

STATE OF TEXAS §
 §
 COUNTY OF FORT BEND §

**TAX ABATEMENT AGREEMENT BETWEEN
 FORT BEND COUNTY AND
 SCHLUMBERGER TECHNOLOGY CORPORATION AND
 SCHLUMBERGER LIMITED (SCHLUMBERGER N.V.)**

This Tax Abatement Agreement, hereinafter referred to as "Agreement," is executed by and between **FORT BEND COUNTY, TEXAS**, hereinafter referred to as "County," acting by and through its Commissioners' Court and **SCHLUMBERGER TECHNOLOGY CORPORATION**, a Texas corporation, as Owner of the Real Property subject to this Agreement (hereinafter referred to as "Owner"); and **SCHLUMBERGER LIMITED** (Schlumberger N.V.), a foreign corporation as Lessee of a portion of the Real Property subject to this Agreement (hereinafter referred to as "Lessee").

1. Authorization

- a. This Agreement is authorized by the Property Redevelopment and Tax Abatement Act, Chapter 312 of the Texas Tax Code as it exists on the effective date of this Agreement, and;
- b. The Guidelines and Criteria for Granting Tax Abatement in Reinvestment Zones created by Fort Bend County, Texas, were approved by the County's Commissioners Court on February 24, 2015. County has determined that the request for Tax Abatement presented by Owner and Lessee conforms to the criteria established in the Guidelines for Tax Abatement.
- c. No official of County has an interest in the property subject to this Agreement.

2. Definitions

As used in this Agreement, the following terms shall have the meanings set forth below:

- a. "Abatement" means the full or partial exemption from ad valorem taxes of certain property in the City of Sugar Land Reinvestment Zone No. 2015-02, designated for economic development purposes.
- b. "Affiliate" means any other Person directly or indirectly controlling, directly or indirectly controlled by or under direct or indirect common control with such Person. As used in this definition the term "control," "controlling," or "controlled by" means the possession, directly or indirectly, of the power to (a) vote fifty percent (50%) or more of the securities or interests having ordinary voting power for the election of directors (or other comparable controlling body) of such Person or (b) direct or cause the direction of management or policies of such Person, whether through the ownership of voting securities or interests, by contract or otherwise, excluding in each case, any lender of such Person or any Affiliate of such lender.
- c. "Certified Appraised Value or Value" means the value certified as of January 1 of each year of this Agreement regarding the property within City of Sugar Land Reinvestment Zone No. 2015-02 by the FBCAD.

- d. "Class A Office Space" means office space that upon completion of its construction meets a very high quality standard, has state-of-the-art facilities, is serviced by other amenities, and is constructed, at a minimum, according to the building finish standards that apply in the City of Sugar Land's B-2 (General Business) zoning district.
- e. "Company," collectively, means Schlumberger Limited and Schlumberger Technology Corporation.
- f. "County" means the County of Fort Bend, Texas.
- g. "Employee" means a person who:
 - i. Is an employee or contract employee of the Company or an Affiliate or Subsidiary of the Company employed on the Land at the Improvements and paid directly, or in the case of a contract employee paid directly or indirectly, by the Company or an Affiliate or Subsidiary of the Company; and
 - ii. Was not an employee of the Company or an Affiliate or Subsidiary of the Company working within the City as of the date on which this Agreement was executed; and
 - iii. Regularly works at least 35 hours per week, excluding time taken for holidays, vacations, sick leave, or other regular leave.
- h. "FBCAD" means Fort Bend Central Appraisal District.
- i. "Eligible Property" means the property that will be subject to abatement under this Agreement. For purposes of this Agreement only, eligible property shall only refer to Improvements, which is defined below.
- j. "Improvements" means buildings located on the Land to be used as the national headquarters for the Owner and Lessee to provide administrative and management services in connection with the business operations of the Owner and Lessee, and constructed, at a minimum, according to the building finish standards that apply in the City of Sugar Land's B-2 (General Business) zoning district and containing approximately 250,000 square feet of Class A Office Space, 110,000 square feet of space for an amenities building, and any sidewalks, parking lots outdoor lighting, landscaping, and other improvements to serve the buildings, all as shown in Exhibit D, attached to and incorporated into this Agreement by reference. "Improvements" does not include the existing building on the Land known as "The Forum," which will be demolished as part of the project to construct the Improvements.
- k. "Ineligible Property" means real property, existing improvements, tangible personal property that the FBCAD classifies as inventory or supplies, real property used primarily to provide retail sales or services to the public, real property used for residential purposes, tangible personal property classified as furnishings, tangible personal property located in the reinvestment zone prior to the execution date of this Agreement, real property with a productive life of less than 10 years, or any other property for which abatement is not allowed by Section 312 of the Texas Property Tax Code or is specifically excluded under the other provisions of this Agreement.
- l. "Lessee" means Schlumberger Limited (Schlumberger N.V.), a foreign corporation, known as Schlumberger Limited in the State of Texas.
- m. "Owner" means Schlumberger Technology Corporation, the person or entity that owns the real property as of the date on which this Agreement is executed and as

