representatives of Texas
P.O. Box 2910
Austin, TX 78768

e. Certification of Good Standing/Delinquent Taxes. By execution of this Agreement, Chevron certifies that it is in good standing under the laws of the State in which it was formed or organized, and has provided the State sufficient evidence of such. In addition, Chevron certifies that it owes no delinquent taxes to any taxing unit of this State at the time of execution of this Agreement.

f. Certification Relating to Undocumented Workers. By execution of this Agreement, Chevron, including any branch, division, and department of Chevron, certifies that it does not and will not knowingly employ an undocumented worker (as defined by Texas Government Code Section 2264.001(4)). If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

3. LIQUIDATED DAMAGES

a. Failure to Meet 2013 “Floor” Job Target. If Chevron’s first Annual Compliance Verification demonstrates that it has failed to create and maintain at least Seventy-Two (72) Employment Positions as of December 31, 2013, the State may terminate the Agreement and require Chevron to repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

b. Job Target. As set forth in Section 2 above, annually during the term of this Agreement through 2023 Chevron must deliver to OOG an Annual Compliance Verification demonstrating that it has met the Job Target for the year just ended. The consequences to Chevron of satisfying, failing to satisfy, or exceeding the Job Target are as follows:

(i) Compliance with Job Target. If Chevron has met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then Chevron will be deemed to have met its obligations for such preceding year and no liquidated damages will be due.

(ii) Failure to Meet Job Target. If Chevron has not met the Job Target for that year, as demonstrated in its Annual Compliance Verification, then OOG may require Chevron to pay liquidated damages in the amount of One Thousand Six Hundred Ten Dollars (\$1,610) per job for every Employment Position by which it is short that year.

(iii) Exceeding Job Target. If an Annual Compliance Verification filed by Chevron demonstrates that it has exceeded the job target for that year, then Chevron will be deemed to have exceeded its obligations, and will receive a “Surplus Job Credit” for each extra Employment Position that it has maintained above the job target for that year. Chevron may utilize any earned Surplus Job Credits in following years as follows:

A. Chevron may expend a Surplus Job Credit in lieu of paying liquidated damages in the amount of \$1,610 per job (for example, if Chevron owes liquidated damages in the amount of \$161,000 for 100 Employment Positions lacking in a particular year, Chevron may discharge completely or reduce this amount by expending up to 100 Surplus Job Credits it has earned in prior years); or

B. Chevron may apply any Surplus Job Credits toward meeting the remaining Job Target for future years, such that if Chevron accumulates enough Surplus Job Credits it will be deemed to have fulfilled all of its obligations under the Agreement, and will be released from the Agreement early (for example, if Chevron has accumulated at least One Thousand Seven Hundred Fifty-Two (1,752) Surplus Job Credits by December 31, 2021, then it may apply these

Surplus Job Credits forward to fulfill its Job Target for 2022, and may thereby fulfill its obligations and be released from the Agreement one year early).

4. CHEVRON ADDITIONAL COMMITMENTS

a. OOG Audit Rights.

(i) **Duty to Maintain Records.** Chevron shall maintain adequate records to support its charges, procedures and performances to OOG for all work related to this Agreement. Chevron also shall maintain such records as are deemed necessary by the OOG and auditors of the State of Texas or United States, or such other persons or entities designated by the OOG, to ensure proper accounting for all costs and performances related to this Agreement.

(ii) **Records Retention.** Chevron shall maintain and retain for a period of four (4) years after the submission of the final Annual Compliance Verification, or until full and final resolution of all audit or litigation matters which arise after the expiration of the four (4) year period after the submission of the final Annual Compliance Verification, whichever time period is longer, such records as are necessary to fully disclose the extent of services provided under this Agreement, including but not limited to any daily activity reports and time distribution and attendance records, and other records which may show the basis for the calculation of full time positions.

(iii) **Audit Trails.** Appropriate audit trails shall be maintained by Chevron to provide accountability for updates and changes to automated personnel and financial systems. Audit trails maintained by Chevron will, at a minimum, identify the changes made, the individual making the change and the date the change was made. An adequate history of transactions shall be maintained by Chevron to permit an audit of the system by tracing the activities of individuals through the system. Chevron's automated systems must provide the means whereby authorized personnel have the ability to audit and establish individual accountability for any action that can potentially cause access to, generation of, or modification of information related to the performances of this Agreement. Chevron agrees that Chevron's failure to maintain adequate audit trails and corresponding documentation shall create a rebuttable presumption that the performances were not performed.

(iv) **Access.** Chevron shall grant access to all paper and electronic records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement to OOG and auditors of the State of Texas, or such other persons or entities designated by OOG for the purposes of inspecting, auditing, or copying such books and records. All records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement shall be subject to examination or audit by the OOG and auditors of the State of Texas, or such other persons or entities designated by the OOG in accordance with all applicable state and federal laws, regulations or directives. Chevron will direct any subcontractor with whom it has established a contractual relationship to discharge Chevron's obligations to likewise permit access to, inspection of, and reproduction of all books and records of Chevron's subcontractor(s) which pertain to this Agreement.

(v) **Location.** Any such audit shall be conducted during Chevron's normal business hours at a Chevron location chosen by OOG and at OOG's expense, provided all costs incurred by OOG in conducting any such audit shall be reimbursed by Chevron in the event such audit reveals a material discrepancy in any Chevron reporting of compliance as required by the Agreement.

(vi) **Reimbursement.** If any audit or examination reveals that Chevron's reports for the audited period are not accurate in the calculation of the Job Target for such period, Chevron shall promptly reimburse the OOG for the liquidated damages amount(s) in accordance with section 3.b.ii.

(vii) **Corrective Action Plan.** If any audit reveals any discrepancies or inadequacies which are necessary in order to maintain compliance with this Agreement, applicable laws, regulations, or Chevron's obligations hereunder, Chevron agrees within thirty (30) calendar days after Chevron's receipt of the audit findings, to propose and submit to OOG a corrective action plan to correct such discrepancies or inadequacies subject to the approval of the OOG. Chevron further agrees to complete the corrective action approved by OOG within thirty (30) calendar days after OOG approves Chevron's corrective action plan, at the sole cost of Chevron.

(viii) **Reports.** Chevron shall provide to OOG periodic status reports in accordance with OOG's audit procedures regarding Chevron's resolution of any audit-related compliance activity for which Chevron is responsible.

b. Economic Impact Reports; Periodic Progress Briefings. In a manner consistent with the need to protect privacy and the intellectual property of Chevron and third parties, Chevron will provide periodic briefings as reasonably requested by OOG on the general activities, economic impact and progress of the new project development and business operations in Texas.

c. Use and Retention of Texas Suppliers. Chevron will use reasonable efforts to use qualified Texas-based suppliers to provide products and services under this Agreement, provided however, Chevron may in its sole discretion select suppliers and contractors based on program needs, scientific criteria, and industry standards.

d. Financial Information. Chevron will furnish to OOG on an annual basis by April 30, of each year throughout the term of the Agreement, information regarding the general business status, market and general summary financial updates regarding Chevron. Such financial information shall be in a form reasonably satisfactory to OOG.

e. Indemnity and Hold Harmless. Chevron agrees to indemnify and hold the State, the maker of this grant, and its agents, officers, and employees harmless for any and all losses, claims, suits, actions, and liability, including any litigation costs, that arise from any act or omission of Chevron or any of its officers and employees, agents, contractors, assignees, and affiliates relating to the project for which this grant is made regardless of whether the act or omission is related to job creation or other stated purpose of the grant.

f. EXPRESS NEGLIGENCE. THE INDEMNITY SET FORTH IN THIS AGREEMENT IS INTENDED TO BE ENFORCEABLE AGAINST CHEVRON AND ITS SUCCESSORS AND ASSIGNS IN ACCORDANCE WITH THE

EXPRESS TERMS AND SCOPE HEREOF NOTWITHSTANDING TEXAS' EXPRESS NEGLIGENCE RULE OR ANY SIMILAR DIRECTIVE THAT WOULD PROHIBIT OR OTHERWISE LIMIT INDEMNITIES BECAUSE OF THE NEGLIGENCE (WHETHER SOLE, CONCURRENT, ACTIVE OR PASSIVE) OR OTHER FAULT OR STRICT LIABILITY OF THE OOG.

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a. Failure to Invest and Expand the Facility. If Chevron fails to invest and expand the Facility by December 31, 2017, then the State may terminate the Agreement and require Chevron to immediately repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment, reduced by any funds refunded to the State for failure to meet Job Targets.

b. Failure to pay liquidated damages for job creation. Upon receipt of notice, Chevron shall have forty-five (45) days to pay outstanding damages for job creation. If Chevron does not pay after this period, all amounts that could potentially be claimed for failure to meet job targets shall become due and payable immediately on demand of the State of Texas.

c. Failure to provide verification. If after the end of a calendar year Chevron fails to provide an Annual Compliance Verification by the deadline for that year, OOG may make a good faith estimate, based on information available to OOG, of the Employment Positions at Chevron as of December 31 of that year and, if the estimated Employment Positions fall short of the Job Target, require corresponding liquidated damages in accordance with Section 3.b.ii. above. Chevron will not be eligible to earn Surplus Job Credits for any such year for which it fails to provide an Annual Compliance Verification by the deadline for that year.

d. Failure to comply with Section 2.f. If after any funds are disbursed, Chevron, or a branch, division, or department of Chevron, is convicted of a violation under 8 U.S.C. Section 1324a(f), Chevron shall repay the amount of any funds disbursed plus interest at the rate of 2.2%. The repayment shall occur not later than the 120th day after the date the OOG notifies Chevron of the violation.

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a. Authority. Each party represents that it has obtained all necessary authority to enter into this Agreement.

b. Relationship of Parties and Disclaimer of Liability. The parties will perform their respective obligations under this Agreement as independent contractors and not as agents, employees, partners, joint venturers, or representatives of the other party. Neither party can make representations or commitments that bind the other party. Chevron is not a "governmental body" by virtue of this Agreement or the use of TEF or other funding.

c. Limitation of Liability. In no event will either party be liable to the other party for any indirect, special, punitive, exemplary, incidental or consequential damages. This limitation will apply regardless of whether or not the other party has been advised of the possibility of such

damages. Chevron's total liability under this Agreement shall not exceed the amount of Funds actually received by Chevron plus interest at a rate of 2.2%.

d. Term. The term of this Agreement commences on the Effective Date of the Agreement and continues until January 31, 2023, unless terminated earlier pursuant to the terms of this Agreement.

e. Termination for Cause. Either party may terminate this Agreement for Cause upon thirty (30) days prior written notice to the other party. "Cause" is any failure to perform a material obligation under this Agreement within the specified time, including a material breach of a Funding Condition. This Agreement may not be terminated if the alleged Cause is cured within the specified thirty-day period. The sole remedy for any termination for Cause (and for the "cause" giving rise to the termination) shall be that each party is relieved of its obligation to perform hereunder, however, following termination by the State, Chevron will continue to be obligated to the State for liquidated damages and/or repayment of funds in accordance with applicable provisions of this Agreement.

f. Repayment upon Early Termination. In the event of early termination of the Agreement for Cause or by mutual agreement of the parties, Chevron shall repay the entirety of any amounts disbursed under this Agreement plus interest at the rate of 2.2% per year, compounded annually from the date of disbursement to the date of repayment.

g. Dispute Resolution and Applicable Law.

(i) Informal Meetings. The parties' representatives will meet as needed to implement the terms of this Agreement and will make a good faith attempt to informally resolve any disputes.

(ii) Non-binding Mediation. Except to prevent irreparable harm for which there is no adequate remedy at law, neither party shall file suit to enforce this Agreement without first submitting the dispute to confidential, non-binding mediation before a mediator mutually agreed upon by the parties.

(iii) Applicable Law and Venue. This Agreement is made and entered into in the state of Texas, and this Agreement and all disputes arising out of or relating thereto shall be governed by the laws of the state of Texas, without regard to any otherwise applicable conflict of law rules or requirements.

Chevron agrees that any action, suit, litigation or other proceeding (collectively "litigation") arising out of or in any way relating to this Agreement, or the matters referred to therein, shall be commenced exclusively in the Travis County District Court or the United States District Court for the Western District of Texas, Austin Division, and hereby irrevocably and unconditionally consents to the exclusive jurisdiction of those courts for the purpose of prosecuting and/or defending such litigation. Chevron hereby waives and agrees not to assert by way of motion, as a defense, or otherwise, in any suit, action or proceeding, any claim that (a) Chevron is not personally subject to the jurisdiction of the above-named courts, (b) the suit, action or proceeding is brought in an inconvenient forum or (c) the venue of the suit, action or proceeding is improper.

h. Publicity. Upon request by OOG, Chevron agrees to cooperate fully with OOG to assist in the preparation of any press release or other public disclosure regarding this Agreement.

Chevron agrees to obtain OOG's approval prior to Chevron's issuance of any press release or other public disclosure concerning this Agreement, unless otherwise required by law.

i. No Waiver of Sovereign Immunity. Nothing in this Agreement may be construed to be a waiver of the sovereign immunity of the State to suit.

7. MISCELLANEOUS PROVISIONS

a. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in establishing proof of this Agreement to produce or account for more than one such counterpart.

b. Merger. This document constitutes the final entire agreement between the parties and supersedes any and all prior oral or written communication, representation or agreement relating to the subject matter of this Agreement.

c. Severability. Any term in this Agreement prohibited by, or unlawful or unenforceable under, any applicable law or jurisdiction is void without invalidating the remaining terms of this said Agreement. However, where the provisions of any such applicable law may be waived, they are hereby waived by either party, as the case may be, to the fullest extent permitted by the law, and the affected terms are enforceable in accordance with the parties' original intent.

d. Survival of Promises. Notwithstanding any expiration, termination or cancellation of this Agreement, the rights and obligations pertaining to payment or repayment of funds and/or liquidated damages, confidentiality, disclaimers and limitation of liability, indemnification, and any other provision implying survivability will remain in effect after this Agreement ends.

e. Binding Effect. This Agreement and all terms, provisions and obligations set forth herein shall be binding upon and shall inure to the benefit of the parties and their successors and assigns and shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns and all other state agencies and any other agencies, departments, divisions, governmental entities, public corporations and other entities which shall be successors to each of the parties or which shall succeed to or become obligated to perform or become bound by any of the covenants, agreements or obligations hereunder of each of the parties hereto.

f. Successors and Assigns/Notice. Chevron, or any legal successor thereto or prior assignee thereof, may assign its rights and obligations under this Agreement, including by merger or operation of law, to any legal successor or any person or entity that acquires all or substantially all of its business and operations. In addition, with the prior written consent of the State, which consent shall not be unreasonably withheld, or delayed, Chevron, or any legal successor company thereto or prior assignee thereof, may assign its rights and obligations under this Agreement to any parent or wholly owned subsidiary that it currently has in place or later establishes, if it is constituted as a separate legally recognized business entity. Any such assignment will be made without additional consideration being payable to the State. This Agreement shall survive any sale, change of control or similar transaction involving Chevron, any successor thereto or prior assignee thereof and no such transaction shall require the consent of the State. Chevron shall provide the State written notice of any assignment, sale, change of control or similar transaction pursuant to this section as soon as possible and in no event not later than thirty (30) calendar days following such event.

g. Force Majeure. Neither party shall be required to perform any obligation under this Agreement or be liable or responsible for any loss or damage resulting from its failure to perform so long as performance is delayed by force majeure or acts of God, including but not limited to strikes, lockouts or labor shortages, embargo, riot, war, revolution, terrorism, rebellion, insurrection, flood, natural disaster, or interruption of utilities from external causes.

h. Notice. All notices, requests, demands and other communications will be in writing and will be deemed given and received (i) on the date of delivery when delivered by hand, (ii) on the following business day when sent by confirmed simultaneous telecopy, (iii) on the following business day when sent by receipted overnight courier, or (iv) three (3) business days after deposit in the United States Mail when mailed by registered or certified mail, return receipt requested, first class postage prepaid, as follows:

If to the State to:

TEF Compliance
Compliance and Oversight Division
PO Box 12428
Austin, TX 78711

with a concurrent copy to:

General Counsel
Office of the Governor
P.O. Box 12428
Austin, Texas 78711
Phone: 512-463-1788
Fax: 512-463-1932

If to Chevron to:

Chevron Corporation
6001 Bollinger Canyon Road
San Ramon, CA 94583
Attn: Corporate Real Estate Counsel
Phone: 925-842-4337
Fax: 925-842-2011

with a concurrent copy to:

Manager of State and Local Tax Counsel
Corporate Tax
6001 Bollinger Canyon Rd.
San Ramon, CA 94583
Phone: 925-842-1173

{Signature Page Follows}

The parties have caused this Economic Development Agreement to be executed by their duly authorized representatives to be effective as of the date first specified above.

THE STATE OF TEXAS

**CHEVRON U.S.A. INC., A PENNSYLVANIA
CORPORATION**

BRANDY MARTY
CHIEF OF STAFF
OFFICE OF THE GOVERNOR

BEREKET HAREGOT
VICE-PRESIDENT

EXHIBIT A

LETTER FROM GOVERNOR, LIEUTENANT GOVERNOR AND SPEAKER
APPROVING GRANT TO CHEVRON FROM THE TEXAS ENTERPRISE FUND

| YEAR: | | | 1 | 2 | 3 | 4 |
|---|----------------------------------|----------------------------|---------------------|--------------------|--------------------|---------------------|
| | <u>Total Term- Net</u> | <u>Total Term- Nominal</u> | | | | |
| <i>COST ESTIMATE:</i> | <u>Present Value¹</u> | <u>Value</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
| Texas Enterprise Fund Award | \$ 10,145,340 | \$ 12,000,000 | \$ 3,000,000 | \$ - | \$ - | \$ 3,000,000 |
| Comparable Period Interest * | \$ 1,333,793 | \$ 1,684,682 | \$ 65,400 | \$ 66,826 | \$ 68,283 | \$ 135,171 |
| Sub-total | \$ 11,479,133 | \$ 13,684,682 | \$ 3,065,400 | \$ 66,826 | \$ 68,283 | \$ 3,135,171 |
| Cum. NPV | \$ 11,479,133 | | \$2,961,167 | \$3,023,525 | \$3,085,077 | \$5,815,086 |
| <i>Cummulative Amount</i> | | \$ 13,684,682 | \$ 3,065,400 | \$ 3,132,226 | \$ 3,200,508 | \$ 6,335,679 |
| <i>(*) Interest Rate (term opportunity)</i> | 2.2% | | 2.2% | 2.2% | 2.2% | 2.2% |

RECIPIENT PERFORMANCE:
Cumulative Job Creation Schedule

| | | | 0 | 144 | 298 | 455 |
|----------------------------------|-------------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>Clawback per Job</u> | | | | | |
| | \$ 1,610 | | | | | |
| Clawback Amount Assessed | \$ 11,482,223 | \$ 14,846,163 | \$ - | \$ 231,896 | \$ 479,895 | \$ 732,726 |
| | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sub-total | \$ 11,482,223 | \$ 14,846,163 | \$ - | \$ 231,896 | \$ 479,895 | \$ 732,726 |
| Cum. NPV | \$ 11,482,223 | | \$ - | \$ 216,394 | \$ 648,981 | \$ 1,287,016 |
| <i>Cum. Net Present Value</i> | \$ 3,090 | | \$ (2,961,167) | \$ (2,807,132) | \$ (2,436,096) | \$ (4,528,070) |
| | 0.0% | | | | | |
| <i>Discount Rate²</i> | 3.52% | | | | | |

ASSUMPTIONS:

1. US Treasury Rate based on the 10 US Treasury Rates as published by the Federal Reserve Board for the month of May 2013.
2. 0.25% administration adjustment is added to US Treasury Rate.
3. Assumes a discount rate based on Texas Economic Development Bank forecast inflation rate.

| YEAR: | | | 5 | 6 | 7 | 8 | 9 | 10 |
|---|----------------------------------|----------------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| | <u>Total Term- Net</u> | <u>Total Term- Nominal</u> | | | | | | |
| <i>COST ESTIMATE:</i> | <u>Present Value¹</u> | <u>Value</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
| Texas Enterprise Fund Award | \$ 10,145,340 | \$ 12,000,000 | \$ - | \$ 3,000,000 | \$ - | \$ - | \$ 3,000,000 | \$ - |
| Comparable Period Interest * | \$ 1,333,793 | \$ 1,684,682 | \$ 138,118 | \$ 206,529 | \$ 211,031 | \$ 215,632 | \$ 285,732 | \$ 291,961 |
| Sub-total | \$ 11,479,133 | \$ 13,684,682 | \$ 138,118 | \$ 3,206,529 | \$ 211,031 | \$ 215,632 | \$ 3,285,732 | \$ 291,961 |
| Cum. NPV | \$ 11,479,133 | | \$5,931,265 | \$8,536,756 | \$8,702,401 | \$8,865,901 | \$11,272,556 | \$11,479,133 |
| Cummulative Amount | | \$ 13,684,682 | \$ 6,473,797 | \$ 9,680,326 | \$ 9,891,357 | \$ 10,106,989 | \$ 13,392,721 | \$ 13,684,682 |
| (*) Interest Rate (term opportunity) | 2.2% | | 2.2% | 2.2% | 2.2% | 2.2% | 2.2% | 2.2% |

RECIPIENT PERFORMANCE:
Cumulative Job Creation Schedule

| | | | 612 | 1227 | 1402 | 1577 | 1752 | 1752 |
|-------------------------------|-------------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| | Clawback per Job | | | | | | | |
| | \$ 1,610 | | | | | | | |
| Clawback Amount Assessed | \$ 11,482,223 | \$ 14,846,163 | \$ 985,557 | \$ 1,975,946 | \$ 2,257,763 | \$ 2,539,581 | \$ 2,821,399 | \$ 2,821,399 |
| | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sub-total | \$ 11,482,223 | \$ 14,846,163 | \$ 985,557 | \$ 1,975,946 | \$ 2,257,763 | \$ 2,539,581 | \$ 2,821,399 | \$ 2,821,399 |
| Cum. NPV | \$ 11,482,223 | | \$ 2,116,028 | \$ 3,721,598 | \$ 5,493,781 | \$ 7,419,390 | \$ 9,485,941 | \$ 11,482,223 |
| Cum. Net Present Value | \$ 3,090 | | \$ (3,815,238) | \$ (4,815,158) | \$ (3,208,619) | \$ (1,446,511) | \$ (1,786,615) | \$ 3,090 |
| | 0.0% | | | | | | | |

Discount Rate² 3.52%

ASSUMPTIONS:
1. US Treasury R: Board for the mc
2. 0.25% adminis
3. Assumes a dis rate.

| SUMMARY OF KEY FIGURES | |
|--|----------------|
| Estimated Direct Annual Payroll ¹ | \$ 237,021,291 |
| Payroll Impact Multiplier ¹ | 2.01 |
| Direct, Indirect & Induced Impact to State Payroll Annually ¹ | \$ 476,412,795 |
| Estimated Sales Tax Revenue per \$1.00 of Payroll ² | \$ 0.015 |
| Estimated Annual State Sales Tax Revenue over First 20 Years | \$ 2,980,575 |

ASSUMPTIONS:
 1. Information derived from independent Economic Impact Report, representing first year of full job ramp-up.
 2. Calculated as \$1.00 multiplied by estimated consumption of 80%, then multiplied by estimated percentage of goods subject to sales tax of 30%, then multiplied by the State sales tax rate of 6.25%.
 3. Assumes a discount rate based on Texas Economic Development Bank forecast inflation rate.
 4. Assumes an annual cost of living increase to wages and salaries of 3%.

| | | |
|----------------------|---------------------|------------------------|
| Project AWW: \$2,115 | County AWW: \$1,224 | Offer Per Job: \$6,849 |
|----------------------|---------------------|------------------------|

| | Construction | Direct | Indirect | Capital Investment |
|--------------|----------------|----------------|----------------|-------------------------------------|
| # Hours | 27,302,400 | 11,577,600 | 15,724,800 | |
| Wage (\$/hr) | | \$ 16.00 | \$ 11.00 | |
| Total Wages | \$ 358,214,400 | \$ 185,241,600 | \$ 172,972,800 | |
| | | | | Land \$ - |
| | | | | Building \$ 576,000,000 |
| | | | | Machinery & Equipment \$ 86,000,000 |

| Year: | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------|------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
| Employment: Direct | 1752 | 0 | 144 | 154 | 157 | 157 | 615 | 175 | 175 | 0 |
| Cumulative Jobs | 1752 | 0 | 144 | 298 | 455 | 612 | 1227 | 1402 | 1577 | 1752 |
| Direct Wage ⁴ | \$ - | \$ 110,000 | \$ 112,200 | \$ 114,444 | \$ 116,733 | \$ 119,068 | \$ 121,449 | \$ 123,878 | \$ 126,355 | \$ 128,883 |
| | \$ - | \$ 15,840,000 | \$ 33,435,600 | \$ 52,072,020 | \$ 71,440,523 | \$ 146,095,869 | \$ 170,271,341 | \$ 195,355,395 | \$ 221,374,702 | \$ 225,802,196 |

| COST ESTIMATE: | Twenty Year Total - Net Present Value ³ | Twenty Year Total - Nominal Value | | | | | | | | | | |
|--------------------------------|--|-----------------------------------|--------------|--------|--------------|--------|--------------|--------|--------------|--------|--------------|------|
| | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | |
| Texas Enterprise Fund | \$ 10,076,103 | \$ - | \$ 3,000,000 | \$ - | \$ 3,000,000 | \$ - | \$ 3,000,000 | \$ - | \$ 3,000,000 | \$ - | \$ 3,000,000 | \$ - |
| Other General Revenue Fund | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Direct State Cost | \$ 10,076,103 | \$ - | \$ 3,000,000 | \$ - | \$ 3,000,000 | \$ - | \$ 3,000,000 | \$ - | \$ 3,000,000 | \$ - | \$ 3,000,000 | \$ - |

| STATE BENEFIT: | | | | | | | | | | | | |
|-----------------------------------|-----------------------|-----------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| State Revenue | | | | | | | | | | | | |
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Total | NPV |
| Direct State Sales Tax | \$ 36,640,378 | \$ 56,630,922 | \$ - | \$ 245,520 | \$ 518,252 | \$ 807,116 | \$ 1,107,328 | \$ 2,264,486 | \$ 2,639,206 | \$ 3,028,008 | \$ 3,431,308 | \$ 3,499,934 |
| Construction Sales Tax | \$ 1,319,993 | \$ 1,388,081 | \$ 717,811 | \$ 670,270 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sub-total | \$ 37,960,371 | \$ 58,019,003 | \$ 717,811 | \$ 915,790 | \$ 518,252 | \$ 807,116 | \$ 1,107,328 | \$ 2,264,486 | \$ 2,639,206 | \$ 3,028,008 | \$ 3,431,308 | \$ 3,499,934 |
| Cum State NPV | \$ 37,960,371 | \$ 693,805 | \$ 1,549,366 | \$ 2,017,342 | \$ 2,721,785 | \$ 3,655,930 | \$ 5,502,368 | \$ 7,582,380 | \$ 9,889,007 | \$ 12,415,437 | \$ 14,906,216 | |
| Local Revenue: Ad Valorem | | | | | | | | | | | | |
| City Tax | \$ 36,538,327 | \$ 53,446,959 | \$ - | \$ - | \$ 600,936 | \$ 1,790,544 | \$ 3,208,314 | \$ 3,978,646 | \$ 3,861,116 | \$ 3,740,839 | \$ 3,617,816 | \$ 3,494,793 |
| - Less City Incentive | \$ (12,674,970) | \$ (17,327,978) | \$ - | \$ - | \$ - | \$ - | \$ (1,604,157) | \$ (1,989,323) | \$ (1,930,558) | \$ (1,870,420) | \$ (1,808,908) | \$ (1,747,396) |
| County Tax | \$ 22,376,043 | \$ 32,730,876 | \$ - | \$ - | \$ 368,013 | \$ 1,096,528 | \$ 1,964,769 | \$ 2,436,520 | \$ 2,364,544 | \$ 2,290,887 | \$ 2,215,548 | \$ 2,140,208 |
| Port & County College Tax | \$ 6,623,062 | \$ 9,687,978 | \$ - | \$ - | \$ 108,928 | \$ 324,560 | \$ 581,550 | \$ 721,183 | \$ 699,879 | \$ 678,077 | \$ 656,778 | \$ 633,478 |
| Other Taxing Entities Tax | \$ 12,975,382 | \$ 18,979,925 | \$ - | \$ - | \$ 213,403 | \$ 635,853 | \$ 1,139,327 | \$ 1,412,885 | \$ 1,371,148 | \$ 1,328,436 | \$ 1,284,748 | \$ 1,241,060 |
| School Tax | \$ 66,166,549 | \$ 96,786,063 | \$ - | \$ - | \$ 1,088,223 | \$ 3,242,461 | \$ 5,809,873 | \$ 7,204,853 | \$ 6,992,020 | \$ 6,774,214 | \$ 6,551,433 | \$ 6,328,653 |
| Sub-total | \$ 132,004,393 | \$ 194,303,823 | \$ - | \$ - | \$ 2,379,502 | \$ 7,089,946 | \$ 11,099,675 | \$ 13,764,764 | \$ 13,358,150 | \$ 12,942,033 | \$ 12,516,415 | \$ 12,090,796 |
| Total Direct State Benefit | \$ 169,964,764 | \$ 252,322,826 | \$ 717,811 | \$ 915,790 | \$ 2,897,754 | \$ 7,897,062 | \$ 12,207,003 | \$ 16,029,249 | \$ 15,997,355 | \$ 15,970,042 | \$ 15,947,722 | \$ 15,590,730 |
| Cum. Net Present Value | \$ 169,964,764 | \$ 693,805 | \$ 1,549,366 | \$ 4,166,007 | \$ 11,058,489 | \$ 21,356,342 | \$ 34,426,425 | \$ 47,034,270 | \$ 59,199,666 | \$ 70,941,783 | \$ 82,037,151 | |

(*) NOTE: INTERNAL ADJUSTMENT

| | |
|----------------------------|-------|
| Discount Rate ³ | 3.46% |
|----------------------------|-------|

State Return (TEF Award/Tax Revenues) 1687%

EXECUTIVE SUMMARY:
 1. Consideration of State Investment of \$12 MM from Texas Enterprise Fund.
 2. \$169 MM Economic Benefit from State Sales & Property Tax over 20 Yrs.
 3. Estimated 9 Year Payback of State Costs from Direct Sources of State Revenues.

