

City of Katy



RESOLUTION NO. 677

A RESOLUTION OF THE CITY OF KATY, TEXAS, AUTHORIZING THE KATY DEVELOPMENT AUTHORITY TO ENTER INTO AN ECONOMIC DEVELOPMENT AGREEMENT WITH BUC-EE'S LTD.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KATY, TEXAS:

<u>Section 1</u>. That the Katy Development Authority is hereby authorized to enter into an economic development agreement with Buc-ee's LTD. in accordance with the terms and conditions set forth in Exhibit A attached hereto and incorporated herein for all purposes.

PASSED AND APPROVED on this 14th day of March, 2016.

CITY OF KATY, TEXAS

By:

Fabol Hughes, Mayor

ATTEST:

Melissa A. Bunch, City Secretary

APPROVED:

Art Pertile, III City Attorney

EXHIBIT A

Resolution No. 677

ECONOMIC DEVELOPMENT AGREEMENT BY AND BETWEEN KATY DEVELOPMENT AUTHORITY AND BUC-EE'S LTD.

This ECONOMIC DEVELOPMENT AGREEMENT (this "Agreement"), dated effective as of _______, 2016 (the "Effective Date"), is entered into by and between KATY DEVELOPMENT AUTHORITY, a not for profit local government corporation organized and existing under the laws of the State of Texas (the "Authority") and BUC-EE'S LTD., a Texas limited partnership (the "Company") (individually referred to herein as a "Party" and collectively as "Parties").

RECITALS

WHEREAS, by Ordinance No. 1198, adopted on December 22, 1997, the City of Katy, Texas (the "City"), created Reinvestment Zone Number One, City of Katy, Texas (the "Zone") in accordance with Chapter 311, Texas Tax Code (the "Act") pursuant to a Preliminary Reinvestment Zone Financing Plan for the Zone; and

WHEREAS, the Board of Directors of the Zone adopted a Project Plan and Reinvestment Zone Financing Plan for the Zone, and by Ordinance No. 2052, adopted on February 22, 1999, the City approved the Project Plan and Financing Plan, which was amended by the Amended Project Plan and Reinvestment Zone Financing Plan for the Zone adopted and approved by the City by Ordinance No. 2059, adopted April 12, 1999; the Second Amended Project Plan and Reinvestment Zone Financing Plan for the Zone adopted and approved by the City by Ordinance No. 2081, adopted August 30, 1999; and the Third Amended Project Plan and Reinvestment Zone Financing Plan adopted and approved by the City by Ordinance No. 2677, adopted January 26, 2015 (collectively, the "Project and Financing Plan"); and

WHEREAS, by Resolution No. 336, adopted on April 12, 1999, the City authorized the creation of the Authority to aid, assist, and act on behalf of the City and the Zone in the implementation of the Project Plan and Financing Plan; and

WHEREAS, by Order No. 120297, passed and approved December 2, 1997, as extended by an order passed and approved April 28, 2015, Fort Bend County, Texas (the "County") approved that certain Interlocal Agreement with the City (collectively, the "Interlocal Agreement"), pursuant to which the County has committed to participating in the Zone to the extent of fifty percent (50%) of the County's tax increment on property located within the boundaries of the Zone through December 31, 2038; and

WHEREAS, the City intends to modify the boundaries of the Zone to include the Property (as defined below) and to participate in the Zone with respect to the Property by contributing fifty percent (50%) of the City tax increment and fifty percent (50%) of

the City 1% Sales and Use for a period of 20 years and the City intends to request that the County participate in the Zone with respect to the Property at fifty percent (50%) of the County's tax increment; and

WHEREAS, the City, the Zone, and the Authority each approved an agreement (the "Tri-Party Agreement"), approved by Ordinance No. 2060, adopted on April 12, 1999, whereby the Authority agrees to provide for the management and administration of the Zone and the implementation of the Project and Financing Plan, as it may be amended from time to time; and

WHEREAS, the Tri-Party Agreement authorizes the Authority to enter into authority obligations, including contractual obligations, upon such terms and conditions as the Authority's Board of Directors determines to be necessary or desirable to implement the Project and Financing Plan, subject to approval by the City Council and conformation with the Project and Financing Plan; and

WHEREAS, among other items, the Project and Financing Plan, as approved by the City, contemplates economic development payments authorized pursuant to Section 311.010(h) of the Act as eligible project costs; and

WHEREAS, pursuant to the terms of this Agreement, the Authority has established a program under which the Authority has the authority to use public funds for the public purpose of providing local economic development and stimulating business and commercial activity within the Zone; and