of the date taxes are abated under this Agreement or any other person or entity to which this Agreement is assigned in accordance with this Agreement.

- n. "Personal Property" means any property classified as tangible personal property by the FBCAD, other than inventory or supplies, that is located within the building(s) to be constructed as part of the Improvements.
- o. "Real Property" or "Land" means the land described in Ordinance No. 2026, which created Sugar Land Reinvestment Zone No. 2015-02 and identified in in Exhibit "B" attached hereto and incorporated herein for all purposes.
- p. "Subsidiary" means, for any Person, any corporation, partnership or other entity of which at least a majority of the securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions of such corporation, partnership or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, partnership or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such Person, one or more Subsidiaries of such Person, or by such Person and one or more Subsidiaries of such Person.

3. Subject Property

- a. The City of Sugar Land Reinvestment Zone No. 2015-02 is an area located in Fort Bend County, Texas, being legally described in Exhibit A attached hereto and incorporated herein for all purposes.
- b. The FBCAD has established the base year values for the subject property as of January 1, 2015.

4. Responsibility of Owner and Lessee

In consideration of receiving the tax abatement granted herein, Owner and Lessee: represent and agree:

- a. That construction of the Improvements shall be completed on or before December 31, 2017.
- b. In the event that the Owner is unable, for any reason, to complete the proposed Improvements by December 31, 2017, as set forth by Section 4.a of this Agreement, the Owner may request in writing up to two (2) one-year extensions to comply with all remaining obligations of Section 4 to complete construction of the Improvements by December 31, 2018 for the first one-year extension or by December 31, 2019, for the second one-year extension. The Owner must submit the first extension notification to the County by November 30, 2017 or by November 30, 2018 for the second extension. If the Owner elects to provide the County written notification for an extension(s), the County agrees and acknowledges that all other obligations of Owner and Lessee in this Agreement are postponed and extended by one calendar year. If the completion of construction of the Improvements is extended under this paragraph, Owner and Lessee may elect to begin the abatement years on January 1 following such extended construction completion date; provided, however, that the total adjusted abatement period shall not exceed 10 years.
- c. That Owner, within sixty (60) days after completion of the Improvements, shall provide the County's Tax Assessor/Collector a certified statement evidencing that

Owner and/or Lessee, in the aggregate, have incurred a minimum of \$240,000,000 in Personal Property and project costs with respect to the design and construction of the Improvements.

- d. That Owner shall provide the County's Tax Assessor/Collector with a copy of the Certificate of Occupancy for the Improvements and Personal Property by the later of December 31, 2017 or the extension date as described in Section 4.b of the Agreement. Owner's failure to present a copy of the Certificate of Occupancy to County may result in a forfeiture of the tax abatement for the tax year.
- e. That the Certified Appraised Value of the Improvements and Personal Property must not be less than \$100,000,000 on each and every January 1 during the term of this Agreement. Owner may from time to time during the term of this Agreement install additional improvements, and modify, remove or replace improvements as Owner may determine in their discretion. Failure to meet the requirements of this section will result in the reduction of the tax abatement for the year this requirement was not satisfied.
 - i. If the sum of the Value of the Improvements and Personal Property is less than \$100,000,000 on January 1 of any year subject to the tax abatement, the property tax abatement on the Value of the Improvements for such year will be reduced as provided in this Section.
 - ii. If the property tax abatement reduction applies in any of the years as provided in this Agreement, the property tax abatement on the Improvements is reduced by a percentage equal to $\frac{\$100,000,000 - (\text{Value of the Improvements} + \text{Value of Personal Property})}{\$100,000,000} \times 100\%$ = percentage reduction.
 - iii. An example of the percentage reduction is as follows: If on January 1, 2018, the combined value of the personal property and improvements was \$80,000,000, the calculation would be $\frac{(\$100,000,000 - \$80,000,000)}{\$100,000,000} \times 100 = 20\%$. For 2018, the property tax abatement for the Improvements would be reduced by 20% from 100% to 80%.
- f. Lessee agrees to meet the following employee requirements. These requirement time periods shall be extended only in accordance to Section 4.b of the Agreement:

| Time Period | Number of Employees Required |
|--|---|
| Beginning January 1, 2018, and ending December 31, 2018 | At least 260 Employees employed at the Improvements |
| Beginning January 1, 2019, and ending December 31, 2019 | At least 390 Employees employed at the Improvements |
| Beginning January 1, 2020, and ending December 31, 2027, | At least 517 Employees employed at the Improvements |

- g. The above referenced requirement time periods may be extended only in accordance with Section 4.b of the Agreement.
 - h. Lessee shall annually furnish County with only those payroll records allowed by law and necessary for County to confirm Lessee's compliance with this Agreement (e.g. number of employees is appropriate; payroll dollars, taxes, benefits, and bonuses are not appropriate).
 - i. If for any year of this Agreement, the actual number of Employees is less than the required number of Employees applicable for that year under this Agreement, County may not declare an event of default so long as the actual number of Employees is at least 65% of the required number of Employees, but the tax abatement provided in this Agreement will be reduced in the same percentage as the percentage decrease in the actual number of Employees from the number required. The average number of Employees maintained in the year will be used for the percentage calculation. For example, if the average number of Employees is 400 in 2020, the percentage decrease in the actual number of Employees below the number required would be 23% $[(517-400) / 517] \times 100 = 23\%$. The percentage of the tax abatement granted in 2020 under this Agreement on Improvements and Personal Property would be decreased by the same percentage $(100\% - 23\% = 77\%)$. This paragraph survives termination or expiration of this Agreement.
 - j. That Owner or Lessee will continue to participate in the continuing economic development process in Fort Bend County by maintaining its current Trustee Membership (\$6,000/yr. dues) in the Greater Fort Bend Economic Development Council for a minimum period coinciding with the term of this Agreement.
 - k. OWNER and Lessee SHALL BE RESPONSIBLE FOR NOTIFYING THE FBCAD OF THE ABATEMENT, INCLUDING FILING WITH THE FBCAD ANY APPLICATION OR OTHER FORMS NECESSARY TO QUALIFY FOR OR RECEIVE THE ABATEMENT GRANTED.
 - l. OWNER SHALL BE RESPONSIBLE FOR REQUESTING AN ASSIGNMENT OF THIS AGREEMENT IN THE EVENT THE REAL PROPERTY THE SUBJECT OF THIS AGREEMENT IS SOLD, TRANSFERRED OR ASSIGNED. EXCEPT AS OTHERWISE PROVIDED HEREIN, ANY ASSIGNMENT IS NOT EFFECTIVE UNTIL APPROVED IN WRITING BY COUNTY.
 - m. That Owner and Lessee have, as of the effective date of this Agreement, the financial resources to implement the above representations.
 - n. That Owner and Lessee shall ensure that taxes on all property owed in Fort Bend County are current. Delinquent taxes for any Fort Bend County Property is a default of Owner's obligations and will be grounds for termination regardless of whether the delinquent property is subject to an abatement.
5. **Value and Term of Abatement:**
- a. This Agreement shall be effective on the date executed by County and shall terminate (unless earlier terminated in accordance with the terms hereof) on December 31, 2027 unless otherwise extended per Section 4.b of the Agreement.
 - b. In each year that this Agreement is in effect, the amount of abatement shall be an amount equal to the percentage indicated below of the taxes assessed upon the Improvements.