State Breakeven Period

| SUMMARY OF KEY FIGURES | |
|--|----------------|
| Estimated Direct Annual Payroll ¹ | \$ 237,021,291 |
| Payroll Impact Multiplier ¹ | 2.01 |
| Direct, Indirect & Induced Impact to State Payroll Annually ¹ | \$ 476,412,795 |
| Estimated Sales Tax Revenue per \$1.00 of Payroll ² | \$ 0.015 |
| Estimated Annual State Sales Tax Revenue over First 20 Years | \$ 2,980,575 |

| Year: | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |
|--------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Employment: | 1752 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Direct Cumulative Jobs | 1752 | 1752 | 1752 | 1752 | 1752 | 1752 | 1752 | 1752 | 1752 | 1752 |
| Direct Wage ⁴ | \$ 131,460 | \$ 134,089 | \$ 136,771 | \$ 139,507 | \$ 142,297 | \$ 145,143 | \$ 148,046 | \$ 151,006 | \$ 154,027 | \$ 157,107 |
| | \$ 230,318,240 | \$ 234,924,605 | \$ 239,623,097 | \$ 244,415,559 | \$ 249,303,870 | \$ 254,289,947 | \$ 259,375,746 | \$ 264,563,261 | \$ 269,854,526 | \$ 275,251,617 |

| COST ESTIMATE: | Twenty Year Total - Net Present Value ³ | Twenty Year Total - Nominal Value | Year | | | | | | | | | | | | | | | |
|--------------------------------|--|-----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|------|------|------|------|------|------|
| | | | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | | | | | | |
| Texas Enterprise Fund | \$ 10,076,103 | \$ 12,000,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other General Revenue Fund | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Direct State Cost | \$ 10,076,103 | | | | | | | | | | | | | | | | | |

| STATE BENEFIT: | | | | | | | | | | | | | | | | | | |
|-----------------------------------|-----------------------|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--|--|--|--|--|--|
| State Revenue | | | | | | | | | | | | | | | | | | |
| Direct State Sales Tax | \$ 36,640,378 | \$ 56,630,922 | \$ 3,569,932 | \$ 3,641,331 | \$ 3,714,158 | \$ 3,788,441 | \$ 3,864,210 | \$ 3,941,494 | \$ 4,020,324 | \$ 4,100,730 | \$ 4,182,745 | \$ 4,266,400 | | | | | | |
| Construction Sales Tax | \$ 1,319,993 | \$ 1,388,081 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | | | | |
| Sub-total | \$ 37,960,371 | \$ 58,019,003 | \$ 3,569,932 | \$ 3,641,331 | \$ 3,714,158 | \$ 3,788,441 | \$ 3,864,210 | \$ 3,941,494 | \$ 4,020,324 | \$ 4,100,730 | \$ 4,182,745 | \$ 4,266,400 | | | | | | |
| Cum State NPV | \$ 37,960,371 | | \$ 17,361,845 | \$ 19,782,821 | \$ 22,169,633 | \$ 24,522,762 | \$ 26,842,686 | \$ 29,129,870 | \$ 31,384,779 | \$ 33,607,867 | \$ 35,799,584 | \$ 37,960,371 | | | | | | |
| Local Revenue: Ad Valorem | | | | | | | | | | | | | | | | | | |
| City Tax | \$ 36,538,327 | \$ 53,446,959 | \$ 3,369,023 | \$ 3,237,760 | \$ 3,122,977 | \$ 3,024,673 | \$ 2,926,369 | \$ 2,841,799 | \$ 2,768,215 | \$ 2,694,631 | \$ 2,621,047 | \$ 2,547,463 | | | | | | |
| - Less City Incentive | \$ (12,674,970) | \$ (17,327,978) | \$ (1,684,512) | \$ (1,618,880) | \$ (1,561,488) | \$ (1,512,336) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | | | | |
| County Tax | \$ 22,376,043 | \$ 32,730,876 | \$ 2,063,187 | \$ 1,982,802 | \$ 1,912,508 | \$ 1,852,307 | \$ 1,792,106 | \$ 1,740,315 | \$ 1,695,253 | \$ 1,650,190 | \$ 1,605,127 | \$ 1,560,064 | | | | | | |
| Port & County College Tax | \$ 6,623,062 | \$ 9,687,978 | \$ 610,681 | \$ 586,887 | \$ 566,081 | \$ 548,263 | \$ 530,444 | \$ 515,114 | \$ 501,776 | \$ 488,438 | \$ 475,100 | \$ 461,762 | | | | | | |
| Other Taxing Entities Tax | \$ 12,975,382 | \$ 18,979,925 | \$ 1,196,397 | \$ 1,149,784 | \$ 1,109,022 | \$ 1,074,113 | \$ 1,039,204 | \$ 1,009,171 | \$ 983,040 | \$ 956,909 | \$ 930,778 | \$ 904,647 | | | | | | |
| School Tax | \$ 66,166,549 | \$ 96,786,063 | \$ 6,100,898 | \$ 5,863,197 | \$ 5,655,338 | \$ 5,477,322 | \$ 5,299,305 | \$ 5,146,158 | \$ 5,012,906 | \$ 4,879,655 | \$ 4,746,403 | \$ 4,613,151 | | | | | | |
| Sub-total | \$ 132,004,393 | \$ 194,303,823 | \$ 11,655,675 | \$ 11,201,549 | \$ 10,804,438 | \$ 10,464,341 | \$ 11,587,428 | \$ 11,252,558 | \$ 10,961,190 | \$ 10,669,822 | \$ 10,378,455 | \$ 10,087,087 | | | | | | |
| Total Direct State Benefit | \$ 169,964,764 | \$ 252,322,826 | \$ 15,225,608 | \$ 14,842,880 | \$ 14,518,595 | \$ 14,252,782 | \$ 15,451,638 | \$ 15,194,052 | \$ 14,981,514 | \$ 14,770,553 | \$ 14,561,200 | \$ 14,353,487 | | | | | | |
| Cum. Net Present Value | \$ 169,964,764 | | \$ 92,510,303 | \$ 102,378,743 | \$ 111,708,760 | \$ 120,561,649 | \$ 129,838,218 | \$ 138,655,080 | \$ 147,057,872 | \$ 155,065,285 | \$ 162,695,208 | \$ 169,964,764 | | | | | | |

(*) NOTE: INTERNAL ADJUSTMENT

| | |
|----------------------------|-------|
| Discount Rate ³ | 3.46% |
|----------------------------|-------|

| | |
|---------------------------------------|-------|
| State Return (TEF Award/Tax Revenues) | 1687% |
|---------------------------------------|-------|

| FINANCIALS (2011) | | | | CREDIT | | OWNERSHIP | |
|---|---------------|-------------|-----------|---|-------------|---|--|
| Liquidity & Solvency Analysis | | | | Dun & Bradstreet (Chevron USA, Inc) | | Entity or Individual | Percent |
| | Industry Med. | Applicant | '09-'11 % | Rating | 5A2 | Publicly traded | |
| Debt/Equity Ratio | | 0.73 | -8.3% | <i>5A is \$50 million and over, 2 is good</i> | | company (NYSE: CVX) | |
| <i>Capital-intensive industries tend to have a debt/equity ration over 2.</i> | | | | Credit Score Class | 1 | | |
| Current Ratio | 1.3 | 1.58 | 11.6% | <i>Low risk of severe delinquency over next 12 months</i> | | | |
| <i>Current Assets over Current Liabilities. 2.0 or higher is favorable.</i> | | | | Credit Score | 613 | | |
| Quick Ratio | 0.8 | 1.42 | 17.4% | <i>Highest Risk: 101; Lowest Risk: 670</i> | | | |
| <i>Companies with a quick ratio of greater than 1.0 are sufficiently able to meet their short-term liabilities.</i> | | | | <i>→Lower risk than other companies of same size</i> | | | Total <u> </u> 0% |
| Efficiency Analysis | | | | Financial Stress Class | 3 | | |
| | Industry Med. | Applicant | '09-'11 % | <i>Moderate risk of severe financial stress</i> | | | |
| Asset Turnover | | 1.15 | -7.2% | Financial Stress Score | 1491 | | |
| <i>Revenue over Total Assets. The higher the number the better.</i> | | | | <i>Highest risk: 1001; Lowest risk: 1850</i> | | | |
| Avg. Collection Period | | 32 | 4.3% | | | | |
| <i>As a rule, outstanding receivables should not exceed credit terms by more than 10-15 days.</i> | | | | | | | |
| Profitability Analysis | | | | S&P (Chevron Corp) | | | |
| | Industry Med. | Applicant | '09-'11 % | Quantitative Evaluations | A+ | | |
| Gross Profit Margin | | 37% | 7.0% | S&P Credit Rating | AA | | |
| <i>For every dollar generated the company has XX cents to cover basic costs & profit.</i> | | | | Qualitative Risk Assessment | Low | | |
| Net Profit Margin | | 11% | 16.6% | Relative Strenght Rank | 53 | | |
| <i>More efficient companies will usually see higher profit margins.</i> | | | | <i>Lowest = 1 / Highest = 99</i> | | | |
| Return on Assets | | 12% | 8.1% | Schwab | | | |
| <i>Higher ROA indicates a company is better at converting investment to profit.</i> | | | | Equity Rating | B | | |
| Return on Equity | | 22% | 4.2% | <i>Outperform</i> | | | |
| <i>ROEs in the 15-20% range typically represent attractive levels of investment quality. ROE may be artificially boosted by a high level of debt.</i> | | | | | | | |
| <i>Note: Industry Medians sourced from www.dnbi.com</i> | | | | | | | |
| | | | | | | INDUSTRY | |
| | | | | | | Energy | |
| | | | | | | STATE STATUS | |
| | | | | | | Is Applicant a Texas corp.? | |
| | | | | | | No | |
| | | | | | | Registered to do business in Texas? | |
| | | | | | | Yes | |
| | | | | | | In Good Standing with the Texas Comptroller? | |
| | | | | | | Yes | |

PROJECT SUMIT-HPP

(NDA)

Company: Chevron U.S.A. Inc.
Consultant: Sumit Credits, LLC
Type: Public Company (CVX)
Industry: Integrated Oil & Gas / NAICS 211111
Sales: \$ 238 Billion 2012
Employment: 24,040 globally
Locations: Headquarters in San Ramon, CA.
CEO: John S. Watson

General Company Information:

- In October 2001, Chevron Corp. (CHV) and Texaco Inc. (TX) merged, creating the second largest U.S.-based oil company at the time, ChevronTexaco Corp. (CVX). In May 2005, the company changed its name to Chevron Corp. CVX is the second largest U.S. oil company and the fifth largest publicly traded oil company in the world.
- Chevron U.S.A Inc is a wholly owned subsidiary of Chevron Corporation one of the world's largest and most competitive global energy companies.
- Chevron U.S.A. Inc. currently employees approximately 7,300 persons in Harris County and 6,700 in the City of Houston.

Key Points for Relocation/ Expansion

Texas Site (City/County): Houston, Harris County
Avg. Wage Final Site: \$ 63,674
Competition: San Ramon, CA.
Investment: \$ 662 mm (Urban High Rise & FF&E)
Jobs Created: 1,752
Wage: \$ 110,000
State Assistance Requested: TEZ: \$3.75 mm
TEF: \$20 mm
Local Incentives Offered: City Abatement 10-yr. 50% plus LEED certified abatement enhancement
Public infrastructure cost share est. \$4 mm

Project Characteristics:

- The company proposes to construct a new Class-A LEED certified Urban Campus multi-story office building of 1.5 million square feet, located at 1600 Louisiana St.
- This new facility would allow the company to both expand its personnel in Houston and bring additional business functions closer to their internal customers.
- A few business segments from San Ramon have already decided to relocate to Houston. Chevron continues to evaluate the most competitive organizational structure for many of the remaining business units.

Legislative Final Texas Site Only: [Rep] Garnet F. Coleman (147) [Sen] Rodney Ellis (13)

Timeline:

| | |
|--------------------------------|---|
| Mobilization Q4 2013 | Final Investment Decision / Construction Q2 2014 |
| T.I. & Move-in Q1 2017-Q1 2018 | Hiring begins 2013 (lease occupancy during build) |

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 "QUICK" PROJECT ASSESSMENT 'PROJECT SUMIT - HPP'

1] Job Creation *Current Harris County baseline is represented in year 2013 as 7,900 (7,200 + 600 previously announced)*

| Year | Existing | | Total | Land | Building | M&E | Inventory | Annual Investment |
|------------|----------|----------|-------|------|----------------|---------------|-----------|-------------------|
| | Jobs | New Jobs | Jobs | | | | | Totals |
| 2013 | 8,100 | 144 | 8,244 | | | | | \$ - |
| 2014 | 8,244 | 154 | 8,398 | | \$ 96,000,000 | | | \$ 96,000,000 |
| 2015 | 8,398 | 157 | 8,555 | | \$ 192,000,000 | | | \$ 192,000,000 |
| 2016 | 8,555 | 157 | 8,712 | | \$ 192,000,000 | \$ 43,000,000 | | \$ 235,000,000 |
| 2017 | 8,712 | 615 | 9,327 | | \$ 96,000,000 | \$ 43,000,000 | | \$ 139,000,000 |
| 2018 | 9,327 | 175 | 9,502 | | | | | \$ - |
| 2019 | 9,502 | 175 | 9,677 | | | | | \$ - |
| 2020 | 9,677 | 175 | 9,852 | | | | | \$ - |
| 2021 | 9,852 | | 9,852 | | | | | \$ - |
| 2022 | 9,852 | | 9,852 | | | | | \$ - |
| 2023 | 9,852 | | 9,852 | | | | | \$ - |
| Cumulative | | 1,752 | | \$ - | \$ 576,000,000 | \$ 86,000,000 | | \$ 662,000,000 |

**Revised Job ceation schedule provided March 4, 2013*

2] Community Involvement

| Entity | Source | Date |
|------------------|---|-----------------|
| City: | 10-yr 50% abatement plus bonus for LEED certified | TEF Application |
| County: | N/A | 2/13/2013 |
| School District: | N/A | |
| Other: | N/A | |

3] Capital Investment **Total:** \$662,000,000

| | |
|--------------------|----------------------------|
| Land | \$ - |
| Building | \$ 576,000,000 |
| Construction Labor | \$ - |
| M&E | \$ 86,000,000 |
| Other: | \$ - |
| TOTAL | \$ 662,000,000.0000 |

4] Project Finance

| | |
|-----------------------|------|
| Business Institution | 100% |
| Financial Institution | 0% |
| Local Participation | 0% |
| State Participation | 0% |
| Federal Participation | 0% |
| Other | 100% |

5] Competing States

| City/State | Source | Date |
|----------------|-----------------|-----------|
| San Ramon, CA. | TEF Application | 2/13/2013 |
| | | |
| | | |

6] Industry Designation (NAICS) 211111

7] Owning Entity

| | Source | Date |
|-----------|---|-----------------|
| Parent | Chevron U.S.A. Holdings Inc. (Ultimate is Chevron Corporation - NYSE / CVX) | TEF Application |
| HQ | San Ramon, CA. | TEF Application |
| Structure | Public (CVX) | TEF Application |

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PROJECT NAME: Sumit
Date Completed: 2/20/2013

Management Summary

Team Longevity

- No top management longevity issues found or uncovered.

Management Team Gaps/Vacancies

- No top management vacancy issues found or uncovered.

Industry Experience & Skills

- No top management industry experience issues found or uncovered.

Functional Experience

- No top management functional experience issues found or uncovered.

News Summary

Legal/Regulatory/Political Issues

- A selection of significant issues from the numerous data found on this global company follow.
 - o In Dec. 2012, the *Washington Post* reported that in Oct. 2012 Chevron Corp. contributed \$2.5M to the Republican Congressional Leadership Fund superPAC, which is closely aligned with House Speaker John Boehner.
 - o In Aug. 2012, Chevron Corp. was fined \$963,200 by Cal/OSHA (the California Division of Occupational Safety and Health) for state safety standard violations related to the August 6, 2012, fire at its Richmond, California, refinery. The fire was caused by a corroded pipe the company allegedly knew about but did not replace. Over 15,000 people in the Bay Area sought medical treatment at local hospitals; however, there were no reported fatalities.
 - The company's California refinery, which was founded over 100 years ago, has been plagued with problems and safety violations

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- going back decades. There have been at least 19 fires, spills and explosions at the facility since 1989.
- Nov. 2012 articles reported that over 4,800 more residents, workers, and visitors have joined the state court litigation against Chevron regarding the Aug. 2012 incident.
 - Dec. 2012 articles reported that Chevron USA Inc. and Texaco Downstream Properties Inc. will repay the state of Massachusetts \$1.7M to settle a lawsuit alleging they accepted money from a Massachusetts state public fund for gas station cleanups without disclosing reimbursements from their insurers. Massachusetts Attorney General Martha Coakley prosecuted the case. Chevron denied any wrongdoing.
 - In 2012, Brazil filed a lawsuit against Chevron for \$22B, claiming that the oil giant was “not careful” in its operation of offshore oil fields which resulted in two serious oil spills. After oil spills off the coast of Rio de Janeiro, the National Petroleum Agency suspended Chevron’s operations in Brazil.
 - A Dec. 2012 article reported that Chevron offered Brazil a \$150M settlement. No further information is found, so the case appears to be ongoing.
 - In related news, March 2012 articles reported that Brazil's largest oil industry workers union filed a civil lawsuit against Chevron and rig owner Transocean requesting the cancelation of their offshore drilling contracts because of the spills and company “incompetence” in overseeing operations. No outcome was found.
 - In 2011, Chevron Corp. was fined \$18-\$27B (the amount varies depending on the source) by a court in Ecuador regarding environmental damages allegedly caused by Texaco (acquired in 2001) in the 1970s and 1980s. Chevron has challenged the findings as illegitimate and unenforceable.
 - A Feb. 15, 2013 *Upstream* article reported that Chevron won a ruling from an international tribunal based at The Hague that decided that Ecuador was in violation of international law by not stopping plaintiffs in a class-action lawsuit against the U.S. company from taking their legal battle to courts in Argentina and other countries to freeze corporate assets.
 - Chevron’s Ecuador-related litigation appears to be ongoing, per <http://www.chevron.com/ecuador/>, as the company continues to fight the Ecuadorian verdict in international courts.
 - Aug. 2011 articles reported that the state of Alaska reached a tentative confidential agreement with Exxon Mobil Corp. in the lengthy and contentious lawsuit over the Point Thomson unit of the North Slope, a natural gas and gas condensate field 60 miles east of Prudhoe Bay. Other

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Point Thomson owners, mostly BP and **Chevron**, are also involved in the litigation

- The Alaska state dispute has a long history. Point Thomson gas was first discovered in the 1970s but not developed because of the lack of a pipeline and a way to market the gas. Over the years, the state gas pushed ExxonMobil, BP and Chevron to do an interim development project. In the late 1990s, ExxonMobil developed a plan and spent considerable sums in project definition and permitting before shelving the project as uneconomic. A dispute over that decision and ExxonMobil's reluctance to additional work led the state threaten to terminate the leases, which it finally did in 2007. Subsequent lawsuits filed by ExxonMobil, BP, and Chevron kept the issue in the courts.
- March 2012 articles reported that Alaska's Supreme Court dropped its consideration of appeals of the complex Point Thomson lease dispute at the request of the state of Alaska and the opposing litigants, BP, ConocoPhillips, ExxonMobil and **Chevron**. The court's order, at the state and companies' request, is seen as a prelude to a possible settlement of the long-standing case.
- No further data were found.
- A May 2011 press release reported that a Mississippi jury awarded \$322M to a Mississippi man who claimed he inhaled asbestos dust while mixing drilling mud sold and manufactured by Chevron Phillips Chemical Co. and Union Carbide Corp. The verdict is reported to be the largest awarded in a single plaintiff's asbestos case.
 - The companies indicated plans to appeal; however, no further data were found.
- Feb. 2011 articles reported that **TCEQ** fined Chevron Phillips Chemical Co. LP over \$400,000 for alleged violations at the firm's petrochemicals **Cedar Bayou plant in Baytown, Texas**.
- In Jan. 2006, the **TCEQ** fined Chevron Phillips Chemical \$278,250 for air violations found in 2004 and 2005 investigations regarding nine instate violations.
- In Jan. 2005, The U.S. Department of Justice, U.S. National Oceanic and Atmospheric Administration, U.S. Fish and Wildlife Service, **Texas Attorney General's Office**, Texas Commission on Environmental Quality (TCEQ), and the Texas Parks and Wildlife Department (TPWD) announced a settlement agreement with Chevron U.S.A. Inc., Chevron Environmental Management Co., and Chevron Phillips Chemical Co., LP (Chevron) that provides for restoration projects as compensation for natural resource damages resulting from the release of hazardous

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substances and the discharge of oil from the **Port Arthur Refinery in Jefferson County, Texas.**

- Under the terms of the agreement, Chevron USA was primarily responsible for undertaking a variety of restoration actions to compensate for natural resource losses resulting from contamination at the refinery and was to pay costs incurred by the governmental agencies in evaluating the natural resource damages resulting from the contamination at the refinery and in determining appropriate restoration actions.
- Chevron was also to reimburse past assessment costs and pay future restoration costs incurred by state and national natural resource trustee agencies.
- In the early 2000s, Chevron was found in violation of the U.S. Clean Air Act a number of times and settled for fines totaling in the hundreds of millions.

Taxes

- **Chevron U.S.A. Holdings, Inc. is in good standing, according to the Texas Comptroller's tax website, through May 15, 2013.**
 - *The company has too many affiliated entities to itemize in this document, as it is part of Chevron Corp.'s large corporation family with many Texas ties.*

Labor/Work Force

- No U.S. labor issues found or uncovered.

Marketplace

- Chevron Corporation and its subsidiaries operate in the U.S. and global energy marketplace.
 - Chevron explores for, produces and transports crude oil and natural gas; refines, markets and distributes transportation fuel and lubricants; manufactures and sells petrochemical products; generates power and produces geothermal energy; provides energy efficiency solutions; and develops the energy resources of the future, including research for advanced biofuels. Chevron also runs a shipping company.
 - Chevron is the second-largest integrated energy company in the U.S., behind Exxon Mobil.
 - The company has proved reserves of 11.2B barrels of oil equivalent and a daily production of 2.7M barrels of oil equivalent, and it also owns

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- interests in chemicals, mining, pipeline, and power production businesses. The company, which has been restructuring its refinery and retail businesses to cut costs, owns or has stakes in 8,170 gas stations in the U.S. that operate under the Chevron and Texaco brands. Outside the U.S., it owns or has stakes in 9,660 gas stations.
- Through its 50% ownership of Chevron Phillips Chemical Co. LLC (CPChem) and its affiliates, Chevron is one of the world's leading producers of chemicals.
 - In 2011, (the latest data available) Chevron's average net production was 2.673M barrels of oil-equivalent per day. About 75% of that production occurred outside the U.S. Chevron had a global refining capacity of 1.96 million barrels of oil per day at the end of 2011.
 - In 2011, (the latest data available) Chevron Corp. and its subsidiaries had sales of \$244B – a 24% increase from 2010.
 - \$120.4B or 40% of Chevron's 2011 sales were in the U.S.
 - Chevron's Upstream business accounted for \$82.8B or 28% of its 2011 sales, while its Downstream business accounted for \$214.3 or 72%.
 - Chevron Corp. is listed on the Fortune 500, S&P 500, Dow Jones Industrials, and FT Global 500.