- c. Subject to the limitations imposed by law and conditioned upon the representations outlined in Section 4 herein above, there shall be granted and allowed hereunder a property tax abatement for the following years and in the following amounts on the value of the Improvements:

| Tax Year | Percentage Abatement |
|-----------------|-----------------------------|
| 2018 | 100% |
| 2019 | 100% |
| 2020 | 100% |
| 2021 | 100% |
| 2022 | 100% |
| 2023 | 100% |
| 2024 | 100% |
| 2025 | 100% |
| 2026 | 100% |
| 2027 | 100% |

- i. The abatement granted shall not apply to the value of the Real Property, increases in the value of the Real Property, Ineligible Property, Personal Property, inventory or supplies.
- ii. The FBCAD's determination of values shall be used to determine the value of the property subject to this Agreement. If Owner protests the FBCAD's valuation of the property, the valuation placed on the property after the protest is resolved under State law shall be used.
- iii. On or before September 1 of each year of this Agreement, Owner and Lessee shall each certify in writing to the Fort Bend County Tax Assessor/Collector their compliance with each term of this Agreement.
- iv. Owner may terminate this Agreement with thirty (30) days written notification to the County. Owner shall not be entitled to a tax abatement for the year in which such termination is made. If taxes for the year of termination have been abated, the Owner shall, with such notice, make payment to the County of any abated taxes for the year of termination with appropriate interest and penalty if payment is received after the payment deadline. Termination under this section shall not affect the abatement of taxes for all prior years

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7. Event of Default

- a. County may declare Owner or Lessee in default of this Agreement if after notice is given under 7.B. below and failure to timely cure the specified default: (1) Owner or Lessee fail to comply with any term of this Agreement or (2) Owner or

Lessee allows County ad valorem taxes on any property owned in Fort Bend County to become delinquent, even if the delinquent taxes are for a property not subject to an abatement or (3) Owner ceases operations on the Real Property for a continuous period of one hundred eighty (180) days before the expiration of the term of the Abatement without the prior written consent of the County, except that in the event of (i) a temporary shutdown of the facility, with assurance of the resumption of operations, for the purpose of facility modification, expansion, improvement, retooling or similar purpose, (ii) the facility is being actively marketed, the County shall not unreasonably withhold consent to a reasonable extension to such period to permit the sale of the facility to another operator, (iii) the closure of the facility pending settlement of insurance, casualty or condemnation claims and the reconstruction and restoration thereof or (iv) the closure of the facility due to inadequate or unacceptable raw water supply shall not constitute a vacating of or a cessation of operations on the Real Property under this Section 7(a)(3). Such exceptions are subject to further extension for force majeure as defined in Section 11 herein.

- b. County shall notify Owner or Lessee (as applicable) of any default in writing specifying the default. Owner or Lessee shall have sixty (60) days from the date of the notice to cure any default. If Owner or Lessee fails to cure the default within ninety (90) days from receipt of notice, County may terminate this Agreement by written notice.
- c. If this Agreement is terminated by County, as County's sole and exclusive remedy, Owner or Lessee (as applicable) agrees that they are liable for and will pay to County within thirty (30) days after the termination of this Agreement:
 - i. The amount of all taxes abated during the term of this Agreement; and
 - ii. Interest on the abated amount at the rate provided for in the Texas Tax Code for delinquent taxes.
 - iii. Penalties on the amount abated in the year of default, at the rate provided for in the Texas Tax Code for delinquent taxes.
- d. County shall have a lien against the Real Property and Ineligible Property for the taxes and interest owed because of the recapture of taxes under this paragraph during the time period beginning on the date such payment obligation accrues and continuing until the date is paid.
- e. **County acknowledges and agrees that notwithstanding anything to the contrary in this Agreement that Section 7 herein sets forth the sole and exclusive remedies of the County in the event of default by Company under this Agreement and all other remedies are expressly waived and released. Without limiting the foregoing, the County and Company further agree that the County is entitled to the damages set forth in Section 7 (c), but in no event shall either party be liable to the other for any punitive, incidental, consequential, indirect or special damages.**
- f. This paragraph is required by Chapter 2264, Texas Government Code and governs over any conflicting provisions of this Agreement. Owner and any Lessee are prohibited from knowingly employing undocumented workers as that term is defined in Section 2264.001, Texas Government Code. If Owner or Lessee is convicted of a violation under 8 U.S.C. Section 1324a(f), the conviction shall be

considered default of this Agreement, from which no cure provisions shall apply. In such event, County shall provide written notice to Owner and Lessee of the default and this Agreement shall automatically terminate on the 30th day after the date of the notice of default from County to Owner or Lessee. In the event of termination under this paragraph, Owner shall repay to County the amount of all property taxes abated under this Agreement, plus interest on the abated amount at the rate provided for in the Texas Tax Code for delinquent taxes.