Notable

- **TEF applicant, Chevron U.S.A. Holdings, Inc., is a wholly owned subsidiary of San Ramon, CA-based Chevron Corporation.**
 - **The company registered in Texas in 1982 and is a Delaware corporation.**
- **Ultimate parent company, Chevron Corporation is a public U.S. company based in San Ramon, CA.**
 - The company trades on the NYSE under the ticker CVX.
 - The company has locations in over 180 countries and globally employs approximately 57,000 employees, plus about 3,800 service station employees.
 - The company traces its origins to the late 1800s and has operated under a number of names, beginning as Pacific Coast Oil Co., later as Standard Oil Co. of California, and finally in 1984 with the \$13B acquisition of Gulf Oil Co., it took the name Chevron.
 - Chevron has a long historical presence in the Houston area and Texas.
 - Chevron runs its North American, Latin American, and African upstream operations out of Houston, Texas.
 - The company's global upstream headquarters is in San Ramon, CA. Asia Pacific operations are based in

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Singapore, while Europe, Eurasia and Middle Eastern upstream operate from London.

- Chevron submitted documentation indicating it employs over 9,450 people in Texas. Of those, over 8,400 are employed by Chevron U.S.A. Inc.
 - Chevron U.S.A. Inc. indicates it presently employs approximately 7,300 persons in Harris County and 6,700 in the City of Houston.
 - A Dec. 2012 article reported the company employed approximately 9,000 employees *and contractors* in the Houston, Texas area.
- Texas and TEF project-related information follows.
- Feb. 2013 articles report that *Chevron Phillips Chemical Company LP is studying the possibility of expanding its normal alpha olefins (NAO) capacity* - targeting at least a 20% increase in a phased approach - at its **Cedar Bayou Chemical Complex in Baytown, Texas**. Construction is targeted to commence in 2014Q1 and be completed in 2015Q4.
 - In 2012, Chevron Phillips Chemical began construction of *the world's largest on-purpose 1-hexene plant* capable of producing up to 250,000 metric tons (551,000,000 lbs) per year at its Cedar Bayou complex. This project is scheduled to begin operations in 2014 and utilizes Chevron Phillips Chemical's proprietary, 2nd generation, on-purpose 1-hexene technology to produce comonomer grade 1-hexene with exceptional product purity from ethylene.
 - *In December 2012, a number of sources – including Forbes, CA newspapers, and fuelfix.com – reported that Chevron Corp. emailed its employees that it plans to move up to 800 jobs to Houston, Texas, from San Ramon, California, over the next two years to support its growing exploration and production (aka upstream) operations. Chevron will maintain its HQ in California.*
 - *A Dec. 21, 2012 Houston Business Journal article reported that Chevron spokesman Lloyd Avram confirmed to the Silicon Valley Mercury News that the workers — from five divisions: technology ventures, energy technology, information technology, procurement and business development — would move from the company's headquarters in San Ramon, CA.*
 - *The Mercury News reported that the Chevron employees whose jobs are being affected by the transfer of operations have all been notified by the company. The five company groups affected are Chevron Technology Ventures, along with Chevron's Energy Technology, Information Technology, Procurement, and Business*

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Development units. Most but not all the transferred jobs were/are located in San Ramon, CA.

- Dec. 2012 articles reported that Chevron emerged as the biggest winner at the western Gulf of Mexico lease sale held that month, spending \$56M for 28 blocks primarily in the **deepwater East Breaks area offshore Texas**.
- May 2012 articles reported that Chevron agreed to purchase 25 acres west of the Scharbauer Sports Complex from SBC Corp. (AT&T?) in the **Midland, TX** area with plans to build a new \$100 office campus. Land financial terms weren't disclosed.
 - The company, which has had a Midland presence for 85 years, reported it planned to open the new campus by the end of 2013. The new campus will consolidate over 500 local Chevron employees into one facility, with plans to increase staffing.
- May 2012 articles reported that Chevron U.S.A. Inc. expanded its **Houston, TX** lease by 163,950 sf at 1600 Smith St. (formerly known as Continental Center I).
- May 2012 articles reported that Chevron Phillips Chemical released plans to set up **two polyethylene (PE) plants in Texas in 2017**. They may be located in **Old Ocean, Texas** – where the company already operates a facility as well as elsewhere in the **Sweeny, Texas area**. The company's plans were initially reported in late 2011.
 - The two new facilities, which Chevron Phillips previously estimated would cost a total of \$5B, are part of a massive petrochemicals project from the company. The complete project also includes a new ethane cracker and ethylene derivatives facilities in the Gulf Coast. The project is expected to create about 400 long-term jobs and 10,000 engineering and construction jobs before it is complete in 2017.
 - Many chemical companies are pursuing high-profile investments in the **Gulf Coast** due to the low price of natural gas and the large availability of natural gas from shale formations.
- March 2012 articles reported that Chevron Phillips Chemical will *expand* natural gas liquids fractionation capacity at its **Sweeny plant in Old Ocean, Texas**, by 22,000 barrels/day. Construction was scheduled to begin in April and the work is expected to be completed by February 2013.
- Jan. 2012 articles reported that Chevron Americas Products in **Houston, Texas**, was awarded a fixed-price with economic price adjustment DoD contract with a maximum \$65,921,150 for aviation fuel.
- Sept. 2011 articles reported that Phillips Sumika Polypropylene Co., co-owned by Chevron Phillips Chemical, planned to close its PP resin plant in **Pasadena, Texas** by year's end. The plant employed 60 and closed

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because of “an increasingly difficult business environment and continued losses experienced by the partners.”

- July 2011 articles reported that Chevron USA inc. purchased a **San Antonio, TX building housing a data center**. Financial terms weren’t disclosed; however, the building’s value was assessed at \$18.5M.
 - June 2011 articles reported that Chevron purchased a **Houston, TX 50-story, 1.3 million-sf office tower** at 1400 Smith Street for an estimated \$380M. The building was formerly owned by Enron.
 - Chevron also owns another former Enron building and parking lot at 1500 Louisiana St. in **Houston, TX**.
 - March 2011 articles reported that Chevron, through its University Partnership Program, contributed \$793,100 to support academic programs at **The University of Texas at Austin** for the 2011-12 academic year.
 - The donation brings the company's total gifts to the university to more than \$41 million. That is in addition to research funding of more than \$16.5 million the company has provided over the years. Chevron's 2011-12 philanthropic support is focused on the Cockrell School of Engineering, Jackson School of Geosciences, and McCombs School of Business.
 - Chevron is one of the leading producers in the deepwater Gulf of Mexico.
 - In 2009, Chevron announced an oil discovery at the Buckskin prospect in the deepwater Gulf of Mexico about 190 miles **southeast of Houston**. The well is located in approximately 6,920 feet of water and was drilled to a depth of 29,404 feet.
 - 2007 articles reported that Chevron Phillips broke ground on its new polyphenylene sulfide (PPS aka Ryton®) plant in **Borger, Texas**. The plant was due to be completed in 2009.
 - In 2001, Texaco (formed in **Beaumont, TX** as The Texas Fuel Company in 1901) merged with Chevron Corp.
- A selection of recent and significant news items follows.
- Sept. 2012 articles reported that Chesapeake Energy Corp. sold an undisclosed number of its New Mexico-based Permian Basin assets in the Northern Delaware Basin to Chevron USA. Chevron already holds about 700,000 acres in the basin, which extends into West Texas.
 - In 2011, Chevron Corp. purchased Atlas Energy for \$4.3B. The acquisition is part Chevron's strategy of finding new reserves to replace reserves lost from declining fields. It marks Chevron's move to become a major player in the prolific Marcellus Shale play in Pennsylvania. It also complements Chevron's earlier acquisitions of shale gas assets in Canada, Poland, and Romania, as well as its purchase of an

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additional 228,000 acres in the Marcellus Shale from Chief Oil & Gas LLC and Tug Hill, Inc.

- Atlas Energy assets include 850 billion cu. ft. of proved natural gas reserves and 80 million cu. ft. of daily natural gas production.
- Also in 2011, Chevron paid \$7M to settle a lawsuit filed by non-director shareholders concerning the takeover.
- In 2011, Chevron Corp. sold its Chevron Ltd. UK unit, which operated the Pembroke refinery, to Texas-based Valero for \$730M. In addition Valero agreed to pay more than \$1B for other Chevron Ltd. assets, including 1,000 gas stations.
- In 2011, Chevron Corp. also sold its fuels marketing and aviation businesses in 16 countries in the Caribbean and Latin America and some marketing businesses in five African countries.
- In 2010, Chevron Corp. began to cut its U.S. refining and marketing business staff by 20%, and as part of this realignment, it sold its 23% stake in Colonial Pipeline to a KKR affiliate.
- In 2010, Chevron Corp. acquired a 70% stake in three deepwater exploration area concessions in Liberia, in West Africa. It also made deepwater acquisitions in China and the Turkish Black Sea.
- In 2010, Chevron Corp. announced it was forming a \$1B joint venture with Exxon Mobil, Royal Dutch Shell, and ConocoPhillips to create a rapid-response system capable of capturing and containing up to 100,000 barrels of oil from an oil spill in water depths of 10,000 feet.
- In 2005, Chevron Corp. acquired Unocal Corp. for over \$16B, which strengthened Chevron's position as an energy industry leader, increasing its crude oil and natural gas assets around the world.

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State Comparison**

February 19, 2013

Project Name: Sumit-HPP

Competitive Sites: Houston, Texas San Ramon, California

Comparatives

| | Texas | California |
|--------------|----------------|----------------------|
| Labor | | |
| Total | 12,637,783 | 18,468,328 |
| Unemployed | 771,287 | 1,804,922 |
| Percentage | 6.1 | 5.2 |
| | Houston | San Francisco |
| Total | 3,055,397 | 2,324,600 |
| Unemployed | 182,184 | 170,211 |
| Percentage | 6.0 | 7.3 |

Source: U.S. Department of Labor, BLS, Local Area Statistics, <http://www.bls.gov/lau/home.htm#data>
Go to Get Detailed LAUS Statistics/Create Customized Tables (one screen)

| | Texas | California |
|---|---|--|
| Mean Annual Salary (2011) | \$43,090 | \$51,910 |
| http://www.bls.gov/oes/current/oesrcst.htm | | |
| Average Hourly Earnings –Mfg | \$16.41 | \$19.49 |
| http://data.bls.gov/labjava/outside.jsp?survey=sm | | |
| % Union Membership - Private | 3.4 | 8.9 |
| http://www.unionstats.com/ | | |
| Worker's Comp Per \$100 of Covered Wages | 0.39 | 1.25 |
| http://www.nasi.org/sites/default/files/research/NASI_Workers_Comp_2010.pdf (table 10) | | |
| U/I Rate | Rate: 0.61-7.58% 2.7%(new empl) Wage limit: \$9,000 | 1.5-6.2%, 3.4% (new) Wage limit: \$7,000 |
| http://www.toolkit.com/small_business_guide/sbg.aspx?nid=P07_1294 | | |
| Educational Attainment | Houston | San Francisco |
| Bachelor's Degree or Higher | 28.7 | 43.7 |

Source: U.S. Bureau of the Census, Quick Facts – www.census.gov
Percent of persons 25+ 2006-2010

Business Environment

Texas

Business Income Tax Rate

Franchise Tax Rate

Effective 2008 – on a margin basis, the primary rate is 1% and 0.5% for entities primarily engaged in retail or wholesale trades.

Personal Income Tax

NONE

California

Business Income Tax Rate

All C corporations are required to pay an annual corporate tax of 8.84 percent on the net income generated in California.

Franchise Tax Rate

Personal Income Tax

1-9.3%

Business Income: http://www.toolkit.com/small_business_guide/sbg.aspx?nid=P07_4500

Personal Income: <http://www.bizfilings.com/toolkit/sbg/tax-info/state-taxes/personal-income.aspx>

| | Houston | San Ramon |
|---------------------------|----------------|-------------------|
| Approx. Property Tax Rate | 2.52/\$100 | 1% market value + |
| Sales Tax Rate | 8.25 | 8.50 |

http://www.toolkit.cch.com/text/P07_4500.asp

http://ecpa.cpa.state.tx.us/taxrates/RateCalc.jsp;jsessionid=0000WxQx7tErJp0PQxz_EDSVaBi:-1

<http://www.houston.org/economic-development/facts-figures/business-climate/index.aspx>

<http://www.bizjournals.com/sanfrancisco/news/2012/12/06/higher-sales-tax-rates-coming-to.html>

(use searches to find Tax Offices for State and Local)

| Electricity Costs (cents/kwh) | TX | CA |
|-------------------------------|------|-------|
| Industrial | 5.76 | 10.50 |
| Commercial | 7.86 | 12.88 |

http://www.eia.gov/electricity/monthly/epm_table_grapher.cfm?t=epmt_5_6_a

go to Table 5.6A

| Natural Gas Costs (\$/kcf) November 2012 | | |
|--|------|------|
| Commercial | 7.14 | 7.53 |
| Industrial | 3.64 | 5.93 |

http://tonto.eia.doe.gov/dnav/ng/ng_pri_sum_dc_u_nus_a.htm

| | |
|---------------------------------------|------|
| 2013 State Business Tax Climate Index | Rank |
| Texas | 9th |
| California | 48th |

Tax Foundation – 2013

<http://taxfoundation.org/article/2013-state-business-tax-climate-index>

| | Regional Cost of Doing Business Composite | Unit Cost Labor Index | State & Local Tax Index |
|---------------|--|--------------------------|----------------------------|
| Houston | 112 | 109 | 72 |
| San Francisco | 118 | 121 | 99 |

Source: Economy.com, Regional Cost of Doing Business, September 2012
(Publication available by contacting Economy.com)

Cost-of-Living

Median Sales Price of Existing Single-Family Homes by Metro (3rdQ 2012)

| | |
|---------------|-----------|
| Houston | \$167,500 |
| San Francisco | \$568,000 |

National Association of Realtors: <http://www.realtor.org/sites/default/files/reports/2012/embargoed/2012-q3-metro-home-prices/metro-home-prices-q3-2012-single-family-2012-11-07.pdf>

C2ER – Cost of Living Index (2012 Annual) Composite

| | |
|---------------|-------|
| Houston | 94.9 |
| San Francisco | 163.4 |

TEXAS ENTERPRISE FUND
ECONOMIC IMPACT ANALYSIS
PROJECT SUMIT

FEBRUARY 2013

Based on Report Prepared by:

| |
|---------------------------------|
| Impact DataSource Austin, TX |
|---------------------------------|

Construction Phase

| | |
|----------------------------|-----------------|
| Total Expenditure | \$576,000,000 |
| Gross State Product Impact | \$1,453,190,400 |
| Payroll | \$584,862,456 |
| Retail Sales | \$186,624,238 |
| Employment | 3,893 |
| Tax Receipts | \$20,363,921 |

Annual Operations

Impact for Year: 2020

| | |
|----------------------------|-----------------|
| Total Expenditure | \$181,252,063 |
| Gross State Product Impact | \$1,422,699,444 |
| Payroll | \$694,401,710 |
| Retail Sales | \$362,263,860 |
| Permanent Jobs | 4,501 |
| Tax receipts | \$26,678,415 |

Annual Operations - Impact Multipliers

Payroll

| | |
|---------------------------|---------------|
| Direct | \$345,250,192 |
| Indirect & Induced | \$349,151,519 |
| Total | \$694,401,711 |
| <i>Implied multiplier</i> | 2.01 |

Jobs

| | |
|---------------------------|-------------|
| Direct | 2552 |
| Indirect & Induced | 1949 |
| Total | 4,501 |
| <i>Implied multiplier</i> | 1.76 |

| FINANCIALS (2011) | | | | CREDIT | | OWNERSHIP | |
|---|---------------|-------------|-----------|---|-------------|---|-----------------|
| Liquidity & Solvency Analysis | | | | Dun & Bradstreet (Chevron USA, Inc) | | Entity or Individual | Percent |
| | Industry Med. | Applicant | '09-'11 % | Rating | 5A2 | Publicly traded | |
| Debt/Equity Ratio | | 0.73 | -8.3% | <i>5A is \$50 million and over, 2 is good</i> | | company (NYSE: CVX) | |
| <i>Capital-intensive industries tend to have a debt/equity ration over 2.</i> | | | | Credit Score Class | 1 | | |
| Current Ratio | 1.3 | 1.58 | 11.6% | <i>Low risk of severe delinquency over next 12 months</i> | | | |
| <i>Current Assets over Current Liabilities. 2.0 or higher is favorable.</i> | | | | Credit Score | 613 | | |
| Quick Ratio | 0.8 | 1.42 | 17.4% | <i>Highest Risk: 101; Lowest Risk: 670</i> | | | |
| <i>Companies with a quick ratio of greater than 1.0 are sufficiently able to meet their short-term liabilities.</i> | | | | <i>→Lower risk than other companies of same size</i> | | | Total 0% |
| Efficiency Analysis | | | | Financial Stress Class | 3 | | |
| | Industry Med. | Applicant | '09-'11 % | <i>Moderate risk of severe financial stress</i> | | | |
| Asset Turnover | | 1.15 | -7.2% | Financial Stress Score | 1491 | | |
| <i>Revenue over Total Assets. The higher the number the better.</i> | | | | <i>Highest risk: 1001; Lowest risk: 1850</i> | | | |
| Avg. Collection Period | | 32 | 4.3% | | | | |
| <i>As a rule, outstanding receivables should not exceed credit terms by more than 10-15 days.</i> | | | | | | | |
| Profitability Analysis | | | | S&P (Chevron Corp) | | | |
| | Industry Med. | Applicant | '09-'11 % | Quantitative Evaluations | A+ | | |
| Gross Profit Margin | | 37% | 7.0% | S&P Credit Rating | AA | | |
| <i>For every dollar generated the company has XX cents to cover basic costs & profit.</i> | | | | Qualitative Risk Assessment | Low | | |
| Net Profit Margin | | 11% | 16.6% | Relative Strength Rank | 53 | | |
| <i>More efficient companies will usually see higher profit margins.</i> | | | | <i>Lowest = 1 / Highest = 99</i> | | | |
| Return on Assets | | 12% | 8.1% | Schwab | | | |
| <i>Higher ROA indicates a company is better at converting investment to profit.</i> | | | | Equity Rating | B | | |
| Return on Equity | | 22% | 4.2% | <i>Outperform</i> | | | |
| <i>ROEs in the 15-20% range typically represent attractive levels of investment quality. ROE may be artificially boosted by a high level of debt.</i> | | | | | | | |
| <i>Note: Industry Medians sourced from www.dnbi.com</i> | | | | | | | |
| | | | | | | INDUSTRY | |
| | | | | | | Energy | |
| | | | | | | STATE STATUS | |
| | | | | | | Is Applicant a Texas corp.? | |
| | | | | | | No | |
| | | | | | | Registered to do business in Texas? | |
| | | | | | | Yes | |
| | | | | | | In Good Standing with the Texas Comptroller? | |
| | | | | | | Yes | |

Chevron Corp

S&P Recommendation **STRONG BUY** ★★★★★

Price
\$115.64 (as of Feb 8, 2013)

12-Mo. Target Price
\$135.00

Investment Style
Large-Cap Blend

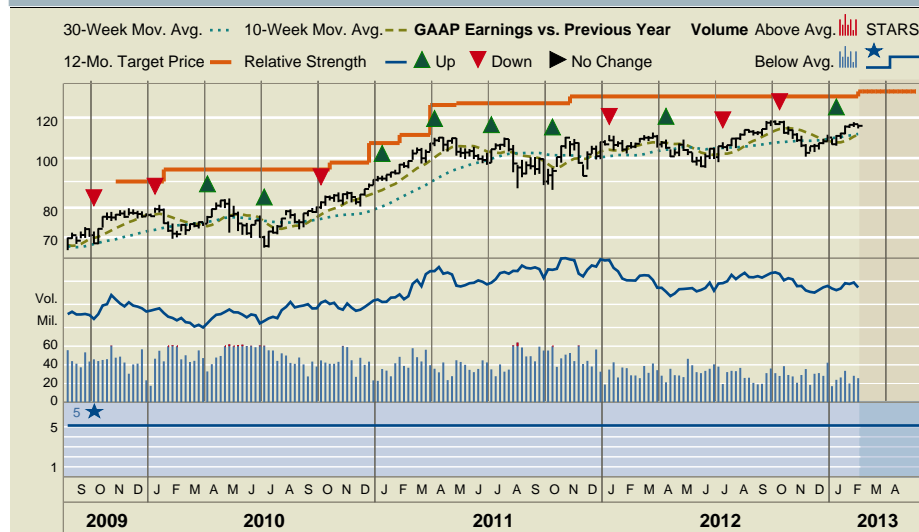
GICS Sector Energy
Sub-Industry Integrated Oil & Gas

Summary This global integrated oil company (formerly ChevronTexaco) has interests in exploration, production, refining and marketing, and petrochemicals.

Key Stock Statistics (Source S&P, Vickers, company reports)

| | | | | | | | |
|--------------------------|-----------------------|----------------------------|----------------|-----------------------------|------------------|-----------------------------|-------------|
| 52-Wk Range | \$118.53–95.73 | S&P Oper. EPS 2013E | 13.94 | Market Capitalization(B) | \$226.328 | Beta | 0.80 |
| Trailing 12-Month EPS | \$13.32 | S&P Oper. EPS 2014E | 14.10 | Yield (%) | 3.11 | S&P 3-Yr. Proj. EPS CAGR(%) | 2 |
| Trailing 12-Month P/E | 8.7 | P/E on S&P Oper. EPS 2013E | 8.3 | Dividend Rate/Share | \$3.60 | S&P Credit Rating | AA |
| \$10K Invested 5 Yrs Ago | \$17,279 | Common Shares Outstg. (M) | 1,957.2 | Institutional Ownership (%) | 63 | | |

Price Performance



Options: ASE, CBOE, P, Ph

Qualitative Risk Assessment

LOW **MEDIUM** **HIGH**

Our risk assessment reflects our view of Chevron's diversified and strong business profile in volatile, cyclical and capital-intensive segments of the energy industry. We view its corporate governance practices as generally sound and its earnings as stable.

Quantitative Evaluations

S&P Quality Ranking **A+**

D C B- B B+ A- A **A+**

Relative Strength Rank **MODERATE**

53
LOWEST = 1 HIGHEST = 99

Revenue/Earnings Data

Revenue (Million U.S. \$)

| | 1Q | 2Q | 3Q | 4Q | Year |
|------|--------|--------|--------|--------|---------|
| 2012 | 60,705 | 62,608 | 58,044 | 60,552 | 241,909 |
| 2011 | 60,341 | 68,948 | 64,432 | 59,985 | 253,706 |
| 2010 | 46,741 | 51,051 | 48,554 | 51,852 | 198,198 |
| 2009 | 34,987 | 39,647 | 45,180 | 47,588 | 167,402 |
| 2008 | 65,903 | 78,310 | 73,615 | 43,145 | 264,958 |
| 2007 | 46,302 | 54,344 | 53,545 | 59,900 | 203,970 |

Earnings Per Share (U.S. \$)

| | 1Q | 2Q | 3Q | 4Q | Year |
|------|------|------|------|------|-------|
| 2012 | 3.27 | 3.66 | 2.69 | 3.70 | 13.32 |
| 2011 | 3.09 | 3.85 | 3.92 | 2.58 | 13.44 |
| 2010 | 2.27 | 2.70 | 1.88 | 2.64 | 9.48 |
| 2009 | 0.92 | 0.87 | 1.92 | 1.53 | 5.24 |
| 2008 | 2.48 | 2.89 | 3.86 | 2.43 | 11.67 |
| 2007 | 2.18 | 2.52 | 1.75 | 2.32 | 8.77 |

Fiscal year ended Dec. 31. Next earnings report expected: Late April. EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

Dividend Data (Dates: mm/dd Payment Date: mm/dd/yy)

| Amount (\$) | Date Decl. | Ex-Div. Date | Stk. of Record | Payment Date |
|-------------|------------|--------------|----------------|--------------|
| 0.900 | 04/25 | 05/16 | 05/18 | 06/11/12 |
| 0.900 | 07/25 | 08/15 | 08/17 | 09/10/12 |
| 0.900 | 10/31 | 11/14 | 11/16 | 12/10/12 |
| 0.900 | 01/30 | 02/13 | 02/15 | 03/11/13 |

Dividends have been paid since 1912. Source: Company reports.

Highlights

- The 12-month target price for CVX has recently been changed to \$135.00 from \$132.00. The Highlights section of this Stock Report will be updated accordingly.

Investment Rationale/Risk

- The Investment Rationale/Risk section of this Stock Report will be updated shortly. For the latest News story on CVX from MarketScope, see below.
- 02/01/13 12:22 pm ET ... S&P MAINTAINS STRONG BUY RECOMMENDATION ON SHARES OF CHEVRON CORP. (CVX 116.0*****): We lift our '13 EPS estimate \$1.37 to \$13.94, set '14's at \$14.10, and up our target price by \$3 to \$135. Q4 EPS of \$3.70, vs. \$2.58, beats our forecast by \$0.78. A downstream realignment and strong refining are aiding results. Production fell 2% in '12, but Q4 grew 6% sequentially after 3 straight declines. After production challenges in '12, we think there is some momentum as output rebounded strongly in Q4. We see CVX allocating 90% of a \$37B capex to upstream growth prospects. Exposure to liquids (67% of production), and to premium Brent prices (50%), is tops among peers. /M. Kay

Chevron Corp

Business Summary November 14, 2012

CORPORATE OVERVIEW. In October 2001, Chevron Corp. (CHV) and Texaco Inc. (TX) merged, creating the second largest U.S.-based oil company at the time, ChevronTexaco Corp. (CVX). In May 2005, the company changed its name to Chevron Corp. CVX is the second largest U.S. oil company and the fifth largest publicly traded oil company in the world.

CVX separately manages its upstream (or exploration and production; 28% of 2011 revenues and 87% of 2011 segment income), downstream (or refining, marketing and transportation; 72% and 13%), chemicals and other businesses, which includes its mining operations for coal and molybdenum, power generation, Chevron Energy Solutions (CES), and energy technology such as Chevron Technology Ventures (CTV) companies.

Net production of crude oil, natural gas liquids (NGLs) and natural gas fell 3%, to 2.673 million barrels of oil equivalent (boe) per day (69% liquids), in 2011, reflecting a pipeline incident in Thailand and the impact of high prices on production-sharing contracts (about 25,000 b/d in the fourth quarter). Net proved oil and gas reserves, including equity share in affiliates, rose 7%, to 11.24 billion boe (57% liquids, 55% developed) in 2011.

As of December 31, 2011, CVX owned eight refineries (six in the U.S., one in Canada, one in South Africa) and one asphalt plant (Perth Amboy, which has been idled since 2008, and is being operated as a terminal), and had interests in seven international refineries through affiliates, for a total operable capacity of 1.967 million b/d (53% North America). CVX processes imported (85% of 2011 refinery inputs) and domestic (15%) crude oil in its U.S. refining operations. CVX is looking to continue improving its refinery efficiency and portfolio, expecting to realize \$1 billion in margin and operating cost improvement in 2012. Divestment efforts since 2005 in the downstream have allowed it to exit 27 countries, realizing \$8 billion in proceeds, and build exposure to Asia. It is reviewing assets in Egypt, Pakistan and Australia.

IMPACT OF MAJOR DEVELOPMENTS. On March 14, 2012, CVX identified a small new seep in the Frade Field in Brazil. It is conducting a comprehensive technical study to better understand the geological features of the area. The new seep is in a separate part of the field from the location of the incident in November 2011. CVX has requested authorization for a temporary suspension of field production.

On November 9, 2011, CVX suspended development drilling in the Frade field in Brazil after it became aware of oil migrating from seep lines in the ocean floor. On November 23, CVX voluntarily suspended its current and future drilling operations offshore Brazil. CVX was successful in stopping the primary source of the oil sheen on November 13. On March 21, 2012, a federal prosecutor in Brazil levied charges against 12 CVX employees in Brazil and has barred them from leaving the country. A Brazilian federal prosecutor has filed two separate \$11 billion lawsuits for alleged environmental damage against CVX and rig operator Transocean Ltd. (RIG).

In March 2010, an international arbitration tribunal (administered by the Permanent Court of Arbitration in The Hague) ruled in favor of CVX in a claim against Ecuador related to past operations by CVX's subsidiary, Texaco Petroleum Co. However, in February 2011, an Ecuadorian court ruling in Lago Agrio ordered CVX to pay \$18 billion. CVX had expected the adverse ruling, and filed a civil action RICO (Racketeer Influenced and Corrupt Organizations) Act complaint in New York against those involved in the lawsuit. In May 2012, some of the RICO suits were dismissed, but most of the racketeering suits were upheld. In March 2011, CVX appealed the \$18 billion judgment, but an Ecuadorian appeals court upheld the ruling in 2012. In May and June 2012, the plaintiffs filed enforcement actions in Canada and Brazil, respectively, in a bid to seize assets.

In February 2011, CVX acquired Atlas Energy for \$3.2 billion cash and assumption of net debt of approximately \$1.1 billion. In our view, the acquisition provides CVX with an attractive natural gas resource position primarily in southwestern Pennsylvania's Marcellus Shale.

FINANCIAL TRENDS. Reflecting what we see as a solid queue of upstream growth projects, capital spending totaled \$29.1 billion (89% for exploration and production) in 2011, up from \$21.8 billion in 2010; CVX has budgeted about \$32.7 billion for 2012. About 78% is slated for development, 9% for exploration, 8% downstream, 3% chemicals, and 2% other. Capex will be allocated 42% to Asia Pacific, 34% to the Americas, 15% to Africa, and 9% elsewhere. We expect capex to amount to about 80% of cash flows, allowing for dividend hikes and share buybacks. CVX is targeting 1% production growth per annum through 2014, and 4%-5% in 2014-2017. CVX believes its asset decline rate is improving (4% versus 5%-6% prior).

With higher oil prices improving cash flows, CVX said in October 2010 that it would begin repurchasing its common stock in the fourth quarter of 2010 under an ongoing program approved by its directors; the company is targeting a repurchase rate of \$500 million to \$1 billion per quarter. CVX repurchased \$4.25 billion of its common stock in 2011.

Corporate Information

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Website

http://www.chevron.com

Officers

Chrmn & CEO

J.S. Watson

CTO

J.W. McDonald

Vice Chrmn & EVP

G.L. Kirkland

Treas

P.V. Bennett

CFO & Chief Acctg
Officer

P.E. Yarrington

Board Members

L. F. Deily

R. E. Denham

A. P. Gast

C. T. Hagel

E. Hernandez, Jr.

G. L. Kirkland

C. W. Moorman, IV

K. W. Sharer

J. G. Stumpf

R. D. Sugar

C. Ware

J. S. Watson

Domicile

Delaware

Auditor

PRICEWATERHOUSECOOPERS

Founded

1901

Employees

61,000

Stockholders

178,000

Chevron Corp

Quantitative Evaluations

| | | | | | | |
|--------------------------------|----|--------|---|---|---|---------|
| S&P Fair Value Rank | 2+ | 1 | 2 | 3 | 4 | 5 |
| | | LOWEST | | | | HIGHEST |

Based on S&P's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

| | | |
|-------------------------------|-----------------|--|
| Fair Value Calculation | \$108.60 | Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that CVX is slightly overvalued by \$7.04 or 6.1%. |
|-------------------------------|-----------------|--|

| | |
|--|--|
| Investability Quotient Percentile | 100 |
| | LOWEST = 1 HIGHEST = 100 |
| | CVX scored higher than 100% of all companies for which an S&P Report is available. |

| | | | |
|-------------------|------------|---------|------|
| Volatility | LOW | AVERAGE | HIGH |
|-------------------|------------|---------|------|

| | | |
|-----------------------------|----------------|--|
| Technical Evaluation | BULLISH | Since January, 2013, the technical indicators for CVX have been BULLISH. |
|-----------------------------|----------------|--|

| | | | |
|-------------------------|--------------------|---------|-----------|
| Insider Activity | UNFAVORABLE | NEUTRAL | FAVORABLE |
|-------------------------|--------------------|---------|-----------|

Expanded Ratio Analysis

| | 2012 | 2011 | 2010 | 2009 |
|--------------------------------|------|---------|---------|---------|
| Price/Sales | NA | 0.84 | 0.89 | 0.90 |
| Price/Pretax Income | NA | 4.47 | 5.71 | 8.31 |
| P/E Ratio | NA | 7.92 | 9.62 | 14.70 |
| Avg. Diluted Shares Outstg (M) | NA | 2,000.8 | 2,006.5 | 2,000.9 |

Figures based on calendar year-end price

Key Growth Rates and Averages

| Past Growth Rate (%) | 1 Year | 3 Years | 5 Years | 9 Years |
|----------------------|--------|---------|---------|---------|
| Sales | -4.65 | 13.24 | 1.90 | 6.19 |
| Net Income | -2.66 | 36.23 | 7.81 | 10.64 |

Ratio Analysis (Annual Avg.)

| | 2012 | 2011 | 2010 | 2009 |
|-----------------------------|-------|-------|------|------|
| Net Margin (%) | 10.82 | 10.24 | 9.17 | 8.76 |
| % LT Debt to Capitalization | NA | NA | 8.03 | 9.57 |

Company Financials Fiscal Year Ended Dec. 31

| Per Share Data (U.S. \$) | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|--------------------------|--------|--------|-------|-------|--------|-------|-------|-------|-------|-------|
| Tangible Book Value | NA | 58.92 | 50.04 | 43.48 | 40.93 | 34.66 | 29.71 | 25.99 | 21.47 | 16.98 |
| Cash Flow | NA | 19.89 | 16.04 | 11.29 | 16.32 | 12.67 | 11.38 | 8.96 | 8.53 | 5.99 |
| Earnings | 13.32 | 13.44 | 9.48 | 5.24 | 11.67 | 8.77 | 7.80 | 6.54 | 6.14 | 3.57 |
| S&P Core Earnings | NA | 12.89 | 9.31 | 5.04 | 10.90 | 8.34 | 7.88 | 6.62 | 5.88 | 3.50 |
| Dividends | 3.51 | 3.09 | 2.84 | 2.66 | 2.53 | 2.26 | 2.01 | 1.75 | 1.53 | 1.43 |
| Payout Ratio | 26% | 23% | 30% | 51% | 22% | 26% | 26% | 27% | 25% | 40% |
| Prices:High | 118.53 | 110.01 | 92.39 | 79.82 | 104.63 | 95.50 | 76.20 | 65.98 | 56.07 | 43.50 |
| Prices:Low | 95.73 | 86.68 | 66.83 | 56.12 | 55.50 | 64.99 | 53.76 | 49.81 | 42.00 | 30.66 |
| P/E Ratio:High | 9 | 8 | 10 | 15 | 9 | 11 | 10 | 10 | 9 | 12 |
| P/E Ratio:Low | 7 | 6 | 7 | 11 | 5 | 7 | 7 | 8 | 7 | 9 |

Income Statement Analysis (Million U.S. \$)

| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Revenue | 241,909 | 253,706 | 204,928 | 171,636 | 264,958 | 214,091 | 204,892 | 193,641 | 150,865 | 120,032 |
| Operating Income | NA | NA | NA | NA | 45,238 | 33,936 | 35,748 | 27,129 | 21,542 | 49,336 |
| Depreciation, Depletion and Amortization | NA | 12,911 | 13,063 | 12,110 | 9,528 | 8,309 | 7,506 | 5,913 | 4,935 | 5,384 |
| Interest Expense | NA | Nil | 50.0 | 28.0 | 2.00 | 468 | 451 | 482 | 406 | 474 |
| Pretax Income | NA | 47,634 | 32,055 | 18,528 | 43,057 | 32,274 | 32,046 | 25,293 | 20,636 | 12,850 |
| Effective Tax Rate | NA | 43.3% | 40.3% | 43.0% | 44.2% | 41.8% | 46.3% | 43.9% | 36.4% | 41.6% |
| Net Income | 26,179 | 26,895 | 19,024 | 10,483 | 23,931 | 18,688 | 17,138 | 14,099 | 13,034 | 7,426 |
| S&P Core Earnings | NA | 25,817 | 18,684 | 10,080 | 22,346 | 17,772 | 17,310 | 14,277 | 12,471 | 7,454 |

Balance Sheet & Other Financial Data (Million U.S. \$)

| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|------------------------------------|------|---------|---------|---------|---------|---------|---------|---------|--------|--------|
| Cash | NA | 20,071 | 17,070 | 8,822 | 9,560 | 8,094 | 11,446 | 11,144 | 10,742 | 5,267 |
| Current Assets | NA | 53,234 | 48,841 | 37,216 | 36,470 | 39,377 | 36,304 | 34,336 | 28,503 | 19,426 |
| Total Assets | NA | 209,474 | 184,769 | 164,621 | 161,165 | 148,786 | 132,628 | 125,833 | 93,208 | 81,470 |
| Current Liabilities | NA | 33,600 | 29,012 | 26,211 | 32,023 | 33,798 | 28,409 | 25,011 | 18,795 | 16,111 |
| Long Term Debt | NA | 9,684 | 11,003 | 9,829 | 6,083 | 6,753 | 7,679 | 12,131 | 10,456 | 10,894 |
| Common Equity | NA | 121,382 | 105,081 | 91,914 | 86,648 | 77,088 | 73,684 | 66,722 | 48,575 | 40,022 |
| Total Capital | NA | 131,882 | 117,577 | 102,456 | 104,739 | 95,532 | 93,219 | 90,315 | 66,471 | 57,601 |
| Capital Expenditures | NA | 26,500 | 19,612 | 19,843 | 19,666 | 16,678 | 13,813 | 8,701 | 6,310 | 5,625 |
| Cash Flow | NA | 39,806 | 32,199 | 22,593 | 33,459 | 26,997 | 24,644 | 20,012 | 17,969 | 12,810 |
| Current Ratio | NA | 1.6 | 1.7 | 1.4 | 1.1 | 1.2 | 1.3 | 1.4 | 1.5 | 1.2 |
| % Long Term Debt of Capitalization | NA | Nil | 9.4 | Nil | 5.8 | 7.3 | 8.2 | 13.4 | 15.7 | 18.9 |
| % Return on Assets | NA | NA | NA | 6.4 | 15.4 | 13.3 | 13.3 | 12.9 | 14.9 | 9.4 |
| % Return on Equity | NA | NA | NA | NA | 29.2 | 25.6 | 24.4 | 24.5 | 29.4 | 19.5 |

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. Quarterly revs. incl. other inc. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

DISCLAIMER

The material contained in this spreadsheet is provided for informational purposes only and cannot be construed as a commitment. Assumptions preliminary as of February 13, 2013 and are based on Project Sumit-HPP initially creating 2,552 direct jobs as well as providing an estimated capital commitment of \$662 mm. Total jobs and capital commitments have been considerations in determining various incentives. However, it is understood that the actual number of jobs and the capital commitment may vary from the assumptions made as the project moves forward and final determination of program eligibility.

- 1 Local Government Code 380** City of Houston: The City of Houston may provide a tax abatement of 50% on all real and personal property for up to 10 years in support of Project Sumit-HPP.
- 2 Tax Code 151** Enterprise Zone Project Sales and Use Tax Refund (triple): Proposed investment and job creation may qualify Project Sumit-HPP for an enterprise project requiring nomination by the community and approval by the state. A project designation is eligible for a refund of State Sales and Use taxes paid on qualifying expenditures purchased and consumed in the normal course of business. The maximum refund is \$7,500 per job up to a maximum allocation of 500 jobs. This site is outside of a zone so the ED/EZR requirement would be 35%. Project Sumit-HPP would need to evaluate human resource requirements to see if they would be able to meet this requirement.
- 3 Gov Code 481** Texas Enterprise Fund: Discretionary grant monies to be used in such areas as recruitment and training, equipment purchases, etc. will be available from the Texas Enterprise Fund administered by the Governor's Office. The specific amount of Texas Enterprise Funds will be communicated electronically upon formal approval by the Governor, Lt. Governor and House Speaker and the specific application will be mutually agreed upon in such manner as to minimize tax consequences.

| ASSUMPTIONS | Rate | Amount | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|------|-----------------------|-------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| INVESTMENT & JOB CREATION SCHEDULE | | | | | | | | |
| Land | | | | | | | | |
| Houston Site Investment | | \$ - | - | - | | | | |
| Buildings and Facilities | | | | | | | | |
| Houston Site Investment | | \$ 576,000,000 | - | 96,000,000 | 192,000,000 | 192,000,000 | 96,000,000 | |
| Net Real Property Value | | | - | 94,080,000 | 280,320,000 | 462,720,000 | 547,200,000 | 535,680,000 |
| Operating Equipment | | | | | | | | |
| Houston Site Investment | | \$ 86,000,000 | - | - | - | 43,000,000 | 43,000,000 | |
| Net Business Personal Property Value** | | | - | - | - | 39,560,000 | 75,680,000 | 68,800,000 |
| Net Property Value at Year End | | | \$ - | \$ 94,080,000 | \$ 280,320,000 | \$ 502,280,000 | \$ 622,880,000 | \$ 604,480,000 |
| Total Project Investment | | \$ 662,000,000 | | | | | | |
| Jobs Created | | 1,752 | | 144 | 154 | 157 | 157 | 615 |
| Cumulative Jobs Created | | 1,752 | | 144 | 298 | 455 | 612 | 1,227 |
| Average Salary (Direct Jobs, Excluding Benefits) | | \$ 110,000 | | | | | | |
| Annual Payroll in First Year of Full Employment | | 192,720,000 | | | | | | |
| LOCAL TAX RATES | | | | | | | | |
| Houston ISD Tax Rate Per \$100 | | \$ 1.1567 | | | | | | |
| Houston ISD M&O Tax Rate Per \$100 | | \$ - | | | | | | |
| City of Houston Tax Rate Per \$100 | | \$ 0.6388 | | | | | | |
| Harris County Tax Rate Per \$100 | | \$ 0.3912 | | | | | | |
| Port & County College Tax Rate Per \$100 | | \$ 0.1158 | | | | | | |
| Other Taxing Entities Tax Rate Per \$100 | | \$ 0.2268 | | | | | | |
| Combined Tax Rate Per \$100 | | \$ 2.5292 | | | | | | |
| ESTIMATED ABATEMENTS & INCENTIVES | | | | | | | | |
| | Item | Totals | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| LOCAL PARTICIPATION | | | | | | | | |
| City of Houston | | | | | | | | |
| Tax Abatement: 75% for 10 years | 1 | \$ 17,327,978 | | | | | \$ 1,604,157 | \$ 1,989,323 |
| | 2 | \$ - | | | | | | |
| Total Local Participation | | \$ 17,327,978 | \$ - | \$ - | \$ - | \$ - | \$ 1,604,157 | \$ 1,989,323 |
| STATE OF TEXAS PARTICIPATION | | | | | | | | |
| Texas Enterprise Zone Program (triple) | 4 | 3,750,000 | | | - | - | | 3,750,000 |
| Texas Enterprise Fund* | 5 | TBD | | | | | | |
| Total State of Texas Participation | | \$ 3,750,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,750,000 |
| TOTAL ABATEMENTS & INCENTIVES | | | | | | | | |
| Total State and Local Package | | \$ 21,077,978 | \$ - | \$ - | \$ - | \$ - | \$ 1,604,157 | \$ 5,739,323 |
| NPV of Total State and Local Package (at 5% Discount Rate) | | \$ 13,894,718 | | | | | | |
| Harris County Appraisal District Depreciation Schedule (10 Year) | | | 0.08 | 0.16 | 0.24 | 0.33 | 0.42 | 0.51 |

* NOTE: DIRECT GENERAL REVENUE COSTS

** NOTE: COUNTY APPRAISAL DISTRICT DEPRECIATION SCHEDULE UTILIZED

| ASSUMPTIONS | Rate | Amount | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| INVESTMENT & JOB CREATION SCHEDULE | | | | | | | | | |
| Land | | | | | | | | | |
| Houston Site Investment | | \$ - | | | | | | | |
| Buildings and Facilities | | | | | | | | | |
| Houston Site Investment | | \$ 576,000,000 | | | | | | | |
| Net Real Property Value | | | 524,160,000 | 512,640,000 | 501,120,000 | 489,600,000 | 478,080,000 | 466,560,000 | 455,040,000 |
| Operating Equipment | | | | | | | | | |
| Houston Site Investment | | \$ 86,000,000 | | | | | | | |
| Net Business Personal Property Value** | | | 61,490,000 | 53,750,000 | 46,010,000 | 37,840,000 | 28,810,000 | 22,360,000 | 18,490,000 |
| Net Property Value at Year End | | | \$ 585,650,000 | \$ 566,390,000 | \$ 547,130,000 | \$ 527,440,000 | \$ 506,890,000 | \$ 488,920,000 | \$ 473,530,000 |
| Total Project Investment | | \$ 662,000,000 | | | | | | | |
| Jobs Created | | 1,752 | 175 | 175 | 175 | - | - | | |
| Cumulative Jobs Created | | 1,752 | 1,402 | 1,577 | 1,752 | 1,752 | 1,752 | 1,752 | 1,752 |
| Average Salary (Direct Jobs, Excluding Benefits) | | \$ 110,000 | | | | | | | |
| Annual Payroll in First Year of Full Employment | | \$ 192,720,000 | | | | | | | |
| LOCAL TAX RATES | | | | | | | | | |
| Houston ISD Tax Rate Per \$100 | | \$ 1.1567 | | | | | | | |
| Houston ISD M&O Tax Rate Per \$100 | | \$ - | | | | | | | |
| City of Houston Tax Rate Per \$100 | | \$ 0.6388 | | | | | | | |
| Harris County Tax Rate Per \$100 | | \$ 0.3912 | | | | | | | |
| Port & County College Tax Rate Per \$100 | | \$ 0.1158 | | | | | | | |
| Other Taxing Entities Tax Rate Per \$100 | | \$ 0.2268 | | | | | | | |
| Combined Tax Rate Per \$100 | | \$ 2.5292 | | | | | | | |
| ESTIMATED ABATEMENTS & INCENTIVES | | | | | | | | | |
| | Item | Totals | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| LOCAL PARTICIPATION | | | | | | | | | |
| City of Houston | | | | | | | | | |
| Tax Abatement: 75% for 10 years | 1 | \$ 17,327,978 | \$ 1,930,558 | \$ 1,870,420 | \$ 1,808,908 | \$ 1,747,396 | \$ 1,684,512 | \$ 1,618,880 | \$ 1,561,488 |
| | 2 | \$ - | | | | | | | |
| Total Local Participation | | \$ 17,327,978 | \$ 1,930,558 | \$ 1,870,420 | \$ 1,808,908 | \$ 1,747,396 | \$ 1,684,512 | \$ 1,618,880 | \$ 1,561,488 |
| STATE OF TEXAS PARTICIPATION | | | | | | | | | |
| Texas Enterprise Zone Program (triple) | 4 | 3,750,000 | | | | | | | |
| Texas Enterprise Fund* | 5 | TBD | | | | | | | |
| Total State of Texas Participation | | \$ 3,750,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL ABATEMENTS & INCENTIVES | | | | | | | | | |
| Total State and Local Package | | \$ 21,077,978 | \$ 1,930,558 | \$ 1,870,420 | \$ 1,808,908 | \$ 1,747,396 | \$ 1,684,512 | \$ 1,618,880 | \$ 1,561,488 |
| NPV of Total State and Local Package (at 5% Discount Rate) | | \$ 13,894,718 | | | | | | | |
| Harris County Appraisal District Depreciation Schedule (10 Year) | | | 0.61 | 0.72 | 0.76 | 0.81 | 0.85 | 0.85 | 0.85 |

* NOTE: DIRECT GENERAL REVENUE COSTS

** NOTE: COUNTY APPRAISAL DISTRICT DEPRECIATION SCHEDULE UTILIZED

| ASSUMPTIONS | Rate | Amount | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |
|---|------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| INVESTMENT & JOB CREATION SCHEDULE | | | | | | | | | |
| Land | | | | | | | | | |
| Houston Site Investment | | \$ - | | | | | | | |
| Buildings and Facilities | | | | | | | | | |
| Houston Site Investment | | \$ 576,000,000 | | | | | | | |
| Net Real Property Value | | | 443,520,000 | 432,000,000 | 420,480,000 | 408,960,000 | 397,440,000 | 385,920,000 | 374,400,000 |
| Operating Equipment | | | | | | | | | |
| Houston Site Investment | | \$ 86,000,000 | | | | | | | |
| Net Business Personal Property Value** | | | 14,620,000 | 12,900,000 | 12,900,000 | 12,900,000 | 12,900,000 | 12,900,000 | 12,900,000 |
| Net Property Value at Year End | | | \$ 458,140,000 | \$ 444,900,000 | \$ 433,380,000 | \$ 421,860,000 | \$ 410,340,000 | \$ 398,820,000 | \$ 387,300,000 |
| Total Project Investment | | \$ 662,000,000 | | | | | | | |
| Jobs Created | | 1,752 | | | | | | | |
| Cumulative Jobs Created | | 1,752 | 1,752 | 1,752 | 1,752 | 1,752 | 1,752 | 1,752 | 1,752 |
| Average Salary (Direct Jobs, Excluding Benefits) | | \$ 110,000 | | | | | | | |
| Annual Payroll in First Year of Full Employment | | 192,720,000 | | | | | | | |
| LOCAL TAX RATES | | | | | | | | | |
| Houston ISD Tax Rate Per \$100 | | \$ 1.1567 | | | | | | | |
| Houston ISD M&O Tax Rate Per \$100 | | \$ - | | | | | | | |
| City of Houston Tax Rate Per \$100 | | \$ 0.6388 | | | | | | | |
| Harris County Tax Rate Per \$100 | | \$ 0.3912 | | | | | | | |
| Port & County College Tax Rate Per \$100 | | \$ 0.1158 | | | | | | | |
| Other Taxing Entities Tax Rate Per \$100 | | \$ 0.2268 | | | | | | | |
| Combined Tax Rate Per \$100 | | \$ 2.5292 | | | | | | | |
| ESTIMATED ABATEMENTS & INCENTIVES | | | | | | | | | |
| | Item | Totals | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |
| LOCAL PARTICIPATION | | | | | | | | | |
| City of Houston | | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tax Abatement: 75% for 10 years | 1 | \$ 17,327,978 | \$ 1,512,336 | | | | | | |
| | 2 | \$ - | | | | | | | |
| Total Local Participation | | \$ 17,327,978 | \$ 1,512,336 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| STATE OF TEXAS PARTICIPATION | | | | | | | | | |
| Texas Enterprise Zone Program (triple) | 4 | 3,750,000 | | | | | | | |
| Texas Enterprise Fund* | 5 | TBD | | | | | | | |
| Total State of Texas Participation | | \$ 3,750,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL ABATEMENTS & INCENTIVES | | | | | | | | | |
| Total State and Local Package | | \$ 21,077,978 | \$ 1,512,336 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| NPV of Total State and Local Package (at 5% Discount Rate) | | \$ 13,894,718 | | | | | | | |
| Harris County Appraisal District Depreciation Schedule (10 Year) | | | 0.85 | 0.85 | 0.85 | 0.85 | 0.85 | 0.85 | 0.85 |

* NOTE: DIRECT GENERAL REVENUE COSTS

** NOTE: COUNTY APPRAISAL DISTRICT DEPRECIATION SCHEDULE UTILIZED

| SUMMARY OF KEY FIGURES | |
|--|----------------|
| Estimated Direct Annual Payroll ¹ | \$ 237,021,291 |
| Payroll Impact Multiplier ¹ | 2.01 |
| Direct, Indirect & Induced Impact to State Payroll Annually ¹ | \$ 476,412,795 |
| Estimated Sales Tax Revenue per \$1.00 of Payroll ² | \$ 0.015 |
| Estimated Annual State Sales Tax Revenue over First 20 Years | \$ 2,980,575 |

ASSUMPTIONS:
 1. Information derived from independent Economic Impact Report, representing first year of full job ramp-up.
 2. Calculated as \$1.00 multiplied by estimated consumption of 80%, then multiplied by estimated percentage of goods subject to sales tax of 30%, then multiplied by the State sales tax rate of 6.25%.
 3. Assumes a discount rate based on Texas Economic Development Bank forecast inflation rate.
 4. Assumes an annual cost of living increase to wages and salaries of 3%.