8. Administration and Inspection

- a. This Agreement shall be administered on behalf of the Fort Bend County Tax Assessor/Collector or their designee. Owner and Lessee shall allow employees or other representatives of County who have been designated by the Tax Assessor/Collector to have access to the Real Property (during normal business hours) during the term of the Agreement. All regular inspections shall be made only after two (2) business days prior notice and will be conducted in such a manner as not to unreasonably interfere with the construction or operation of the facility. A representative of Owner or Lessee may accompany the inspector and the inspection may be restricted to a reasonable number of visitors, within reasonable areas of access. County shall cause each of its employees and representatives who conduct such inspections to abide by all of Owner's or Lessee's security, safety and operational rules (as the same may be amended from time to time), copies of which have been made available to County.
- b. Upon completion of the Improvements, County shall annually evaluate the Improvements to ensure compliance with the terms and provisions of this Agreement and shall report potential defaults to the Owner.
- c. The Chief Appraiser of the FBCAD shall annually determine (1) the taxable value under the terms of this abatement of the Improvements located on the Real Property and (2) the full taxable value without abatement of the Real Property and the Improvements located on the Real Property. The Chief Appraiser shall record both abatement taxable value and full taxable value in the appraisal records. The full taxable value figure listed in the appraisal records shall be used to compute the amount of abated taxes that is subject to being recaptured pursuant to the other provisions of this Agreement if this Agreement is terminated in a manner that results in recapture of abated taxes.
- d. Owner and Lessee shall furnish the Chief Appraiser annually such information as provided for under Chapter 22 of the Texas Property Tax Code, as may be necessary for the administration of the this Agreement. Such information shall also be provided annually to the County Tax Assessor/Collector in preparation of its annual evaluation for compliance with the terms and provisions of this Agreement.

9. Assignment

- a. Neither Owner or Lessee may assign this Agreement without prior written consent of County. No assignment shall be effective or approved if County has declared a default hereunder which has not been cured or the assignee is delinquent in the payment of any ad valorem taxes owed to County. Approval shall not be unreasonably withheld.
- b. Any and all assignments shall contain the same terms and conditions as set out in

this Agreement and shall be granted for the remaining term of the original Agreement only.

- c. Owner and Lessee shall provide notice to County within ninety (90) days of any sale or assignment of the Real Property subject to this Agreement.

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11. Force Majeure

If by reason of force majeure, Owner or Lessee are unable to perform any obligation of this Agreement, it shall give notice of the force majeure to County in writing within thirty (30) calendar days after Owner or Lessee first becomes aware or should have become aware of the occurrence relied upon. By doing so, the obligation of Owner or Lessee, to the extent and for the period of time affected by the force majeure, shall be suspended. Owner or Lessee shall endeavor to remove or overcome the inability with all reasonable effort. For purposes of this provision, "force majeure" shall include, but not be limited to acts of God, landslides, lightning, earthquakes, hurricanes, storms, floods, or other natural occurrences; strikes, lockouts, insurrections, riots, wars or other civil or industrial disturbances; orders of any kind of the federal or state government or of any civil or military authority; explosions, fires, breakage or accidents to machinery, lines, or equipment, or the failure or lack of capacity of the wastewater system or water supply system; or any other cause not reasonably within the control of the Owner or Lessee.

12. Commissioners Court Approval

This Agreement is conditioned entirely upon the approval of the Commissioners' Court by the affirmative vote of a majority of the members present at a duly scheduled meeting of the Commissioner's Court.

13. Compliance with State and Local Regulations

This Agreement shall not be construed to alter or affect the obligations of Owner or Lessee to comply with any city ordinance or federal or state law or regulation.