| | | |
|----------------------|---------------------|------------------------|
| Project AWW: \$2,115 | County AWW: \$1,224 | Offer Per Job: \$6,849 |
|----------------------|---------------------|------------------------|

| | Construction | Direct | Indirect | Capital Investment |
|--------------|----------------|------------|------------|-------------------------------------|
| # Hours | 27,302,400 | 11,577,600 | 15,724,800 | |
| Wage (\$/hr) | \$ 16.00 | \$ 16.00 | \$ 11.00 | |
| Total Wages | \$ 358,214,400 | ##### | ##### | |
| | | | | Land \$ - |
| | | | | Building \$ 576,000,000 |
| | | | | Machinery & Equipment \$ 86,000,000 |

| Year: | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------|------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
| Employment: | | | | | | | | | | |
| Direct | 1752 | 0 | 144 | 154 | 157 | 157 | 615 | 175 | 175 | 0 |
| Cumulative Jobs | 1752 | 0 | 144 | 298 | 455 | 612 | 1227 | 1402 | 1577 | 1752 |
| Direct Wage ⁴ | \$ - | \$ 110,000 | \$ 112,200 | \$ 114,444 | \$ 116,733 | \$ 119,068 | \$ 121,449 | \$ 123,878 | \$ 126,355 | \$ 128,883 |
| | \$ - | \$ 15,840,000 | \$ 33,435,600 | \$ 52,072,020 | \$ 71,440,523 | \$ 146,095,869 | \$ 170,271,341 | \$ 195,355,395 | \$ 221,374,702 | \$ 225,802,196 |

| COST ESTIMATE: | Twenty Year Total - Net Present Value ³ | Twenty Year Total - Nominal | | | | | | | | | | | | | | | | | | |
|--------------------------------|---|--------------------------------|--------------|--------|--------------|--------|--------------|--------|--------------|--------|--------|---------|------|------|------|------|------|------|------|------|
| | | Value | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | | | | | | | | |
| Texas Enterprise Fund | \$ 10,503,807 | \$ 12,000,000 | \$ 3,000,000 | \$ - | \$ 3,000,000 | \$ - | \$ 3,000,000 | \$ - | \$ 3,000,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other General Revenue Fund | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Direct State Cost | \$ 10,503,807 | | | | | | | | | | | | | | | | | | | |

| STATE BENEFIT: | | State Revenue | | | | | | | | | | | | | | | | | | |
|----------------|----|------------------------|------------------------|------------|---------------|---------------------------|--------------|-----------------------|------------|---------------------------|---------------------------|-------------|-------------|----------------------------|------------------------|------------------------|--|--|--|--|
| State Revenue | | Direct State Sales Tax | Construction Sales Tax | Sub-total | Cum State NPV | Local Revenue: Ad Valorem | City Tax | - Less City Incentive | County Tax | Port & County College Tax | Other Taxing Entities Tax | School Tax | Sub-total | Total Direct State Benefit | Cum. Net Present Value | State Breakeven Period | | | | |
| | \$ | 36,640,378 | 1,319,993 | 37,960,371 | 37,960,371 | 36,538,327 | (12,674,970) | 22,376,043 | 6,623,062 | 12,975,382 | 66,166,549 | 132,004,393 | 252,322,826 | 169,964,764 | 169,964,764 | 10 | | | | |
| | \$ | 56,630,922 | 1,388,081 | 58,019,003 | 58,019,003 | 53,446,959 | (17,327,978) | 32,730,876 | 9,687,978 | 18,979,925 | 96,786,063 | 194,303,823 | 252,322,826 | 169,964,764 | 169,964,764 | 10 | | | | |
| | \$ | - | 717,811 | 717,811 | 717,811 | - | - | - | - | - | - | - | 717,811 | 717,811 | 717,811 | 10 | | | | |
| | \$ | 245,520 | 670,270 | 915,790 | 2,017,342 | 600,936 | - | 368,013 | 108,928 | 213,403 | 1,088,223 | 2,379,502 | 2,897,754 | 7,897,062 | 21,356,342 | 10 | | | | |
| | \$ | 518,252 | - | 518,252 | 2,721,785 | 1,790,544 | - | 1,096,528 | 324,560 | 635,853 | 3,242,461 | 7,089,946 | 7,897,062 | 12,207,003 | 34,426,425 | 10 | | | | |
| | \$ | 807,116 | - | 807,116 | 3,655,930 | 3,208,314 | (1,604,157) | 1,964,769 | 581,550 | 1,139,327 | 5,809,873 | 11,099,675 | 12,207,003 | 16,029,249 | 47,034,270 | 10 | | | | |
| | \$ | 1,107,328 | - | 1,107,328 | 5,502,368 | 3,978,646 | (1,989,323) | 2,436,520 | 721,183 | 1,412,885 | 7,204,853 | 13,764,764 | 16,029,249 | 15,997,355 | 59,199,666 | 10 | | | | |
| | \$ | 2,264,486 | - | 2,264,486 | 7,582,380 | 3,861,116 | (1,930,558) | 2,364,544 | 699,879 | 1,371,148 | 6,992,020 | 13,358,150 | 15,997,355 | 15,970,042 | 70,941,783 | 10 | | | | |
| | \$ | 2,639,206 | - | 2,639,206 | 9,889,007 | 3,740,839 | (1,870,420) | 2,290,887 | 678,077 | 1,328,436 | 6,774,214 | 12,942,033 | 15,970,042 | 15,947,722 | 82,037,151 | 10 | | | | |
| | \$ | 3,028,008 | - | 3,028,008 | 12,415,437 | 3,617,816 | (1,808,908) | 2,215,548 | 685,778 | 1,284,748 | 6,551,433 | 12,516,415 | 15,947,722 | 15,947,722 | 82,037,151 | 10 | | | | |
| | \$ | 3,431,308 | - | 3,431,308 | 14,906,216 | 3,494,793 | (1,747,396) | 2,140,208 | 633,478 | 1,241,060 | 6,328,653 | 12,090,796 | 15,947,722 | 15,947,722 | 82,037,151 | 10 | | | | |
| | \$ | 3,499,934 | - | 3,499,934 | 14,906,216 | 3,494,793 | (1,747,396) | 2,140,208 | 633,478 | 1,241,060 | 6,328,653 | 12,090,796 | 15,947,722 | 15,947,722 | 82,037,151 | 10 | | | | |

(*) NOTE: INTERNAL ADJUSTMENT

| | |
|----------------------------|-------|
| Discount Rate ³ | 3.46% |
|----------------------------|-------|

State Return (TEF Award/Tax Revenues) 1618%

EXECUTIVE SUMMARY:
 1. Consideration of State Investment of \$12 MM from Texas Enterprise Fund.
 2. \$169 MM Economic Benefit from State Sales & Property Tax over 20 Yrs.
 3. Estimated 9 Year Payback of State Costs from Direct Sources of State Revenues.

State Breakeven Period

| SUMMARY OF KEY FIGURES | |
|--|----------------|
| Estimated Direct Annual Payroll ¹ | \$ 237,021,291 |
| Payroll Impact Multiplier ¹ | 2.01 |
| Direct, Indirect & Induced Impact to State Payroll Annually ¹ | \$ 476,412,795 |
| Estimated Sales Tax Revenue per \$1.00 of Payroll ² | \$ 0.015 |
| Estimated Annual State Sales Tax Revenue over First 20 Years | \$ 2,980,575 |

| Year: | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |
|--------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Employment: | 1752 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Direct Cumulative Jobs | 1752 | 1752 | 1752 | 1752 | 1752 | 1752 | 1752 | 1752 | 1752 | 1752 |
| Direct Wage ⁴ | \$ 131,460 | \$ 134,089 | \$ 136,771 | \$ 139,507 | \$ 142,297 | \$ 145,143 | \$ 148,046 | \$ 151,006 | \$ 154,027 | \$ 157,107 |
| | \$ 230,318,240 | \$ 234,924,605 | \$ 239,623,097 | \$ 244,415,559 | \$ 249,303,870 | \$ 254,289,947 | \$ 259,375,746 | \$ 264,563,261 | \$ 269,854,526 | \$ 275,251,617 |

| COST ESTIMATE: | Twenty Year Total - Net Present Value ³ | Value | Twenty Year Total - Nominal | | | | | | | | | | | | | | | |
|--------------------------------|--|---------------|-----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|------|------|------|------|------|------|
| | | | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | | | | | | |
| Texas Enterprise Fund | \$ 10,503,807 | \$ 12,000,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other General Revenue Fund | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Direct State Cost | \$ 10,503,807 | | | | | | | | | | | | | | | | | |

| STATE BENEFIT: | | | | | | | | | | | | | | | | | | | |
|-----------------------------------|-----------------------|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--|--|--|--|--|--|--|
| State Revenue | | | | | | | | | | | | | | | | | | | |
| Direct State Sales Tax | \$ 36,640,378 | \$ 56,630,922 | \$ 3,569,932 | \$ 3,641,331 | \$ 3,714,158 | \$ 3,788,441 | \$ 3,864,210 | \$ 3,941,494 | \$ 4,020,324 | \$ 4,100,730 | \$ 4,182,745 | \$ 4,266,400 | | | | | | | |
| Construction Sales Tax | \$ 1,319,993 | \$ 1,388,081 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | | | | | |
| Sub-total | \$ 37,960,371 | \$ 58,019,003 | \$ 3,569,932 | \$ 3,641,331 | \$ 3,714,158 | \$ 3,788,441 | \$ 3,864,210 | \$ 3,941,494 | \$ 4,020,324 | \$ 4,100,730 | \$ 4,182,745 | \$ 4,266,400 | | | | | | | |
| Cum State NPV | \$ 37,960,371 | | \$ 17,361,845 | \$ 19,782,821 | \$ 22,169,633 | \$ 24,522,762 | \$ 26,842,686 | \$ 29,129,870 | \$ 31,384,779 | \$ 33,607,867 | \$ 35,799,584 | \$ 37,960,371 | | | | | | | |
| Local Revenue: Ad Valorem | | | | | | | | | | | | | | | | | | | |
| City Tax | \$ 36,538,327 | \$ 53,446,959 | \$ 3,369,023 | \$ 3,237,760 | \$ 3,122,977 | \$ 3,024,673 | \$ 2,926,369 | \$ 2,841,799 | \$ 2,768,215 | \$ 2,694,631 | \$ 2,621,047 | \$ 2,547,463 | | | | | | | |
| - Less City Incentive | \$ (12,674,970) | \$ (17,327,978) | \$ (1,684,512) | \$ (1,618,880) | \$ (1,561,488) | \$ (1,512,336) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | | | | | |
| County Tax | \$ 22,376,043 | \$ 32,730,876 | \$ 2,063,187 | \$ 1,982,802 | \$ 1,912,508 | \$ 1,852,307 | \$ 1,792,106 | \$ 1,740,315 | \$ 1,695,253 | \$ 1,650,190 | \$ 1,605,127 | \$ 1,560,064 | | | | | | | |
| Port & County College Tax | \$ 6,623,062 | \$ 9,687,978 | \$ 610,681 | \$ 586,887 | \$ 566,081 | \$ 548,263 | \$ 530,444 | \$ 515,114 | \$ 501,776 | \$ 488,438 | \$ 475,100 | \$ 461,762 | | | | | | | |
| Other Taxing Entities Tax | \$ 12,975,382 | \$ 18,979,925 | \$ 1,196,397 | \$ 1,149,784 | \$ 1,109,022 | \$ 1,074,113 | \$ 1,039,204 | \$ 1,009,171 | \$ 983,040 | \$ 956,909 | \$ 930,778 | \$ 904,647 | | | | | | | |
| School Tax | \$ 66,166,549 | \$ 96,786,063 | \$ 6,100,898 | \$ 5,863,197 | \$ 5,655,338 | \$ 5,477,322 | \$ 5,299,305 | \$ 5,146,158 | \$ 5,012,906 | \$ 4,879,655 | \$ 4,746,403 | \$ 4,613,151 | | | | | | | |
| Sub-total | \$ 132,004,393 | \$ 194,303,823 | \$ 11,655,675 | \$ 11,201,549 | \$ 10,804,438 | \$ 10,464,341 | \$ 11,587,428 | \$ 11,252,558 | \$ 10,961,190 | \$ 10,669,822 | \$ 10,378,455 | \$ 10,087,087 | | | | | | | |
| Total Direct State Benefit | \$ 169,964,764 | \$ 252,322,826 | \$ 15,225,608 | \$ 14,842,880 | \$ 14,518,595 | \$ 14,252,782 | \$ 15,451,638 | \$ 15,194,052 | \$ 14,981,514 | \$ 14,770,553 | \$ 14,561,200 | \$ 14,353,487 | | | | | | | |
| Cum. Net Present Value | \$ 169,964,764 | | \$ 92,510,303 | \$ 102,378,743 | \$ 111,708,760 | \$ 120,561,649 | \$ 129,838,218 | \$ 138,655,080 | \$ 147,057,872 | \$ 155,065,285 | \$ 162,695,208 | \$ 169,964,764 | | | | | | | |

(*) NOTE: INTERNAL ADJUSTMENT

| | |
|----------------------------|-------|
| Discount Rate ³ | 3.46% |
|----------------------------|-------|

State Return (TEF Award/Tax Revenues) 1618%



STATE OF TEXAS

DAVID DEWHURST
LIEUTENANT GOVERNOR
P.O. Box 12068
AUSTIN, TEXAS 78711-2068
(512) 463-0001

RICK PERRY
GOVERNOR
P.O. Box 12428
AUSTIN, TEXAS 78711-2428
(512) 463-2000

JOE STRAUS
SPEAKER OF THE HOUSE
P.O. Box 2910
AUSTIN, TEXAS 78768-2910
(512) 463-3000

June 5, 2013

Mr. Charles Johnson
Assistant Secretary
Chevron U.S.A. Inc.
1400 Smith Street, Suite 06016
Houston, Texas 77002

Dear Mr. Johnson:

The State of Texas is honored that Chevron U.S.A. Inc. is considering making investments and creating jobs in our state. We are confident that you will find Texas to be an ideal location, and we are working with community leaders in Houston to promote your success.

During the 78th Legislative Session, the Texas Enterprise Fund was created as a tool to bring jobs to Texas. Allocations from the Texas Enterprise Fund support the creation of quality jobs and leverage private investment for activities that will strengthen the economic future of the state.

We welcome your investment in our state and are prepared to allocate \$12,000,000 to Chevron U.S.A. Inc., contingent upon execution of a formal Economic Development Agreement to be negotiated. This offer by the State of Texas may be rescinded if a finalized Economic Development Agreement is not executed by all applicable parties within six months of the date of this letter.

The State of Texas is pleased to provide this incentive for economic development purposes. We look forward to working with you to help this project achieve its objectives.

Sincerely,

Rick Perry *David Dewhurst* *Joe Straus*
Rick Perry David Dewhurst Joe Straus
Governor Lieutenant Governor Speaker of the House

cc: Mr. Fred Welch, Vice President, Regional Economic Development, Greater Houston Partnership

Peyton Ritter

From: Aaron Demerson [biztex@gov.texas.gov]
Sent: Wednesday, July 10, 2013 1:52 PM
To: Peyton Ritter
Subject: Texas Business Digest - June '13

TEXAS BUSINESS DIGEST

JUNE 2013

x

Stay Connected to Texas

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x

x

BUSINESS GROWTH IN TEXAS

Denison frozen food business plans major expansion

Ruiz foods announced its plans to expand its plant and hire dozens of new employees. The Ruiz Foods plant opened several years ago and was the biggest manufacturing investment in Denison. It's grown to a payroll of \$20 million, and a new 50,000-square foot addition is planned. The makers of frozen burritos, tamales and taquitos, say business has been good. "Our business has been growing and we are looking for ways to add capacity specifically in the central part of the United States," says company president/CEO Rachel Cullen. In 2005, Ruiz Foods moved into a plant where Pillsbury had been located. They were set to hire 400 employees, but now have 700. [More...](#)

Gov. Perry announces TEF investment in Houston

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Texas added fewer jobs in May, but annual growth rate remains strong

Texas' job growth appears to be slowing, similar to the nation's, as global headwinds buffet their economies. The state added 19,500 jobs last month, fewer than the downwardly revised 28,900 jobs in April, the Texas Workforce Commission reported. Still, it was the second-biggest gain in the nation. The state's annual job growth rate is about 3 percent, based on 324,700 jobs added in the year ending in May, said Cheryl Abbot, a Dallas regional economist for the U.S. Bureau of Labor Statistics. That compares with job growth of 2.8 percent for the previous year. [More...](#)

Mtech plans \$3.5 million investment for Pflugerville relocation

Mtech, a commercial heating, ventilation and air conditioning, plumbing and electrical services company will construct a \$3.5 million, 33,000-square-foot regional headquarters for its 200 employees at the Pflugerville Community Development, located 16 miles northeast of Austin and just south of Round Rock. Comfort Systems USA will use the Mtech Pflugerville facility as the hub for customers from Central Texas through San Antonio and the Rio Grande Valley. The company's expansion plans include increasing staff by approximately 50 percent, up to 300 employees within the next few years. Mtech said it will make heavy investments in training and apprenticeship programs to mentor new technicians, which are a hot commodity in Central Texas with a large majority of licensed technicians aging out of the workforce. [More...](#)

TEXAS IN THE NEWS

Trio of Texas cities gets kudos for small-business friendliness

Dallas, San Antonio and Houston are among the best cities for small-business employees based on metrics such as average wages for new hires, job growth and hours worked. Dallas had the second highest job growth at 2.24 percent, and Houston's 2.11 was third best. Although none of the Texas cities cracked the top five, Houston sits right behind at No. 6, followed directly by San Antonio and Dallas. [More...](#)

Even small business is bigger in Texas

When you think of Texas businesses, large corporations like Exxon Mobil, Dell, and Texas Instruments are generally the first that come to mind. But over the past few years, from the inner cities to out-on-the-range, smaller firms have been stirring the Lone Star State economy. According to U.S. Census results for July 2011 to July 2012, Texas had the top two largest growing metro areas (Dallas and Houston) and three (Midland, Odessa, and Austin) of the top 10 fastest growing Metro areas in the country. This swell in population corresponds to a matching surge in small business friendliness [More...](#)

States look to Texas for answers on taxes

When Gov. Bobby Jindal of Louisiana wanted to sell his plan to replace his state's income tax with a higher sales tax, he pointed to Texas as the problem and the solution. Too many Louisiana residents are moving to Texas, because that is where the jobs are, he said. The jobs are there, he argued, because Texas does taxes right. [More...](#)



Texas Business Digest information is compiled by the Economic Development and Tourism Division of the Office of Governor Rick Perry. For more information, visit TexasWideOpenForBusiness.com or contact the Press Office at (512) 463-1826.

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Peyton Ritter

From: Romina Black [romina@texasone.us]
Sent: Wednesday, July 10, 2013 1:01 PM
To: Peyton Ritter
Subject: TexasOne MemberUpdate - June 2013

TEXASONE
MEMBERUPDATE

TEXASONE.US

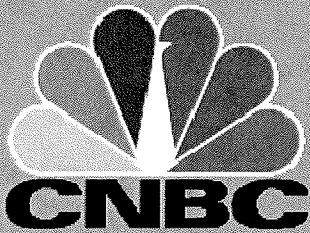
TexasOneSM
MemberUpdate
June 2013



Texas is #1
We didn't say it, they did...

SITE
Selection
Magazine

2012 Governor's Cup Winner
Site Selection
March 2013



America's Top State
for Business
CNBC
July 2012

Announcements...

In June, TexasOne launched a marketing & advertising campaign, which included television and radio spots in the Connecticut and New York regions. As a follow up to the successful campaigns, Governor Perry and the TexasOne team traveled to both Hartford, CT and New York, NY to meet with companies and consultants who had expressed interest in Texas.

To View the Campaign [Click Here!](#)

Member News...

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Exxon Commits \$500,000 for Workforce Training in Houston

ExxonMobil plans to help Houston's leading community colleges in preparing thousands of local residents for jobs in the local chemical manufacturing industry by funding a \$500,000 workforce training program. This funding will build on the Lee College ExxonMobil Process Technology Program and will take place over the next five years benefitting roughly 50,000 students and educators. If this develops fully we could see about 10,000 construction jobs and 350 permanent jobs be created. This would, of course, be added to the company's already 6,000 strong working in the Baytown area.

Kohl's Brings Customer Service Operations Center to Dallas

Kohl's Department Stores is planning to open a customer



Best State for Business
CEO Magazine
May 2012

service operations center in north Dallas with the help of the state's investment of roughly \$864,000 through the Texas Enterprise Fund, which was announced by Governor Rick Perry June 14th. As a result, Kohl's is committed to creating 144 jobs and \$54.9 million in capital investment, but anticipates creating more than 1,500 new jobs at the facility.

Texas A&M-Central Texas Announces Solar Energy Partnership

The president of Texas A&M-Central Texas has announced a \$600 million solar energy partnership that could potentially provide thousands of jobs for Central Texas. The new Center for Solar Energy is expecting to break ground within the next six months and will serve as a test site for leading-edge technologies in solar power. When completed, the center will cover up to 800 acres in Bell County and house an advanced renewable power generation system that will power the Texas A&M-Central Texas campus.

Event Recaps...

June

Los Angeles Business Recruitment Mission

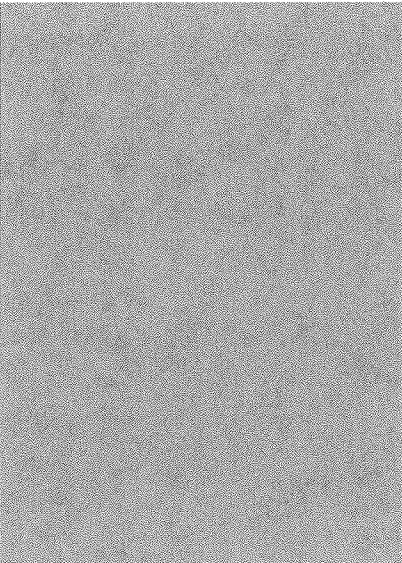
Texas Secretary of State John Steen led the TexasOne mission of Tiers 3, 4 and 5 members to Los Angeles for another successful business recruitment mission. The mission included a trip to Angel Stadium of Anaheim to watch the Los Angeles Angels of Anaheim take on the Houston Astros with business leaders and site consultants from California. On Tuesday, members met with representatives from two site consultant firms, and discussed future opportunities within the Lone Star State.

Connecticut Business Recruitment Mission

Texas Governor Rick Perry along with Clint Harp, Director of Business Development in the Governor's Office of Economic Development & Tourism led Tier 1 & 2 members to Hartford, CT. The Governor hosted a private reception at a restaurant in downtown Hartford for members and over 30 prospects, representing more than 21 different Connecticut businesses. The Governor also held private one-on-one meetings with four additional Connecticut companies that are in the process of expansion or relocation in Texas. The mission was incredibly successful, resulting in multiple quality leads and several new projects.


New York Business Recruitment Mission

Texas Governor Rick Perry and Texas Workforce Commissioner Hope Andrade led a mission of all TexasOne tiers to New York. The mission began with a welcome dinner for all members at a restaurant in midtown Manhattan. The following morning, Commissioner Andrade kicked off with remarks regarding an update on the Texas Workforce



Commission followed by a Site Selector's Panel. The panel consisted of four leading site location firms including, Greyhill Advisors; KPMG; Ryan, Inc.; & WDG Consulting. The panelists conducted a Q&A session for all members. Topics like workforce talent & training, 'flexibility builds,' sequestration issues, and how Texas compares to other states were discussed. Following the panel all attendees were invited to attend a Business Recruitment Reception hosted by Governor Perry. TexasOne members and over 35 guests representing approximately 30 companies attended the reception, making it the largest reception of its kind that Governor Perry has hosted this year. The reception resulted in a number of quality leads and potential projects from the tristate area. The mission had such wonderful feedback, TexasOne plans to use this format for future missions.

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Texas Economic Development Corporation | PO Box 12428 | Austin | TX 78711

Phil Rocha

From: Romina Black [romina@texasone.us]
Sent: Wednesday, July 10, 2013 1:01 PM
To: Phil Rocha
Subject: TexasOne MemberUpdate - June 2013



TEXASONE.US

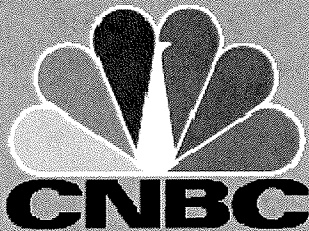
TexasOneSM
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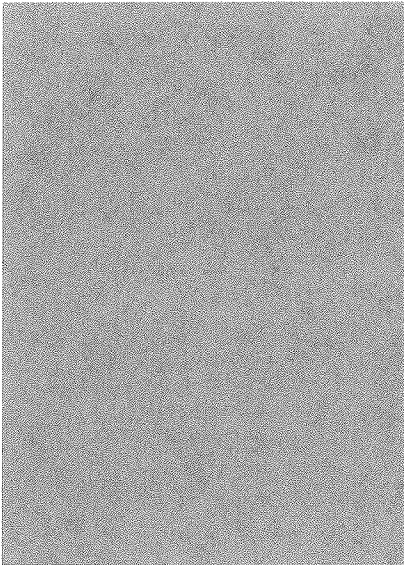
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Texas Economic Development Corporation | PO Box 12428 | Austin | TX 78711

Phil Rocha

From: Office of the Governor [txgov@govdelivery.com]
Sent: Wednesday, July 03, 2013 10:54 AM
To: Phil Rocha
Subject: [Press Release] Gov. Perry Announces TEF Investment in Chevron Creating More Than 1,700 Jobs in Houston


**Office of the Governor
Rick Perry**

You are subscribed to Press Releases for Office of the Governor. This information has recently been updated, and is now available.

[Press Release] Gov. Perry Announces TEF Investment in Chevron Creating More Than 1,700 Jobs in Houston

07/03/2013 04:35 PM CDT

Gov. Rick Perry announced Chevron will expand its Houston facilities, creating 1,752 jobs and a multi-million dollar capital investment. The state is providing \$12 million through the Texas Enterprise Fund to close the deal on this expansion and job creation. Execution of the state's agreement is contingent upon finalization of a local incentive offer as required by program criteria.

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Phil Rocha

From: Governor Rick Perry Press Office
Sent: Wednesday, July 03, 2013 10:40 AM
Subject: Gov. Perry Announces TEF Investment in Chevron Creating More Than 1,700 Jobs in Houston



**OFFICE OF THE GOVERNOR
RICK PERRY**

For Immediate Distribution

July 3, 2013
Press Release

Governor's Press Office: 512-463-1826

Lucy Nashed: lucy.nashed@gov.texas.gov

Josh Havens: josh.havens@gov.texas.gov

Gov. Perry Announces TEF Investment in Chevron Creating More Than 1,700 Jobs in Houston

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"Employers looking to expand or relocate their businesses continue to choose Texas' strong job creation climate, low taxes, smart regulations, fair courts and skilled workforce," Gov. Perry said. "The Texas model is a blueprint for job creation, and the investment Chevron is making in Houston with more than 1,700 high-paying jobs opens the door to significant opportunities for Texans and their families."

Headquartered in California, Chevron explores for, produces and transports crude oil and natural gas; refines, markets and distributes transportation fuel and lubricants; manufacturers and sells petrochemical products; generates power and produces geothermal energy; provides energy efficiency solutions; and develops the energy resources of the future, including research for advanced biofuels. Chevron plans to construct a new 1.7 million square foot office tower in downtown Houston as part of this expansion. The facility will house professional, technical and administrative personnel to accommodate Chevron's growth in Houston to support its global operations.

"The announcement of our new office building underscores Chevron's long-term commitment to Houston and Texas," said Bereket Haregot, president of Chevron's Business and Real Estate Services group. "The Lone Star State and its largest city play a vital and growing role in Chevron's global business."

"Houston is supportive and very excited about Chevron's plans to expand its Houston operations," Houston Mayor Annise Parker said. "Through its sponsorship of the annual Houston Marathon and its involvement in many other community events, Chevron has shown its strong support and commitment to Houston over the years. The company's expansion, supported by the Texas Enterprise Fund grant, will broaden its local presence even more, boosting the local economy with hundreds of new jobs while also fostering synergy and collaboration with their existing business units and other Houston businesses."

“This Enterprise Fund grant will create jobs and expand Chevron's commitment to Houston and Texas,” Rep. Garnet Coleman said. “Thank you to Gov. Perry, Speaker Straus and Lt. Gov. Dewhurst.”

The Legislature created the TEF in 2003 and re-appropriated funding in 2005, 2007, 2009, 2011 and 2013 to help ensure the growth of Texas businesses and create more jobs throughout the state. TEF projects must be approved by the governor, lieutenant governor and speaker of the House. The fund has since become one of the state’s most competitive tools to recruit and bolster business. To date, the TEF has invested more than \$498 million and closed the deal on projects generating 69,027 new jobs and more than \$20.8 billion in capital investment in the state.

For more information about the TEF, please visit <http://www.texaswideopenforbusiness.com/incentives-financing/tef.php> or <http://www.governor.state.tx.us>.