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15. Miscellaneous

- a. This Agreement and the rights and obligations of each party shall be construed and enforced under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Fort Bend County, Texas.
- b. In the event of one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.
- c. The waiver by either party of a breach of any provision of this Agreement shall not operate as or be construed as a waiver of any subsequent breach.
- d. Any amendments of this Agreement shall be of no effect unless in writing and signed by both parties hereto.

16. Notices

- a. Any notice required to be given under the provisions of this Agreement shall be in writing and shall be duly served when it shall have been hand delivered or deposited, enclosed in a wrapper with the proper postage prepaid thereon, and certified, return receipt requested, in a United States Post Office, addressed to County, Owner and Lessee at the mailing address as hereinafter set out. If mailed, any notice of communication shall be deemed to be received three (3) business days after the date of deposit in the United States Mail.
- b. Unless otherwise provided in this Agreement, all notices shall be delivered to Owner or County at the following addresses:

To the Tax Assessor/Collector: The Honorable Patsy Schultz
Fort Bend County Tax Assessor-Collector
1317 Eugene Heimann Circle
Richmond, Texas 77469

To County: Fort Bend County
401 Jackson
Richmond, Texas 77469
Attention: County Judge

To Owner: Schlumberger Technology Corporation
Attention: Legal Department
300 Schlumberger Dr.
Sugar Land, TX 77478

To Lessee Schlumberger Limited
Attention: Legal Department
5599 San Felipe St.
Houston, TX 77056

- c. Any party may designate a different address by giving the other parties ten (10) days prior written notice thereof. Failure of Owner or Lessee to provide County Tax Assessor/Collector thirty (30) days notice of a change of address may result in termination of this Agreement.

17. Entire Agreement

This Agreement contains the entire Agreement among the parties and supercedes all other negotiations and agreements, whether written or oral. This Agreement shall inure to the benefit of and be binding upon the parties hereto and each of their respective successors and assigns. Attached hereto are Exhibit A – City of Sugar Land Ordinance Creating Reinvestment Zone No. 2015-02; Exhibit B - legal description of Real Property; Exhibit C: Economic Impact Statement Submitted by Schlumberger Technology Corporation and Exhibit D: Improvements, all of which are made part of this Agreement.

18. **Conflict**

In the event there is a conflict between the content of this Tax Abatement document Agreement and any attached Exhibit, this Agreement controls with regard to the conflict.


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Execution page follows

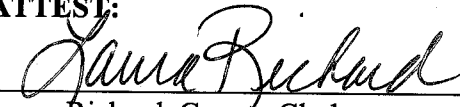
19. **Execution**

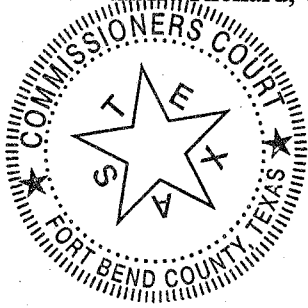
IN TESTIMONY OF WHICH, THIS AGREEMENT has been executed by County, Owner and Lessee as of the dates below stated. All Parties warrant and represent that the individuals executing this agreement on behalf of each have full authority to execute this Agreement and bind each to the same.

COUNTY:
FORT BEND COUNTY, TEXAS

By: 
Robert E. Hebert, County Judge

Date: 11-3-2015

ATTEST:

Laura Richard, County Clerk



OWNER:
SCHLUMBERGER TECHNOLOGY CORPORATION

By: 

Printed Name: TOM TEIPNER
Title: President North America

Date: _____

ATTEST:

Printed Name: _____

LESSEE:
SCHLUMBERGER LIMITED (SCHLUMBERGER N.V.)

By: 

Printed Name: JF Poupeau
Title: Executive Vice President Corporate Development & Communications

Date: _____

ATTEST:

Printed Name: _____

Reviewed:



Michelle T. Rangel
Assistant County Attorney

Attachments:

Exhibit A City of Sugar Land Ordinance Creating Reinvestment Zone No. 2015-02

Exhibit B Legal description of Real Property

Exhibit C Economic Impact Statement Submitted by Schlumberger Technology Corporation

Exhibit D: Improvements

FBC internal tracking:

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