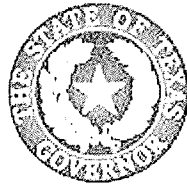
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Jeri Ernst

From: Governor Rick Perry Press Office
Sent: Wednesday, July 03, 2013 10:40 AM
Subject: Gov. Perry Announces TEF Investment in Chevron Creating More Than 1,700 Jobs in Houston



**OFFICE OF THE GOVERNOR
RICK PERRY**

For Immediate Distribution

July 3, 2013
Press Release

Governor's Press Office: 512-463-1826
Lucy Nashed: lucy.nashed@gov.texas.gov
Josh Havens: josh.havens@gov.texas.gov

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Andreana Ledesma

From: Darlene Lee
Sent: Monday, July 01, 2013 1:03 PM
To: Javier Renteria; Lynn Gunn; Liz Reid
Cc: Andreana Ledesma
Subject: Chevron TEF Letter
Attachments: Chevron USA Leadership Commitment Letter_6.5.13.pdf

Here is a new file routing today for OOG approvals. First disbursement of \$3M will be made following signature by OOG. Let me know if you need anything else.

Company: Chevron U.S.A. Inc.
Award: \$12,000,000
Effective Date: June 25, 2013
Amendment Date: N/A
Term Date: January 31, 2023

A. Darlene Lee
TEF Compliance Supervisor
Compliance and Oversight Division
Office of the Governor
P. O. Box 12428
Austin, Texas 78711
Telephone (512) 936-0135
Fax (512) 936-0255



STATE OF TEXAS

DAVID DEWHURST
LIEUTENANT GOVERNOR
P.O. Box 12068
AUSTIN, TEXAS 78711-2068
(512) 463-0001

RICK PERRY
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JOE STRAUS
SPEAKER OF THE HOUSE
P.O. Box 2910
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(512) 463-3000

June 5, 2013

Mr. Charles Johnson
Assistant Secretary
Chevron U.S.A. Inc.
1400 Smith Street, Suite 06016
Houston, Texas 77002

Dear Mr. Johnson:

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Sincerely,

Rick Perry
Rick Perry
Governor

David Dewhurst
David Dewhurst
Lieutenant Governor

Joe Straus
Joe Straus
Speaker of the House

cc: Mr. Fred Welch, Vice President, Regional Economic Development, Greater Houston Partnership

Andreana Ledesma

From: Darlene Lee
Sent: Monday, July 01, 2013 11:49 AM
To: 'maparish@chevron.com'
Cc: Scott Smith; Andreana Ledesma
Subject: Chevron Economic Development Agreement
Attachments: Accounting Forms_Revised W9_2.11.pdf; Accounting Forms_Direct Deposit 10-2012.pdf; Accounting Forms_Request for Texas Payee ID.pdf

Dear Mr. Parish,

The signed Texas Enterprise Fund Economic Development Agreement between the State of Texas and Chevron U.S.A. Inc. has been received today and will be routed for requisite Office of the Governor approvals and signature. A fully executed copy will be returned to you at conclusion of that process.

In the interim, the attached accounting documents set out in Section 1.(i) of the Agreement must be completed and returned to me prior to first disbursement. All disbursements are made by the State Comptroller's Office and it takes approximately 14 business days for that office to set up the account, so please return them as quickly as possible. To speed the process, you may scan and email the forms to me and then follow with the originals. Please note that all forms must be completed in the grantee name, with the grantee FEIN, and the same address. In the interim, please let me know if you have any questions.

Thank you,

A. Darlene Lee
TEF Compliance Supervisor
Compliance and Oversight Division
Office of the Governor
P. O. Box 12428
Austin, Texas 78711
Telephone (512) 936-0135
Fax (512) 936-0255

**Request for Taxpayer
 Identification Number and Certification**

**Give Form to the
 requester. Do not
 send to the IRS.**

| | | |
|---|---|---|
| Print or type See Specific Instructions on page 2. | Name (as shown on your income tax return) | |
| | Business name/disregarded entity name, if different from above | |
| | Check appropriate box for federal tax classification (required): <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ► _____ <input type="checkbox"/> Other (see instructions) ► _____ | |
| | Address (number, street, and apt. or suite no.) | Requester's name and address (optional) |
| | City, state, and ZIP code | |
| List account number(s) here (optional) | | |

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

| Social security number | | | | | | | | | |
|------------------------|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | |

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

| Employer identification number | | | | | | | | |
|--------------------------------|--|--|--|--|--|--|--|--|
| | | | | | | | | |

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

| | | |
|------------------|----------------------------|--------|
| Sign Here | Signature of U.S. person ► | Date ► |
|------------------|----------------------------|--------|

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,
- The U.S. grantor or other owner of a grantor trust and not the trust, and
- The U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS a percentage of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate Instructions for the Requester of Form W-9.

Also see *Special rules for partnerships* on page 1.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account, for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your income tax return on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name/disregarded entity name" line.

Partnership, C Corporation, or S Corporation. Enter the entity's name on the "Name" line and any business, trade, or "doing business as (DBA) name" on the "Business name/disregarded entity name" line.

Disregarded entity. Enter the owner's name on the "Name" line. The name of the entity entered on the "Name" line should never be a disregarded entity. The name on the "Name" line must be the name shown on the income tax return on which the income will be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a domestic owner, the domestic owner's name is required to be provided on the "Name" line. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on the "Business name/disregarded entity name" line. If the owner of the disregarded entity is a foreign person, you must complete an appropriate Form W-8.

Note. Check the appropriate box for the federal tax classification of the person whose name is entered on the "Name" line (Individual/sole proprietor, Partnership, C Corporation, S Corporation, Trust/estate).

Limited Liability Company (LLC). If the person identified on the "Name" line is an LLC, check the "Limited liability company" box only and enter the appropriate code for the tax classification in the space provided. If you are an LLC that is treated as a partnership for federal tax purposes, enter "P" for partnership. If you are an LLC that has filed a Form 8832 or a Form 2553 to be taxed as a corporation, enter "C" for C corporation or "S" for S corporation. If you are an LLC that is disregarded as an entity separate from its owner under Regulation section 301.7701-3 (except for employment and excise tax), do not check the LLC box unless the owner of the LLC (required to be identified on the "Name" line) is another LLC that is not disregarded for federal tax purposes. If the LLC is disregarded as an entity separate from its owner, enter the appropriate tax classification of the owner identified on the "Name" line.

Other entities. Enter your business name as shown on required federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name/disregarded entity name" line.

Exempt Payee

If you are exempt from backup withholding, enter your name as described above and check the appropriate box for your status, then check the "Exempt payee" box in the line following the "Business name/disregarded entity name," sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),
 2. The United States or any of its agencies or instrumentalities,
 3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
 4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
 5. An international organization or any of its agencies or instrumentalities.
- Other payees that may be exempt from backup withholding include:
6. A corporation,
 7. A foreign central bank of issue,
 8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
 9. A futures commission merchant registered with the Commodity Futures Trading Commission,
 10. A real estate investment trust,
 11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
 12. A common trust fund operated by a bank under section 584(a),
 13. A financial institution,
 14. A middleman known in the investment community as a nominee or custodian, or
 15. A trust exempt from tax under section 664 or described in section 4947.

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

| IF the payment is for . . . | THEN the payment is exempt for . . . |
|--|---|
| Interest and dividend payments | All exempt payees except for 9 |
| Broker transactions | Exempt payees 1 through 5 and 7 through 13. Also, C corporations. |
| Barter exchange transactions and patronage dividends | Exempt payees 1 through 5 |
| Payments over \$600 required to be reported and direct sales over \$5,000 ¹ | Generally, exempt payees 1 through 7 ² |

¹ See Form 1099-MISC, Miscellaneous Income, and its instructions.

² However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney, and payments for services paid by a federal executive agency.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at www.ssa.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/businesses and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting IRS.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, below, and items 4 and 5 on page 4 indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on the "Name" line must sign. Exempt payees, see *Exempt Payee* on page 3.

Signature requirements. Complete the certification as indicated in items 1 through 3, below, and items 4 and 5 on page 4.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

| For this type of account: | Give name and SSN of: |
|---|---|
| 1. Individual | The individual |
| 2. Two or more individuals (joint account) | The actual owner of the account or, if combined funds, the first individual on the account ¹ |
| 3. Custodian account of a minor (Uniform Gift to Minors Act) | The minor ² |
| 4. a. The usual revocable savings trust (grantor is also trustee) b. So-called trust account that is not a legal or valid trust under state law | The grantor-trustee ³ The actual owner ³ |
| 5. Sole proprietorship or disregarded entity owned by an individual | The owner ³ |
| 6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulation section 1.671-4(b)(2)(i)(A)) | The grantor* |
| For this type of account: | Give name and EIN of: |
| 7. Disregarded entity not owned by an individual | The owner |
| 8. A valid trust, estate, or pension trust | Legal entity ⁴ |
| 9. Corporation or LLC electing corporate status on Form 8832 or Form 2553 | The corporation |
| 10. Association, club, religious, charitable, educational, or other tax-exempt organization | The organization |
| 11. Partnership or multi-member LLC | The partnership |
| 12. A broker or registered nominee | The broker or nominee |
| 13. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments | The public entity |
| 14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulation section 1.671-4(b)(2)(i)(B)) | The trust |

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name and you may also enter your business or "DBA" name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

⁴ List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

*Note. Grantor also must provide a Form W-9 to trustee of trust.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: spam@uce.gov or contact them at www.ftc.gov/idtheft or 1-877-IDTHEFT (1-877-438-4338).

Visit IRS.gov to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

For Comptroller's Use Only

Direct Deposit Authorization

This form may be used by vendors, individual recipients or state employees to receive payments from the state of Texas by direct deposit or to change/cancel existing direct deposit information.

Transaction Type

| | | |
|------------------|--|--|
| SECTION 1 | <input type="checkbox"/> New setup (Sections 2, 3, 4 and 5 - Section 6 is optional) | <input type="checkbox"/> Change account type (Sections 2, 3, 4 and 5 - Section 6 is optional) |
| | <input type="checkbox"/> Change financial institution (Sections 2, 3, 4 and 5 - Section 6 is optional) | <input type="checkbox"/> Cancellation (Sections 2 and 5 - Sections 7 and 8 for state agency use) |
| | <input type="checkbox"/> Change account number (Sections 2, 3, 4 and 5 - Section 6 is optional) | |

Payee Identification

| | | | | |
|------------------|--|---|--|----------|
| SECTION 2 | Payee type | <input type="checkbox"/> Texas Identification Number (TIN) | Mail code (If not known, leave blank.) | |
| | <input type="checkbox"/> State employee | <input type="checkbox"/> Employer Identification Number (EIN) | | |
| | <input type="checkbox"/> Vendor or other recipient | <input type="checkbox"/> Social Security Number (SSN)* | | |
| | Payee name | | Phone number | |
| | | | ext. | |
| | Mailing address | City | State | ZIP code |

Financial Institution (Completion by financial institution is recommended.)

| | | | | |
|------------------|---|--|---|--|
| SECTION 3 | Financial institution name | | City | State |
| | Routing transit number (9 digits) | | Customer account number (maximum 17 characters) | Type of account |
| | | | | <input type="checkbox"/> Checking <input type="checkbox"/> Savings |
| | Financial representative name (optional) | | | Title (optional) |
| | Financial representative signature (optional) | | Phone number (optional) | Date (optional) |
| | | | ext. | |

International Payments Verification (required)

| | |
|--------------|--|
| SEC 4 | Will these payments be forwarded to a financial institution outside the United States?..... <input type="checkbox"/> YES <input type="checkbox"/> NO |
| | If "YES," also complete the ACH (Direct Deposit) Payment Destination Confirmation (Form 74-227). |

Authorization for Setup, Changes or Cancellation (required)

| | | | |
|------------------|--|----------------------|--------------|
| SECTION 5 | I authorize the Texas Comptroller of Public Accounts to deposit my payments from the state of Texas to my financial institution electronically. I understand that the Texas Comptroller of Public Accounts will reverse any payments made to my account in error. I further understand that the Texas Comptroller of Public Accounts will comply at all times with the National Automated Clearing House Association's rules. (For further information on these rules, please contact your financial institution.) | | |
| | sign here ▶ | Authorized signature | Printed name |

Cancellation by Agency (for state agency use)

| | | |
|--------------|--------|------|
| SEC 6 | Reason | Date |
| | | |

Authorized Signature (for state agency use)

| | | | |
|------------------|--------------------|--------------|---------------|
| SECTION 7 | sign here ▶ | Signature | Date |
| | | Phone number | Agency number |
| | | ext. | |
| | | Agency name | |
| | Comments | | |

Please return your completed form to:

Instructions for Direct Deposit Authorization

You have certain rights under Chapters 552 and 559, Government Code, to review, request and correct information we have on file about you. To request information for review or to request error correction, use the contact information on this form.

Section 1: Transaction Type

Select the appropriate transaction type(s).

Section 2: Payee Identification

Select payee type, provide the Texas Identification Number (TIN), Employer Identification Number (EIN) or Social Security Number (SSN)*, and enter payee contact information.

***Federal Privacy Act Statement**

Disclosure of your Social Security number is required and authorized under law, for the purpose of tax administration and identification of any individual affected by applicable law, 42 U.S.C. sec. 405(c)(2)(C)(i); Texas Govt. Code Sections 403.011, 403.056, and 403.078. Release of information on this form in response to a public information request will be governed by the Public Information Act, Chapter 552, Government Code, and applicable federal law.

Section 3: Financial Institution

Completion by financial institution is recommended.

Important: Your direct deposit account information may be different from the account information printed on your checks. It is recommended that you contact your financial institution to confirm your direct deposit account information.

Prenote Test:

A prenote test will be sent to your financial institution for the account information provided. The prenote test is for a period of six banking days, and it is sent to your financial institution to verify your account information. If no further action is required by your financial institution, your direct deposit instructions will become effective when the six banking day prenote time frame has expired.

Section 4: International Payments Verification

Check "YES" or "NO" to indicate if direct deposit payments to the account information designated in Section 3 of this form will be forwarded to a financial institution outside the United States. If "YES," also complete the ACH (Direct Deposit) Payment Destination Confirmation (Form 74-227).

Section 5: Authorization for Setup, Changes or Cancellation

Must be completed in its entirety, and no alterations to the authorization language will be accepted.

For State Agency Use

Section 6: Cancellation by Agency

Provide reason for cancellation request.

Section 7: Authorized Signature

For state agency use only.

For Comptroller's use only

TEXAS APPLICATION FOR PAYEE IDENTIFICATION NUMBER

• Shaded areas for state agency use only • See instructions on back

1. Is this a new account? YES Mail Code 000 NO Enter Mail Code _____ Agency number _____
 Complete Sections I - V Complete Sections I, II & V

SECTION I

2. **PAYEE IDENTIFICATION NUMBER (PIN)** - Indicate the type of number you are providing to be used for your PIN.
 1 - Federal Employer's Identification (FEI) Number
 2 - Social Security Number (SSN) Enter the number indicated _____
 3 - Comptroller's assigned number

3. Are you currently reporting any Texas tax to the Comptroller's Office other than unemployment (e.g., sales tax, franchise tax) ?
 YES NO If "YES," enter Texas Taxpayer Number _____

SECTION II

PAYEE INFORMATION (Please print or type)

4. Name of payee (individual or business to be paid) _____

5. Mailing address where you want to receive payments _____

6. (Optional) _____

7. (Optional) _____

8. (Optional) _____

9. City _____ State _____ ZIP Code _____ Zone Code _____

10. SIC Code _____ Security Type Code (0, 1, 2) Payee telephone number (Area code and number) _____ / _____ - _____

SECTION III

11. **OWNERSHIP CODES** - Check only one code by the appropriate ownership type that applies to you or your business.

I - Individual Recipient (not owning a business)
 E - State Employee If checked, enter employing agency number _____
 S - Sole Ownership (Individual owning a business) If checked, enter the owner's name and Social Security Number (SSN)
 Owner's name _____
 SSN _____

P - Partnership If checked, enter two partner's names and Social Security Numbers (SSN). If a partner is a corporation, use the corporation's Federal Employer's Identification (FEI) Number.
 SSN/FEI _____
 Name _____
 SSN/FEI _____
 Name _____
 Type of service provided _____

J - Joint Venture
 L - Limited Partnership If checked, enter the Texas File Number _____
 T - Texas Corporation If checked, enter the Texas Charter Number _____
 A - Professional Association If checked, enter the Texas Charter Number _____
 C - Professional Corporation If checked, enter the Texas Charter Number _____
 O - Out-of-State Corporation
 G - Governmental Entity
 U - State agency / University
 F - Financial Institution
 R - Foreign (out of U.S.A.)

N - Other If checked, explain _____

SECTION IV

12. Payment Assignment? YES NO Note: A copy of the assignment agreement between payees must be attached.
 Assignee name _____
 Assignee PIN _____ Assignment date _____ / _____ / _____

SECTION V

13. Comments _____

14. **sign here** Authorized signature (Applicant or authorized agent) _____ Date _____

Agency name _____ Prepared by _____ Phone (Area code and number) _____

15. _____

TEXAS APPLICATION FOR PAYEE IDENTIFICATION NUMBER



CAROLE KEETON STRAYHORN • TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

Claims Division
Austin, Texas 78774-0100

WHO MUST SUBMIT THIS APPLICATION -

This application must be submitted by every person (sole owner, individual recipient, partnership, corporation or other organization) who intends to bill agencies of the state government for goods, services provided, refunds, public assistance, etc. The Payee Identification Number (PIN) will be required on all maintenance submitted by state agencies. The use of this number on all billings will reduce the time required to process billings to the State of Texas.

NOTE: To expedite processing of this application, please return the completed application to the state agency with which you are conducting business. It is not necessary for the payee to sign or complete this form. The state agency representative may complete the form for the payee.

FOR ASSISTANCE -

For assistance in completing this application, please call the State Comptroller's Office at 1-800-531-5441, extension 3-3660, toll free nationwide. The Austin number is 512-463-3660. (From a Telecommunication Device for the Deaf (TDD) ONLY call 1-800-248-4099 toll free. The Austin number is 512-463-4621.)

NOTICE TO STATE AGENCIES -

When this form is used to set up additional mail codes, Sections I, II and V must be completed. State agencies may refer to the Texas Payee Information System Guide for additional information.

GENERAL INSTRUCTIONS -

- Please write only in white areas. (Shaded areas are for state agency use only.)
- Do not use dashes when entering Social Security, Federal Employer's Identification (FEI) or Comptroller's assigned numbers.
- Disclosure of your Social Security Number is required. This disclosure requirement has been adopted under the Federal Privacy Act of 1974 (5 U.S.C.A. sec. 552a(note)(West 1977), the Tax Reform Act of 1976 (42 U.S.C.A. sec. 405(c)(2)(C) (West 1992), and TEX. GOV'T. CODE ANN. sec. 403.055 (Vernon Supp. 1992). Your Social Security Number will be used to help the Comptroller of Public Accounts administer the state's tax laws and for other purposes. See Op Tex. Att'y Gen. No. H-1255(1978).

SPECIFIC INSTRUCTIONS -

SECTION I - PAYEE IDENTIFICATION NUMBER

Enter a nine-digit Federal Employer's Identification (FEI) Number issued by the Internal Revenue Service if the business is a partnership or corporation, etc. Enter a nine-digit Social Security Number or the nine-digit Federal Employer's Identification (FEI) Number issued by the Internal Revenue Service if a sole owner. Enter the nine-digit Social Security Number if an individual recipient. The comptroller's assigned number is a number issued by the Texas Comptroller's Office for specialized usage. Please enter only ONE of these numbers and check the type of number entered. If known, enter the Texas Taxpayer Number in item 3.

SECTION II - PAYEE INFORMATION

Items 4 through 9 - Enter the complete name and mailing address where you want payments to be received. Names of individuals must be entered first name first. Each line cannot exceed 50 characters including spaces. If the name is more than 50 characters, continue the name in Item 5 and begin the address in Item 6. Item 9 - Enter the city, state and ZIP code.

SECTION III - OWNERSHIP CODES

Item 11 - Check the box next to the appropriate ownership code and enter additional information as requested. Please check only one box in this section. The Secretary of State's Office may be contacted at 512-463-5555 for information regarding Texas charter or file numbers.

SECTION IV - PAYMENT ASSIGNMENT

Item 12 - Use when one payee is assigning payment to another payee. When setting up an assignment payment, fill out this section completely and include the assignment agreement between the assignee and the assignor.

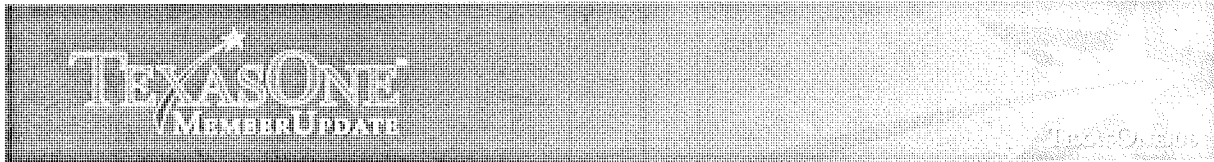
SECTION V - COMMENTS AND IDENTIFICATION

Item 13 - Enter any additional information that may be helpful in processing this application. Items 14 and 15 are for identification purposes. Always complete the identification section, including comments and authorized signature.

Under Ch. 559, Government Code, you are entitled to review, request, and correct information we have on file about you, with limited exceptions in accordance with Ch. 552, Government Code. To request information for review or to request error correction, contact us at the address or toll-free number listed on this form.

Emily Clodfelter

From: Romina Black [romina@texasone.us]
Sent: Wednesday, July 10, 2013 1:01 PM
To: Emily Clodfelter
Subject: TexasOne MemberUpdate - June 2013



Announcements...

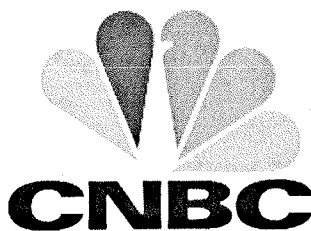


In June, TexasOne launched a marketing & advertising campaign, which included television and radio spots in the Connecticut and New York regions. As a follow up to the successful campaigns, Governor Perry and the TexasOne team traveled to both Hartford, CT and New York, NY to meet with companies and consultants who had expressed interest in Texas.

To View the Campaign [Click Here!](#)



Member News...



Gov. Perry Announces TEF Investment in Houston

Gov. Rick Perry announced Chevron will expand its Houston facilities, creating 1,752 jobs and a multi-million dollar capital investment. The state is providing \$12 million through the Texas Enterprise Fund to close the deal on this expansion and job creation. Execution of the state's agreement is contingent upon finalization of a local incentive offer as required by program criteria.

Exxon Commits \$500,000 for Workforce Training in Houston

ExxonMobil plans to help Houston's leading community colleges in preparing thousands of local residents for jobs in the local chemical manufacturing industry by funding a \$500,000 workforce training program. This funding will build on the Lee College ExxonMobil Process Technology Program and will take place over the next five years benefitting roughly 50,000 students and educators. If this develops fully we could see about 10,000 construction jobs and 350 permanent jobs be created. This would, of course, be added to the company's already 6,000 strong working in the Baytown area.

Kohl's Brings Customer Service Operations Center to Dallas
Kohl's Department Stores is planning to open a customer



service operations center in north Dallas with the help of the state's investment of roughly \$864,000 through the Texas Enterprise Fund, which was announced by Governor Rick Perry June 14th. As a result, Kohl's is committed to creating 144 jobs and \$54.9 million in capital investment, but anticipates creating more than 1,500 new jobs at the facility.

Texas A&M-Central Texas Announces Solar Energy Partnership

The president of Texas A&M-Central Texas has announced a \$600 million solar energy partnership that could potentially provide thousands of jobs for Central Texas. The new Center for Solar Energy is expecting to break ground within the next six months and will serve as a test site for leading-edge technologies in solar power. When completed, the center will cover up to 800 acres in Bell County and house an advanced renewable power generation system that will power the Texas A&M-Central Texas campus.

Event Recaps...

June

Los Angeles Business Recruitment Mission

Texas Secretary of State John Steen led the TexasOne mission of Tiers 3, 4 and 5 members to Los Angeles for another successful business recruitment mission. The mission included a trip to Angel Stadium of Anaheim to watch the Los Angeles Angels of Anaheim take on the Houston Astros with business leaders and site consultants from California. On Tuesday, members met with representatives from two site consultant firms, and discussed future opportunities within the Lone Star State.

Connecticut Business Recruitment Mission

Texas Governor Rick Perry along with Clint Harp, Director of Business Development in the Governor's Office of Economic Development & Tourism led Tier 1 & 2 members to Hartford, CT. The Governor hosted a private reception at a restaurant in downtown Hartford for members and over 30 prospects, representing more than 21 different Connecticut businesses. The Governor also held private one-on-one meetings with four additional Connecticut companies that are in the process of expansion or relocation in Texas. The mission was incredibly successful, resulting in multiple quality leads and several new projects.

New York Business Recruitment Mission

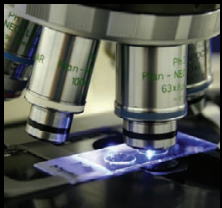
Texas Governor Rick Perry and Texas Workforce Commissioner Hope Andrade led a mission of all TexasOne tiers to New York. The mission began with a welcome dinner for all members at a restaurant in midtown Manhattan. The following morning, Commissioner Andrade kicked off with remarks regarding an update on the Texas Workforce

Commission followed by a Site Selector's Panel. The panel consisted of four leading site location firms including, Greyhill Advisors; KPMG; Ryan, Inc.; & WDG Consulting. The panelists conducted a Q&A session for all members. Topics like workforce talent & training, 'flexibility builds,' sequestration issues, and how Texas compares to other states were discussed. Following the panel all attendees were invited to attend a Business Recruitment Reception hosted by Governor Perry. TexasOne members and over 35 guests representing approximately 30 companies attended the reception, making it the largest reception of its kind that Governor Perry has hosted this year. The reception resulted in a number of quality leads and potential projects from the tristate area. The mission had such wonderful feedback, TexasOne plans to use this format for future missions.

Forward email

 SafeUnsubscribe™

This email was sent to eclodfelter@gov.texas.gov by romina@texasone.us
[Update Profile/Email Address](#) Instant removal with [SafeUnsubscribe™](#) [Privacy Policy](#).
Texas Economic Development Corporation PO Box 12428 Austin TX 78711



The Texas Enterprise Fund (TEF), the largest "deal-closing" fund of its kind in the nation, gives Texas a competitive edge in attracting new businesses to the state and assisting with the expansion of existing businesses that might otherwise opt to expand in another state. The fund is a cash grant used as a financial incentive tool for projects that offer significant projected job creation and capital investment and where a single Texas site is competing with another viable out-of-state option.

Award amounts are determined using an analytical model applied uniformly to each applicant. This model assures the state will see a full return on its investment within the project contract period due to the resulting increase in estimated sales tax revenues. Variations in award amounts are influenced by the number of jobs to be created, the expected time frame for hiring, and the average wages to be paid. In the past, awards have ranged from \$194,000 to \$50 million. The TEF Award Listing to date is available at www.governor.state.tx.us/files/ecodev/TEF_Listing.pdf.

The Legislature created the TEF in 2003 and has re-appropriated funding in every legislative session since then to help ensure the growth of Texas businesses and create more jobs throughout the state. TEF projects must be approved by the governor, lieutenant governor and speaker of the House. The fund has since become one of the state's most competitive tools to recruit and bolster business. To date, the TEF has invested more than \$487 million and closed the deal on projects generating more than 66,000 new jobs and more than \$17.38 billion in capital investment in the state.

How Do I Apply?

There are several primary measures that every TEF project must meet in order to be considered for an award. Those include but are not limited to the following:

- ★ Competition with another state for the project must exist and the business must not have already made a location decision.
- ★ Projected new job creation must be significant – past recipients have typically created more than 75 jobs in urban areas or more than 25 in rural areas.
- ★ The new positions must be high-paying jobs – above the average wage of the county where the project would be located.
- ★ Capital investment by the company must be significant.
- ★ A significant rate of return on the public dollars being invested in the project must be demonstrated.
- ★ The project must have community involvement from the city, county, and/or school district, primarily in the form of local economic incentive offers.
- ★ The applicant must be a well-established, financially sound business.
- ★ The applicant's business sector must be an advanced industry that could potentially locate in another state or country.
- ★ The Governor, Lieutenant Governor, and the Speaker of the House must unanimously agree to support the use of the TEF for each specific project.

Each applicant undergoes a thorough 11-step due diligence process. Corporate activity, financial standing, tax status, legal issues, credit ratings, and estimated economic impacts, as well as the business climates of competition locations are assessed for each project and taken into consideration for all award decisions.

For more information visit TexasWideOpenForBusiness.com



Sec. 481.078. TEXAS ENTERPRISE FUND. (a) The Texas Enterprise Fund is a dedicated account in the general revenue fund.

(b) The following amounts shall be deposited in the fund:

(1) any amounts appropriated by the legislature for the fund for purposes described by this section;

(2) interest earned on the investment of money in the fund; and

(3) gifts, grants, and other donations received for the fund.

(c) Except as provided by Subsections (d) and (d-1), the fund may be used only for economic development, infrastructure development, community development, job training programs, and business incentives.

(d) The fund may be temporarily used by the comptroller for cash management purposes.

(d-1) The fund may be used for the Texas homeless housing and services program administered by the Texas Department of Housing and Community Affairs under Section 2306.2585. The governor may transfer appropriations from the fund to the Texas Department of Housing and Community Affairs to fund the Texas homeless housing and services program. Subsections (e-1), (f), (f-1), (f-2), (g), (h), (h-1), (i), and (j) and Section 481.080 do not apply to a grant awarded for a purpose specified by this subsection.

(e) The administration of the fund is considered to be a trusted program within the office of the governor. The governor may negotiate on behalf of the state regarding awarding, by grant, money appropriated from the fund. The governor may award money appropriated from the fund only with the prior approval of the lieutenant governor and speaker of the house of representatives. For purposes of this subsection, an award of money appropriated from the fund is considered disapproved by the lieutenant governor or speaker of the house of representatives if that officer does not approve the proposal to award the grant before the 91st day after the date of receipt

of the proposal from the governor. The lieutenant governor or the speaker of the house of representatives may extend the review deadline applicable to that officer for an additional 14 days by submitting a written notice to that effect to the governor before the expiration of the initial review period.

(e-1) To be eligible to receive a grant under this section, the entity must:

(1) be in good standing under the laws of the state in which the entity was formed or organized, as evidenced by a certificate issued by the secretary of state or the state official having custody of the records pertaining to entities or other organizations formed under the laws of that state; and

(2) owe no delinquent taxes to a taxing unit of this state.

(f) Before awarding a grant under this section, the governor shall enter into a written agreement with the entity to be awarded the grant money specifying that:

(1) if the governor finds that the grant recipient has not met each of the performance targets specified in the agreement as of a date certain provided in the agreement:

(A) the recipient shall repay the grant and any related interest to the state at the agreed rate and on the agreed terms;

(B) the governor will not distribute to the recipient any grant money that remains to be awarded under the agreement; and

(C) the governor may assess specified penalties for noncompliance against the recipient;

(2) if all or any portion of the amount of the grant is used to build a capital improvement, the state may:

(A) retain a lien or other interest in the capital improvement in proportion to the percentage of the grant amount used to pay for the capital improvement; and

(B) require the recipient of the grant, if the capital improvement is sold, to:

(i) repay to the state the grant money used to pay for the capital improvement, with interest at the rate and according to the other terms provided by the agreement; and

(ii) share with the state a proportionate amount of any profit realized from the sale; and

(3) if, as of a date certain provided in the agreement, the grant recipient has not used grant money awarded under this section for the purposes for which the grant was intended, the recipient shall repay that amount and any related interest to the state at the agreed rate and on the agreed terms.

(f-1) A grant agreement must contain a provision:

(1) requiring the creation of a minimum number of jobs in this state; and

(2) specifying the date by which the recipient intends to create those jobs.

(f-2) A grant agreement must contain a provision providing that if the recipient does not meet job creation performance targets as of the dates specified in the agreement, the recipient shall repay the grant in accordance with Subsection (j).

(g) The grant agreement may include a provision providing that a reasonable percentage of the total amount of the grant will be withheld until specified performance targets are met by the entity as of the date described by Subsection (f)(1).

(h) The governor, after consultation with the speaker of the house of representatives and the lieutenant governor, shall determine:

(1) the performance targets and date required to be contained in the grant agreement as provided by Subsection (f)(1); and

(2) if the grant agreement includes the provision authorized by Subsection (g), the percentage of grant money required to be withheld.

(h-1) At least 14 days before the date the governor intends to amend a grant agreement, the governor shall notify

and provide a copy of the proposed amendment to the speaker of the house of representatives and the lieutenant governor.

(i) An entity entering into a grant agreement under this section shall submit to the governor, lieutenant governor, and speaker of the house of representatives an annual progress report containing the information compiled during the previous calendar year regarding the attainment of each of the performance targets specified in the agreement.

(j) Repayment of a grant under Subsection (f)(1)(A) shall be prorated to reflect a partial attainment of job creation performance targets, and may be prorated for a partial attainment of other performance targets.

(k) To encourage the development and location of small businesses in this state, the governor shall consider making grants from the fund:

(1) to recipients that are small businesses in this state that commit to using the grants to create additional jobs;

(2) to recipients that are small businesses from outside the state that commit to relocate to this state; or

(3) for individual projects that create 100 or fewer additional jobs.

(l) For purposes of Subsection (k), "small business" means a legal entity, including a corporation, partnership, or sole proprietorship, that:

(1) is formed for the purpose of making a profit;

(2) is independently owned and operated; and

(3) has fewer than 100 employees.

(m) Notwithstanding Subsections (e) and (e-1), during the state fiscal biennium that begins on September 1, 2011, the governor may transfer appropriated money from the fund to the Texas Workforce Commission to fund the Texas Back to Work Program established under Chapter 314, Labor Code. This subsection expires September 1, 2013.

Added by Acts 2003, 78th Leg., ch. 978, Sec. 2, eff. Sept. 1, 2003.

Amended by:

Acts 2005, 79th Leg., Ch. [602](#), Sec. 1, eff. September 1, 2005.

Acts 2009, 81st Leg., R.S., Ch. [1254](#), Sec. 2, eff. June 19, 2009.

Acts 2011, 82nd Leg., R.S., Ch. [1297](#), Sec. 1, eff. September 1, 2011.

Acts 2011, 82nd Leg., 1st C.S., Ch. [4](#), Sec. 35.01, eff. September 28, 2011.

Acts 2011, 82nd Leg., 1st C.S., Ch. [4](#), Sec. 43.01, eff. September 28, 2011.

For Office of the Governor Use Only

Project: _____

Community: _____

Date: _____

Application Fee Enclosed



Texas Enterprise Fund Application

Office of the Governor



OFFICE OF THE GOVERNOR

RICK PERRY
GOVERNOR

Texas Enterprise Fund

"The Texas Enterprise Fund continues to be the most successful deal-closing fund in the nation, creating new jobs for Texans, benefits to the local economy and is yet another sign that Texas remains one of the world's premiere places to do business."--Governor Rick Perry

Governor Rick Perry has made job creation and economic development a cornerstone of his administration, creating one of the best business climates in the nation. Month after month, the Lone Star State tops business rankings for business climate, job growth, and growing communities. Texas is a leading state for Fortune 500 and 1000 corporate headquarters and grew its exports by 21 percent in 2011 to remain the No. 1 exporting state in the country for the 10th year in a row. It's no wonder Texas was named by *Forbes* as the "Best State for Jobs" and is also ranked as the No. 1 state on *Forbes* list for growth prospects and economic climate.

At the Governor's request, and with the support of the Lieutenant Governor and Speaker of the House, the Texas Legislature established the Texas Enterprise Fund in 2003. Since that time the state has been able to respond quickly and aggressively to opportunities to bring well over 60,000 jobs to Texas.

The Texas Enterprise Fund provides the state's leaders with a "deal closing fund" that has the flexibility and financial resources to help strengthen the state's economy. The fund can be used for a variety of economic development projects including infrastructure development, community development, job training programs and business incentives. Before funds can be awarded, the Governor, Lieutenant Governor and Speaker must unanimously agree to support the use of the Texas Enterprise Fund for each specific project.

The Texas Enterprise Fund is used primarily to attract new business to the state or assist with the substantial expansion of an existing business as part of a competitive recruitment situation. State leadership also will be able to use Enterprise funds to leverage other resources for an economic development project.

To be eligible for Texas Enterprise Fund support, a project must demonstrate a significant return on the state's investment and strong local support. The review process will consider a variety of factors associated with each project, including job creation and wages, capital investment, the financial strength of the applicant, the applicant's business history, analysis of the relevant business sector, and public and private sector financial support.

If you have a project that can benefit from the Texas Enterprise Fund, an application must be submitted to the Office of the Governor, Economic Development and Tourism division that provides information on how funds are to be utilized and how the proposed project meets the criteria of the program. If a project receives Texas Enterprise Funds, a performance document will be adopted which will include default provisions.

For more information on the Texas Enterprise Fund, contact Texas Business Development at (512) 936-0100 or visit http://governor.state.tx.us/ecodev/financial_resources/texas_enterprise_fund.

INSTRUCTIONS

Submit a completed application to the Office of the Governor. If application is submitted through regular mail, mail the application to Office of the Governor, Attention Financial Services, Post Office Box 12878, Austin, Texas 78711-2878. If through overnight delivery, send to Office of the Governor, Attention Financial Services, 1100 San Jacinto, Austin, Texas 78701. Include all requested information for all sections since any performance documents or State Agreements developed will use details represented in this application. Be accurate and thorough to avoid delays in processing. Where no response is possible, it should be marked N/A. Attachments and additional pages are not required unless specifically requested in the application. Any necessary supplemental information will be requested as a follow-up document. Original signatures must accompany the completed application. Always use the most current application found at <http://governor.state.tx.us/files/ecodev/tefapp.doc>.

CERTIFICATION OF APPLICATION – COMMUNITY

Authorized Community Representative

First Name _____ Last Name _____

Title _____

Organization _____

Street Address _____

Mailing Address _____

City _____ State TX _____ Zip _____ - _____

Phone Number _____ Fax Number _____

Mobile Number _____ Website _____

Email Address _____

To the best of my knowledge and belief, the information contained in this Texas Enterprise Fund Application is true and correct, as evidenced by my signature below.

Signature _____ Date _____

(Community Representative)

INSTRUCTIONS

Submit a completed application to the Office of the Governor. If application is submitted through regular mail, mail the application to Office of the Governor, Attention Financial Services, Post Office Box 12878, Austin, Texas 78711-2878. If through overnight delivery, send to Office of the Governor, Attention Financial Services, 1100 San Jacinto, Austin, Texas 78701. Include all requested information for all sections since any performance documents or State Agreements developed will use details represented in this application. Be accurate and thorough to avoid delays in processing. Where no response is possible, it should be marked N/A. Attachments and additional pages are not required unless specifically requested in the application. Any necessary supplemental information will be requested as a follow-up document. Original signatures must accompany the completed application. Always use the most current application found at <http://governor.state.tx.us/files/ecodev/tefapp.doc>.

CERTIFICATION OF APPLICATION – BUSINESS

Authorized Business Representative (This is the Applicant)

First Name _____ Last Name _____

Title _____

Organization _____

Street Address _____

Mailing Address _____

City _____ State _____ Zip _____ - _____

Phone Number _____ Fax Number _____

Mobile Number _____ Website _____

Email Address _____

The following consultant is authorized to provide and obtain information related to this application. However, the State of Texas reserves the right to contact the applicant business directly at any time.

Consultant Name _____ Phone Number _____

Consultant Email _____

To the best of my knowledge and belief, the information contained in this Texas Enterprise Fund Application is true and correct, as evidenced by my signature below. I further certify that the business entity is in good standing under the laws of the state in which the entity was organized and that no delinquent taxes are owed to any taxing entity within the State of Texas.

Signature _____ Date _____

(Primary Business Representative)

GIVEN under my hand and seal of office this _____ day of _____, _____

Notary Public, State of

(Notary Seal)

My commission expires _____

APPLICATION FEE

Enclosed non-refundable application fee in the amount of \$1,000 payable to Office of the Governor

BUSINESS APPLICANT INFORMATION

1A. Exact legal name of the entity applying to the Texas Enterprise Fund

1B. In addition to the Applicant, list all corporate subsidiaries under which jobs will be reported for this project.

Federal Tax ID number _____ Comptroller of Public Accounts number _____

Corporate credit rating and source _____ Service / product produced _____

Will the Business be required to pay state sales and use tax on equipment? Yes No Undetermined

NAICS Code _____

Exact location of proposed Texas site (address or intersection) _____

APPLICANT BUSINESS STRUCTURE

Is the Applicant registered to do business in Texas with the Texas Secretary of State? Yes No

If "Yes," identify the exact name used by company to register in Texas _____

Structure of Applicant (private, public, LLP, LLC, etc.) _____

Evidence of good standing under the laws of the state in which the business was formed or organized is required. Please attach a certificate issued by the secretary of state or the state official having custody of the records pertaining to entities formed under the laws of that state.

Articles of Incorporation attached Yes No

State of Incorporation: _____

Number of years Applicant company (listed on line 1A above) in business _____

Number of employees worldwide at Applicant company (listed on line 1A above) _____

List any person or entity that has at least 5% ownership in the Applicant company (listed on line 1A above):

| <u>Name</u> | <u>Percent</u> |
|-------------|----------------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

Corporate Family Tree

Please provide the family tree by listing the Applicant's immediate and ultimate parent companies (if applicable), as well as all principal subsidiaries of the applicant with operations in Texas. Use outline structure below as an example.

| |
|--|
| Ultimate Parent: _____ > Immediate Parent: _____ > APPLICANT: _____ > Subsidiary A: _____ > Subsidiary B: _____ > Subsidiary C: _____ |
|--|

Is the Applicant company classified as "Active" by the Texas Comptroller (current on franchise tax obligations)?
 Yes No

Are all currently operating parent and subsidiary entities classified as "Active" by the Texas Comptroller?
 Yes No

If the answer to either question is no, please explain and/or disclose any history of tax-related forfeitures.

Note: To search an entity's Franchise Tax Account Status please visit the website of the Texas Comptroller of Public Accounts (CPA) at <https://ourcpa.cpa.state.tx.us/coa/Index.html>. To resolve any issues regarding a company's status with the Texas CPA, please contact the CPA's Franchise Tax Division at (512) 463-4402.

EXISTING JOBS AT ALL TEXAS LOCATIONS

Please identify all existing locations in Texas, including those of parent, subsidiary, and affiliated companies, as well as the TEF Application project site (if this location has existing jobs). Note that a potential Texas Enterprise Fund agreement may include this baseline employment information.

| <u>Company Unit</u> | <u>City in Texas</u> | <u>Number of Jobs</u> |
|---------------------|----------------------|-----------------------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

Will the new project result in job losses at any existing Texas location? Yes No

If yes, has the affected community been notified? Yes No

BRIEF PROJECT SUMMARY

Provide a brief overview of the project including the physical location of the site and the scope of planned operations (do not attach additional documentation).

PROJECT CHARACTERISTICS (check all that apply)

- | | |
|---|---|
| <input type="checkbox"/> Construct New Facility | <input type="checkbox"/> Expansion from Out of State |
| <input type="checkbox"/> Lease Facility | <input type="checkbox"/> Relocation from Out of State |
| <input type="checkbox"/> Expand Existing Facility | <input type="checkbox"/> Expansion within Texas |
| <input type="checkbox"/> Renovate Existing Facility | <input type="checkbox"/> Relocation within Texas |
| <input type="checkbox"/> New Business/Start-up | <input type="checkbox"/> Consolidation |

Square footage of manufacturing building (if applicable) _____

Investment for pollution control equipment (if applicable) _____

Investment for clean rooms (if applicable) _____

Inventory at project location (if applicable) _____

PROJECTED CAPITAL INVESTMENT Total must match Investment Schedule pg. 8

Land _____
Building(s) _____
Machinery & Equipment _____
Total _____

Working Capital _____
Do not include working capital in calculation to the left.

COMMITTED SOURCES OF FUNDING

Business Participation _____
Financial Institution(s) _____
Local Participation _____ (excluding abatements)
Federal Participation _____
Other _____
Total _____

Provide a brief summary of committed funding in the space below (do not attach additional pages).

PROJECTED DATES & MILESTONES

Begin Construction _____ Begin Hiring New Employees _____
Construction Complete _____ Fully Operational _____
Purchase Machinery & Equipment _____

Is construction on leased property? Yes No
If yes, is it a capitalized lease? Yes No

PERMITS

Pending
 Current
 No Permits Required

Estimated state and local fee related revenue generated by this project _____

List any local, state, or federal permits that will be, or have been acquired, including the corresponding fees paid, issuing agency and the expected date of receipt, if applicable.

JOB CREATION & INVESTMENT SCHEDULE

(Must match Projected Capital Investment on pg.7)

| <u>Year</u> | <u>Existing Jobs on Site</u> | <u>New Jobs</u> | <u>Total Jobs</u> | <u>Land</u> | <u>Building(s)</u> | <u>Machinery & Equipment</u> | <u>Total Investment</u> |
|---------------|------------------------------|----------------------|-------------------|----------------------|----------------------|----------------------------------|-------------------------|
| 2013 | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| TOTALS | | <input type="text"/> | | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |

Note: A breakdown of the types of new full-time jobs to be created by classification, title, and the salary may be requested.

Number of new full-time jobs to be included in State Agreement _____

Estimated annual *median* wage of new jobs to be created _____

Note: The median wage is determined by listing all salaries in ascending order and selecting the value with equal number of salaries above and below its value, or with an average of the two middle values if there is no middle number.

PRIMARY COMPETITION FOR PROJECT (Out of State)

| <u>City</u> | <u>State or Country</u> | <u>Incentive</u> |
|-------------|-------------------------|------------------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

INDUSTRY CLUSTER

If applicable, identify the targeted industry cluster within which this project falls.

- Advanced Technologies and Manufacturing, including four sub-clusters: Nanotechnology and Materials; Micro-electromechanical Systems; Semiconductor Manufacturing; Automotive Manufacturing
- Aerospace, Aviation and Defense
- Biotechnology and Life Sciences, not including medical services
- Information and Computer Technology, including three sub-clusters: Communications Equipment; Computing Equipment and Semiconductors; Information Technology
- Petroleum Refining and Chemical Products
- Energy, including three sub-clusters: Oil and Gas Production; Power Generation and Transmission; Manufactured Energy Systems
- None apply

TEF REQUEST & OTHER STATE ASSISTANCE

Identify state programs that the project will apply for:

| <u>State Source</u> | <u>Amount</u> |
|-------------------------------|---------------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| Texas Enterprise Fund request | _____ |
| Total | _____ |

COMMUNITY TAX RATES & LOCAL INCENTIVE INFORMATION

(Represent tax rates to the 4th decimal per \$100 evaluation)

| | <u>Entity</u> | <u>Tax Rate</u> |
|---|---------------|-----------------|
| Tax Rate City | _____ | _____ |
| Tax Rate County | _____ | _____ |
| Tax Rate School District | _____ | _____ |
| M&O Rate | _____ | _____ |
| Special Tax Districts | _____ | _____ |
| Other Taxing Entities | _____ | _____ |
| Total Combined Local Tax Rate (Include all applicable taxing entities) | | _____ |

County depreciation schedule for personal property (attachment included) Yes No

Will local abatements be offered? Yes No

| Abatement Agreement Details | | | | |
|-----------------------------|-----------------|------------------------------|----------------------|--------------------------------|
| | Real Property % | Business Personal Property % | Term Length in Years | Maximum Amount (if Applicable) |
| City | | | | |
| County | | | | |
| Other Taxing Entity | | | | |

Please use the following text box for additional details regarding the local abatements listed in the table above. Also describe any additional local incentives relating to the project.

AVERAGE WEEKLY WAGE (AWW)

County where Qualified Business is Located _____

Attached County Average Weekly Wage backup (use the most recent four quarters available) Attached Yes No

Four most recent quarters (May or may not all be in same calendar year):

Quarter A _____ Year ____ Quarter _____

Quarter B _____ Year ____ Quarter _____

Quarter C _____ Year ____ Quarter _____

Quarter D _____ Year ____ Quarter _____

TOTAL _____ ÷ 4 = _____
(County AWW)

Calculate the average weekly wage **excluding benefits** in the formula below including only the new jobs represented in this application for state benefit. Please use an Average Annualized Wage achievable in each year of job creation.

_____ ÷ 52 = _____
Avg. Annualized Wage Without Benefits *AWW*

To determine the annual weekly wage of the county, go to the following web site and fill out the data link request.

<http://www.tracer2.com/cgi/dataanalysis/AreaSelection.asp?tableName=Industry>

Section 1: Select **COUNTY**

Section 2: Select the County you are researching e.g. "**ANDERSON**"

Click **CONTINUE**

Section 3: Select year – e.g **2008** (use the most recent four quarters available)

Section 4: Select Time Period – select **ALL**

Click **CONTINUE**

Section 5: Select Industry Code – **NAICS**

Section 6: Select Ownerships – select **ALL**

Section 7: Select Division – select **ALL**

Click **CONTINUE**

Section 8: Select Industries – select **TOTAL, ALL INDUSTRIES**

Section 9: Select Data Series – select **AVG WEEKLY WAGES**

Order by: select **AREA**

VIEW DATA

Does the company offer employee benefits including healthcare? Yes No

If so, what percentage of benefits is paid by the Company? _____

BENEFIT TO THE STATE

Independent Economic Impact Analysis attached (required) Yes No

Independent Economic Impact Analysis prepared by: _____

The analysis must be conducted by a third-party entity not related to the applicant, and must include the following:

A. Total capital investment and employment, with timeline for each

B. Outline of Economic and Fiscal Impacts of:

1. Project construction phase
2. Annual operations for each of the first 10 years of operation

Impacts during construction phase should include:

- Total Expenditure
- Gross State Product impact
- Retail Sales
- Total State Tax Revenue
- Direct, indirect, induced and total peak employment
- Direct, indirect, induced and total payroll

Impacts during *each year* of annual operations should include:

- Total Expenditure
- Gross State Product impact
- Retail Sales
- Total State Tax Revenue
- Direct, indirect, induced and total permanent employment
- Direct, indirect, induced and total payroll

C. Executive Summary of the analysis highlighting the following data items:

1. Gross State product impact during *first year of full employment*
2. Total payroll (including direct, indirect, and induced) during *first year of full employment*
3. Total jobs (including direct, indirect, and induced) during *first year of full employment*

COMPANY FINANCIAL DATA

The Applicant company is asked to provide three consecutive years of financial data in the form of independent, audited financial statements containing, at a minimum, the following categories:

- Current Assets
- Inventories
- Total Assets
- Current Liabilities
- Total Liabilities
- Total Equity
- Net Income
- Revenue
- Cost of Goods Sold
- Current Accounts Receivable

Note: Audited financial statements are required from the Applicant company, as listed on page 4, line 1A of this application. If financial statements are provided from a parent entity, the parent will be required to guarantee any economic development agreement with the State of Texas, should one result from this application.

CONFIDENTIALITY NOTICE

The Office of the Governor, Economic Development and Tourism division, as a state agency, must comply with the Texas Public Information Act (the "Act"). Under the Act the agency may have authority to maintain the confidentiality of the name of and other information related to a company seeking to locate in the state until after the location negotiations are completed. In the event that a public information request related to the company is submitted to the agency, the agency will (i) promptly notify the company of the request, (ii) if appropriate, take all possible and appropriate actions with the Attorney General of Texas to prevent release of the information, including asserting exemptions under the Act (including the Economic Development Negotiations exception of section 552.131 and the Trade Secrets/Commercial Information exception of section 552.110) and (iii) provide the company with full information and opportunity to participate in such process.

The applicants acknowledge that negotiations and information related to this application shall be treated as confidential, and that a full faith effort will be made to prevent the disclosure of any such negotiations. The applicants further agree that they will not disseminate information regarding any subsequent agreement except as directed by the Office of the Governor. Breach of confidentiality regarding this application may be grounds for termination of negotiations.

Checklist and requested attachments:

| | TEF Application Pre-Submission Checklist | Check if Completed |
|----------|---|--------------------|
| A | Certification of Application signed by Community (pg. 2) | |
| B | Certification of Application signed by Company (pg. 3) | |
| C | Articles of Incorporation (include attachment) | |
| D | Applicant company and all currently operating parent or subsidiary entities verified as "Active" with the Texas Comptroller of Public Accounts ¹ | |
| E | Franchise Tax Account Status for Applicant from the Texas Comptroller of Public Accounts (include attachment) | |
| F | Permit Fee Estimates (pg. 8) | |
| G | TEF Amount and Other State Assistance Request (pg. 9) | |
| H | County Depreciation Schedule (include attachment) | |
| I | Average Weekly Wage (include attachment) | |
| J | Economic Impact Analysis (include attachment) | |
| K | Audited Financial Statements for Applicant Company (include attachment) | |

¹To search an entity's Franchise Tax Account Status please visit the website of the Texas Comptroller of Public Accounts (CPA) at <https://ourcpa.cpa.state.tx.us/coa/Index.html>. To resolve any issues regarding a company's status with the Texas CPA, please contact the CPA's Franchise Tax Division at (512) 463-4402.

Aaron Demerson

From: Rich Parsons
Sent: Wednesday, July 17, 2013 3:30 PM
To: Clint Harp; Aaron Demerson; Allison Castle
Cc: Josh Havens; Lucy Nashed
Subject: Fwd: One last clarification

Begin forwarded message:

From: "Morris, Mike S" [REDACTED]
Date: July 17, 2013, 3:27:13 PM CDT
To: Rich Parsons <Rich.Parsons@gov.texas.gov>
Subject: RE: One last clarification

Hi Rich,

Last Chevron question: Did the company state in writing anywhere that it was considering California as an alternate location for the consolidation it's planning in downtown Houston? Because the company is not claiming that, even when we ask them directly whether they were considering moving to or consolidating jobs in California rather than Houston.

Thanks,

Mike Morris
City Hall reporter
Houston Chronicle
713-362-6810 work
713-542-7342 cell
713-354-3163 fax
Twitter: @mmorris011
[REDACTED]

From: Rich Parsons [<mailto:Rich.Parsons@gov.texas.gov>]
Sent: Friday, July 12, 2013 3:05 PM
To: Morris, Mike S
Subject: RE: One last clarification

Mike,

Any time there is a change or deviation from what is initially portrayed to the state in the form of local incentives, a review of the proposed project would be necessary and a decision could be made not to proceed with executing the agreement.

Thanks,
Rich

From: Morris, Mike S [mailto: [REDACTED]]
Sent: Friday, July 12, 2013 1:27 PM
To: Rich Parsons
Subject: One last clarification

If I didn't ask this directly, I also need to confirm that if City Council votes this down, the state TEF award would be withdrawn, as the 'local match requirement' implies.

Thanks,

Mike Morris
City Hall reporter
Houston Chronicle
713-362-6810 work
713-542-7342 cell
713-354-3163 fax
Twitter: @mmorris011
[REDACTED]

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=====

Aaron Demerson

From: Rich Parsons
Sent: Friday, July 12, 2013 3:03 PM
To: 'Morris, Mike S'
Subject: RE: Today's questions

Mike,

Each project is unique, just as each community is unique so the program is set up to provide flexibility. There is no "one-size-fits-all" formula given the scope and requirements of each project can be vastly different, as can the level of participation a local community is capable of, or willing to provide. Projects are finalized once a local community completes its process of determining its level of participation and that participation demonstrates a strong level of support, partnership and investment in the proposed project.

As we discussed, economic incentives, which can take various forms such as tax abatements, cash grants or other proposed incentives. While it's likely there have been proposed projects that did not progress due to an unsatisfactory level of local participation, I was unable to identify any that fell through.

"Location decision" does not refer to site selection as I think you may be reading it. It means for a proposal to be considered, the business must not yet have made a decision whether to locate or expand in Texas or any other state. In other words, the company must not have made a decision in which state to locate. For example, a company may have identified a site somewhere in Texas, and somewhere in another state, but not yet made a decision regarding which site to locate on, thus the states remain in competition for that business.

Thanks,
Rich

From: Morris, Mike S [mailto:████████████████████]
Sent: Friday, July 12, 2013 10:21 AM
To: Rich Parsons
Subject: Today's questions

Hi Rich,

Wanted to follow up and clarify the information I'll need for today's story (questions noted bold).

As we discussed yesterday, I'm looking for **(1)** any detail on what qualifies as a local match under the TEF program and **(2)** if there is anything more specific than the sentence below listed on the TEF website as a program requirement: "The project must have community involvement from the city, county, and/or school district, primarily in the form of local economic incentive offers." As we discussed, **(3)** could Houston say 'Here's \$100' and satisfy the requirement?

Given the wording it also sounds like the "community involvement" could include methods other than economic incentives. I'm curious if there **(4)** are other examples from other TEF deals of what those options might be. Also, I'd like to know **(5)** if any previous TEF deals have fallen through because a local city/county/ISD decided not to participate.

The other item I wanted to check on was this program requirement: "Competition with another state for the project must exist and the business must not have already made a location decision." Chevron announced its intention to buy the land 5 years ago, and has owned the tract for more than a year. **(6)** How did the governor's economic development team determine that the company had not already made a location decision?

Thanks again – and I hope the new job is treating you well.


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Aaron Demerson

From: Clint Harp
Sent: Friday, July 12, 2013 2:53 PM
To: Rich Parsons
Cc: Aaron Demerson
Subject: Re: Today's questions

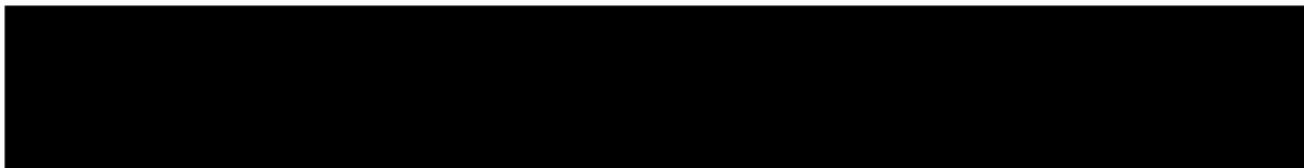
Rich,  Thanks.

Ch

Sent from my iPhone

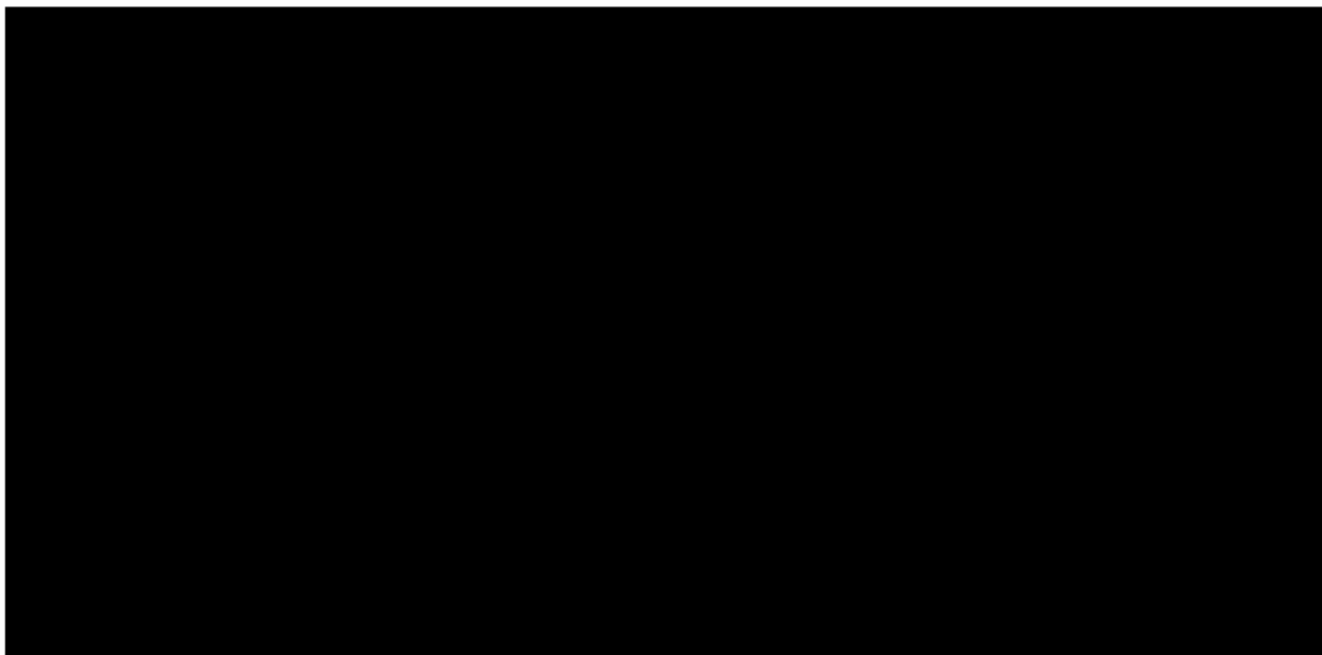
On Jul 12, 2013, at 2:17 PM, "Rich Parsons" <Rich.Parsons@gov.texas.gov> wrote:

Are y'all good with the response below based on the reporter's questions?



From: Rich Parsons
Sent: Friday, July 12, 2013 12:06 PM
To: Aaron Demerson
Cc: Clint Harp; Allison Castle
Subject: RE: Today's questions

Thoughts?

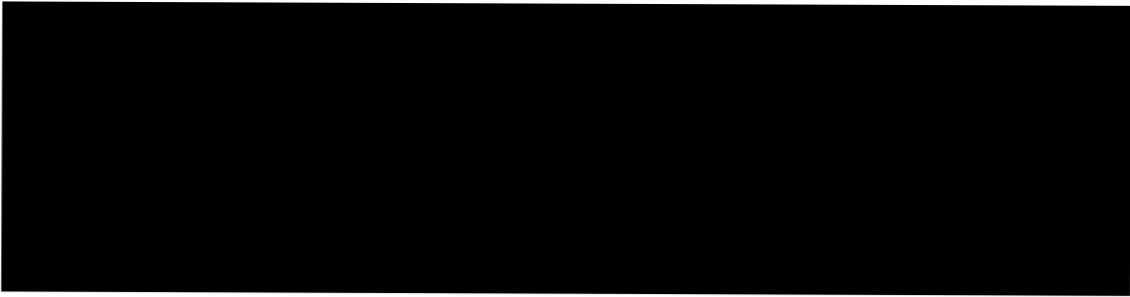



Thanks,
Rich

From: Aaron Demerson
Sent: Friday, July 12, 2013 11:28 AM
To: Rich Parsons
Cc: Clint Harp; Allison Castle
Subject: Re: Today's questions



On Jul 12, 2013, at 10:33 AM, "Rich Parsons" <Rich.Parsons@gov.texas.gov> wrote:



From: Morris, Mike S [<mailto:> 
Sent: Friday, July 12, 2013 10:21 AM
To: Rich Parsons
Subject: Today's questions

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development team determine that the company had not already made a location decision?

Thanks again – and I hope the new job is treating you well.

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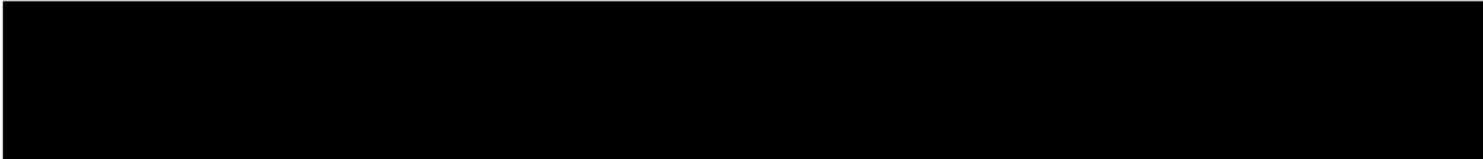
=====

Aaron Demerson

From: Rich Parsons
Sent: Friday, July 12, 2013 2:18 PM
To: Clint Harp; Aaron Demerson
Subject: FW: Today's questions


Importance: High

Are y'all good with the response below based on the reporter's questions?




From: Rich Parsons
Sent: Friday, July 12, 2013 12:06 PM
To: Aaron Demerson
Cc: Clint Harp; Allison Castle
Subject: RE: Today's questions

Thoughts?

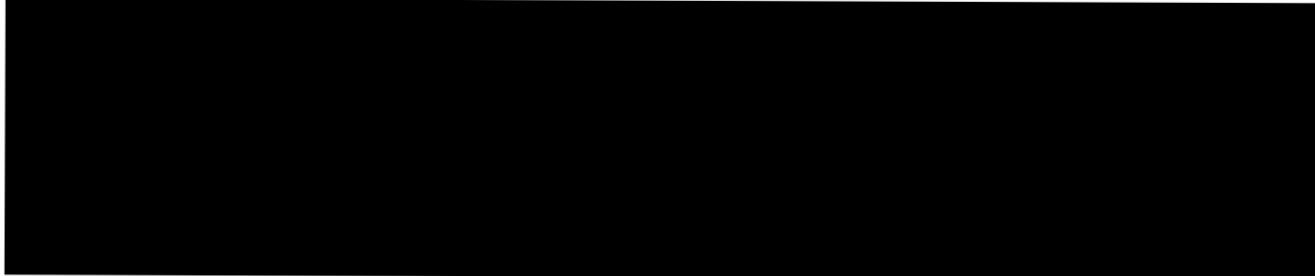


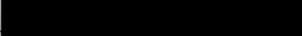
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Thanks again – and I hope the new job is treating you well.

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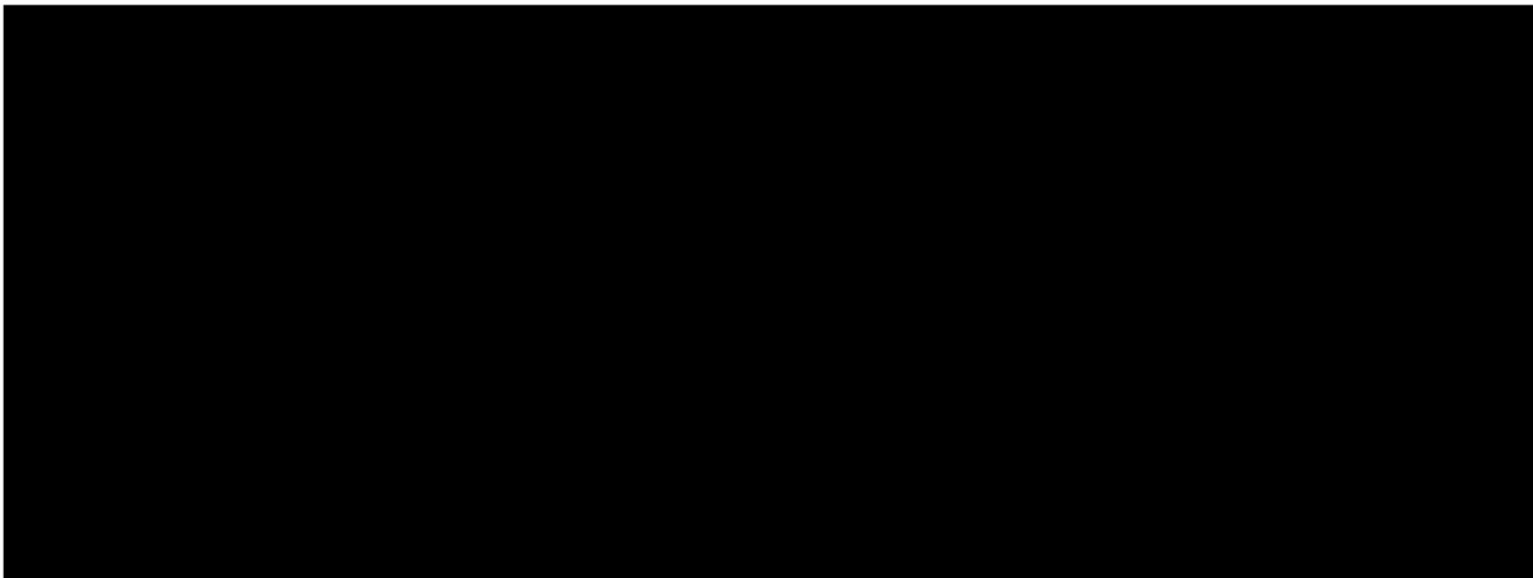
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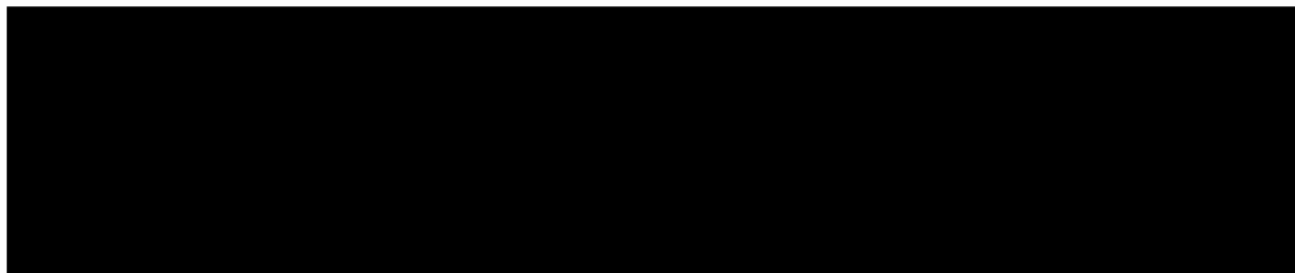


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Aaron Demerson

From: Rich Parsons
Sent: Friday, July 12, 2013 10:34 AM
To: Aaron Demerson; Clint Harp
Cc: Allison Castle
Subject: FW: Today's questions

From: Morris, Mike S [mailto: [REDACTED]]
Sent: Friday, July 12, 2013 10:21 AM
To: Rich Parsons
Subject: Today's questions

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Darlene Lee

From: Nash, Sandra B [Sandra.Nash@chevron.com]
Sent: Monday, July 15, 2013 9:43 AM
To: Darlene Lee
Cc: Parish, Mary A.; Finley, Kenneth (KFIN) (finley.kj81); Morisse, Hank; Pham, Yen T; Tanner, Marie (MarieJ.Tanner); Jesse Broderick
Subject: RE: Required Accounting Forms
Attachments: Scanned from a Xerox multifunction device.pdf

Good morning Darlene. Please find attached the Direct Deposit Form.

Please do not hesitate to call me if you need anything else.

Have a great day!

Sandra Nash
Tax Planning Coordinator
Office of State and Local Tax Counsel
Chevron Services Company
A Division of Chevron U.S.A., Inc.
1400 Smith Street, Ste 06006 (new)
Houston, Texas 77002

Tel: 713-372-1691 (new)
Cell: 713-294-1670

From: Darlene Lee [<mailto:darlene.lee@governor.state.tx.us>]
Sent: Thursday, July 11, 2013 10:45 AM
To: Nash, Sandra B
Cc: Parish, Mary A.; Finley, Kenneth (KFIN) (finley.kj81); Morisse, Hank; Pham, Yen T; Tanner, Marie (MarieJ.Tanner); Jesse Broderick
Subject: RE: Required Accounting Forms

Thank you. I'll hold these forms until I receive the Direct Deposit Form. I have to submit all simultaneously.

Kind regards,
Darlene

From: Nash, Sandra B [<mailto:Sandra.Nash@chevron.com>]
Sent: Thursday, July 11, 2013 10:15 AM
To: Darlene Lee
Cc: Parish, Mary A.; Finley, Kenneth (KFIN) (finley.kj81); Morisse, Hank; Pham, Yen T; Tanner, Marie (MarieJ.Tanner); Jesse Broderick
Subject: Required Accounting Forms

Good morning Darlene! It was nice to talk to you yesterday. I've followed up internally and should be receiving the direct deposit form via email sometime today. I'll email it to you as soon as I receive it. I've attached the other two forms we've completed, the Application Form for Texas Identification Number (Form AP-152) and the Form W-9. Please note that we are using the most current version of the state's Form AP-152 per the state's website.

I'll mail the original forms to the address you provided as soon as I receive the original direct deposit form from our folks in San Ramon.

Please let me know if you'd prefer I overnight them directly to you, and provide a direct address if so.

Thanks so much again and have a wonderful day,

Sandra Nash
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For Comptroller's Use Only

Direct Deposit Authorization

This form may be used by vendors, individual recipients or state employees to receive payments from the state of Texas by direct deposit or to change/cancel existing direct deposit information.

Transaction Type

| | | |
|------------------|--|--|
| SECTION 1 | <input checked="" type="checkbox"/> New setup (Sections 2, 3, 4 and 5 - Section 6 is optional) | <input type="checkbox"/> Change account type (Sections 2, 3, 4 and 5 - Section 6 is optional) |
| | <input type="checkbox"/> Change financial institution (Sections 2, 3, 4 and 5 - Section 6 is optional) | <input type="checkbox"/> Cancellation (Sections 2 and 5 - Sections 7 and 8 for state agency use) |
| | <input type="checkbox"/> Change account number (Sections 2, 3, 4 and 5 - Section 6 is optional) | |

Payee Identification

| | | | |
|------------------|--|--|---|
| SECTION 2 | Payee type <input type="checkbox"/> State employee <input checked="" type="checkbox"/> Vendor or other recipient | <input checked="" type="checkbox"/> Texas Identification Number (TIN) <input type="checkbox"/> Employer Identification Number (EIN) <input type="checkbox"/> Social Security Number (SSN)* | Mail code (If not known, leave blank.) _____ |
| | Payee name Chevron U.S.A., Inc. | Phone number 925-842-1000 ext. _____ | |
| | Mailing address P.O. Box 6028 | City San Ramon | State CA |
| | | ZIP code 94583-0728 | |

Financial Institution (Completion by financial institution is recommended.)

| | | | | |
|------------------|--|--|--|--|
| SECTION 3 | Financial institution name JPMorgan Chase Bank | City New York | State NY | |
| | Routing transit number (9 digits) _____ | Customer account number (maximum 17 characters) _____ | Type of account <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings | |
| | Financial representative name (optional) Kevin Johnson | Title (optional) Associate, Treasury & Securities Services | | |
| | Financial representative signature (optional) | Phone number (optional) 312-954-9240 ext. _____ | Date (optional) 7.11.13 | |

International Payments Verification (required)

| | | | |
|--------------|---|------------------------------|--|
| SEC 4 | Will these payments be forwarded to a financial institution outside the United States?..... If "YES," also complete the ACH (Direct Deposit) Payment Destination Confirmation (Form 74-227). | <input type="checkbox"/> YES | <input checked="" type="checkbox"/> NO |
|--------------|---|------------------------------|--|

Authorization for Setup, Changes or Cancellation (required)

| | | | |
|------------------|--|--|------------------------|
| SECTION 5 | I authorize the Texas Comptroller of Public Accounts to deposit my payments from the state of Texas to my financial institution electronically. I understand that the Texas Comptroller of Public Accounts will reverse any payments made to my account in error. I further understand that the Texas Comptroller of Public Accounts will comply at all times with the National Automated Clearing House Association's rules. (For further information on these rules, please contact your financial institution.) | | |
| | Authorized signature sign here ▶ | Printed name John H. Metzger | Date 7/12/13 |

Cancellation by Agency (for state agency use)

| | | |
|--------------|--------|------|
| SEC 6 | Reason | Date |
|--------------|--------|------|

Authorized Signature (for state agency use)

| | | |
|------------------|--------------------------------|------------------------|
| SECTION 7 | Signature sign here ▶ _____ | Date _____ |
| | Phone number _____ | Agency number _____ |
| | Agency name _____ | |
| | Comments _____ | |

Please return your completed form to:

Application for Texas Identification Number

• See instructions on back

| | | | | |
|--|---|--|---|------------------------------|
| | 1. Is this a new account? | <input type="checkbox"/> YES Mail Code 000 Complete Sections 1 - 5 | <input checked="" type="checkbox"/> NO Enter Mail Code _____ Complete Sections 1, 2 & 5 | Agency number _____ |
| Section 1 | 2. Texas Identification Number (TIN) - Indicate the type of number you are providing to be used for your TIN | <input checked="" type="checkbox"/> 1 - Employer Identification Number (EIN) <input type="checkbox"/> 2 - Social Security number (SSN) Enter the number indicated <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value=""/> <input type="checkbox"/> 3 - Comptroller's assigned number (FOR STATE AGENCY USE ONLY) | | |
| | 3. Are you currently reporting any Texas tax to the Comptroller's office such as sales tax or franchise tax? | <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO If "YES," enter Texas Taxpayer Number <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="2"/> | | |
| Section 2 | Payee Information (Please type or print) | | | |
| | 4. Name of payee (Individual or business to be paid) | Chevron U.S.A., Inc. | | |
| | 5. Mailing address where you want to receive payments | P.O. Box 6028 | | |
| | 6. (Optional) | _____ | | |
| | 7. (Optional) | _____ | | |
| | 8. (Optional) | _____ | | |
| 9. City | State | ZIP Code | | |
| San Ramon | CA | 94583 | 0728 | |
| 10. Payee telephone number (Area code and number) | (925) 842-1000 | SIC code _____ | Security type code (0, 1, 2) _____ | Zone code _____ |
| Section 3 | 11. Ownership Codes - Check only one code by the appropriate ownership type that applies to you or your business. | | | |
| | <input type="checkbox"/> I - Individual Recipient (not owning a business) | <input type="checkbox"/> L - Texas Limited Partnership: If checked, enter the Texas File Number _____ | | |
| | <input type="checkbox"/> S - Sole Ownership (Individual owning a business): If checked, enter the owner's name and Social Security number (SSN) | <input type="checkbox"/> T - Texas Corporation: If checked, enter the Texas File Number _____ | | |
| | Owner's name _____ | <input type="checkbox"/> A - Professional Association: If checked, enter the Texas File Number _____ | | |
| | SSN <input type="text" value="2"/> _____ | <input type="checkbox"/> C - Professional Corporation: If checked, enter the Texas File Number _____ | | |
| | <input type="checkbox"/> P - Partnership: If checked, enter two partner's names and Social Security numbers (SSN). If a partner is a corporation, use the corporation's Employer Identification Number (EIN). | <input type="checkbox"/> O - Out-of-State Corporation | | |
| | Name _____ | <input type="checkbox"/> G - Governmental Entity | | |
| | SSN/EIN _____ | <input type="checkbox"/> U - State agency / University | | |
| | Name _____ | <input type="checkbox"/> F - Financial Institution | | |
| | SSN/EIN _____ | <input type="checkbox"/> R - Foreign (out of U.S.A.) | | |
| <input type="checkbox"/> N - Other: If checked, explain, _____ | | | | |
| Section 4 | 12. Payment Assignment? <input type="checkbox"/> YES <input type="checkbox"/> NO Note: A copy of the assignment agreement between payees must be attached. | | | |
| | Assignee name _____ | Assignee TIN _____ Assignment date _____ | | |
| Section 5 | 13. Comments _____ | | | |
| | 14. sign here | Authorized signature (Applicant or authorized agent) | Date | 7/8/2013 |
| | Agency name | ASST. SECRETARY | Prepared by | Phone (Area code and number) |
| 15. _____ | | | | |

Request for Taxpayer Identification Number and Certification

Give Form to the requester. Do not send to the IRS.

Name (as shown on your income tax return)
Chevron U.S.A., Inc.

Business name/disregarded entity name, if different from above

Check appropriate box for federal tax classification:
 Individual/sole proprietor C Corporation S Corporation Partnership Trust/estate

Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶

Other (see instructions) ▶

Address (number, street, and apt. or suite no.)
P.O. Box 6028

City, state, and ZIP code
San Ramon, CA 94583-0728

List account number(s) here (optional)

Requester's name and address (optional)

Print or type
See Specific Instructions on page 2.

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

| Social security number | | | | | | | | | |
|------------------------|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | |

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

| Employer identification number | | | | | | | | | |
|--------------------------------|---|---|---|---|---|---|---|---|---|
| 2 | 5 | - | 0 | 5 | 2 | 7 | 9 | 2 | 5 |

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

| | | | | |
|------------------|----------------------------|------------------------|--------|----------|
| Sign Here | Signature of U.S. person ▶ | ASST. SECRETARY | Date ▶ | 7/8/2013 |
|------------------|----------------------------|------------------------|--------|----------|

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued).
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

Christopher Sterner

From: Scott Smith
Sent: Tuesday, June 25, 2013 2:03 PM
To: Eric Clennon
Cc: Clint Harp; Vera Puente; Larry McManus
Subject: Re: Project Heat

Isn't Chevron 1,700 jobs at \$110K per? How soon you forget!

Scott Smith
(512)936-0278 o
[REDACTED] m
ssmith@gov.texas.gov

On Jun 25, 2013, at 1:42 PM, "Eric Clennon" <eric.clennon@governor.state.tx.us> wrote:

> 1,000 jobs at \$90K average... Is that right? I've never seen a head count that big with
> such a high wage point.

>
>
>

> On Jun 25, 2013, at 12:32 PM, "Clint Harp" <clint.harp@governor.state.tx.us> wrote:

>
>>

>> <Project Heat - TEF Application - 6-17-13 v3.pdf>

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