WHEREAS, the Company is the owner of or has under contract the real property located in the City, as more particularly described in Exhibit A attached hereto (the "Property"), and intends to construct a Buc-ee's Travel Center of not less than 52,000 square feet and related improvements thereon as more fully detailed in Exhibit B of this Agreement (collectively, the "Project") which are anticipated to result in an increased value to the Property and increased sales taxes in the City; and

WHEREAS, the Company has advised the Authority that a contributing factor to induce the company to invest in the Property would be an agreement by the Authority to provide economic development payments to the Company to defray a portion of the cost of such improvements; and

WHEREAS, the Authority has determined that certain eligible Project costs are included in the Project and Financing Plan and eligible under the Act; and

WHEREAS, the Authority has also determined that the Project will benefit the Zone and stimulate business and commercial activity within the City and the Zone

thereby resulting in the creation of numerous employment opportunities for the citizens of the City; and

WHEREAS, the Authority has determined to provide such economic development payments authorized pursuant to Section 311.010(h) of the Act in the form of financial assistance to the Company to encourage and promote development within the Zone subject to fulfillment of the terms and conditions of this Agreement; and

WHEREAS, the Authority and the Company now wish to enter into this Agreement for the purpose of providing the terms and conditions under which the Project shall be completed and providing for certain economic development payments by the Authority to the Company;

NOW THEREFORE, and in consideration of the mutual promises, covenants, benefits, and obligations herein described, the Company and the Authority hereby agree to the terms and conditions of this Agreement.

ARTICLE I GENERAL TERMS

- A. <u>Incorporation of Recitals</u>. The recitals to this Agreement are hereby incorporated for all purposes.
- B. <u>Definitions and Terms</u>. The terms "Act," "Agreement," "Authority," "City," "Company," "County," "Effective Date," "Interlocal Agreement," "Party," "Parties," "Project and Financing Plan," "Property," "Project," "Tri-Party Agreement," and "Zone" shall have the meanings given to such terms in the Recitals. Terms defined in the body of this Agreement shall have the means assigned to them therein. The following terms have the following meanings:
 - 1. "Affiliate" means any entity that directly or indirectly through one or more intermediaries controls or is controlled by or is under common control with Company. For the purpose of this definition, control of an entity means (i) the ownership, directly or indirectly, of fifty percent (50%) or more of the voting rights in a company or other legal entity or (ii) the right to direct the management or operation of such entity whether by ownership (directly or indirectly) of securities by contract or otherwise.
 - 2. "Authority Obligations" means bonds, notes or other developer agreements issued or entered into by the Authority that are secured by or payable from funds deposited in the Tax Increment Revenue Fund.

- 3. "Authority Payments" means the economic development payments made pursuant to Article III of this Agreement.
- 4. "Available Tax Increment" shall mean the portion of the funds contained in the Tax Increment Revenue Fund directly attributable to the Property, which the Authority shall track separately within in the Tax Increment Revenue Fund.
- 5. "Captured Appraised Value" shall mean with respect to any property in the Zone, the total appraised value of such real property taxable by the City and the County and located in the Zone as of January 1 of any year less the total appraised value of all real property taxable by the City and located in the Zone as of the date such property was added to the Zone.
- 6. "City Administrator" shall mean the then current administrator of the City.
- 7. "Tax Increment" shall mean funds actually received by the Authority from the portion of the property taxes levied and collected by the City and County on the Captured Appraised Value of the Property located within the Zone, subject to the participation percentages in the Interlocal Agreement, deposited into the Tax Increment Revenue Fund, and payable to the Authority by the City pursuant to the Tri-Party Agreement.
- 8. "Tax Increment Revenue Fund" shall mean the fund into which all Tax Increments are deposited by the City.

ARTICLE II REPRESENTATIONS

- A. <u>Representations of the Authority</u>. The Authority hereby represents to Company that as of the Effective Date:
 - 1. The Authority is a duly created and existing local government corporation created pursuant to Chapter 431 of the Texas Transportation Code and is duly qualified and authorized to carry on the governmental functions and operations as contemplated by this Agreement.
 - 2. The Authority has the power, authority and legal right under the laws of the State of Texas to enter into and perform this Agreement and the execution, delivery and performance hereof (i) will not, to the best of its knowledge, violate any applicable judgment, order, law or regulation, and (ii) does not constitute a default under, or result in the creation of, any lien, charge,

encumbrance or security interest upon any assets of the Authority under any agreement or instrument to which the Authority is a party or by which the Authority or its assets may be bound or affected.

- 3. This Agreement has been duly authorized, executed and delivered and constitutes a legal, valid and binding obligation of the Authority, enforceable in accordance with its terms except to the extent that (i) the enforceability of such instruments may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application in effect from time to time relating to or affecting the enforcement of creditors' rights and (ii) certain equitable remedies including specific performance may be unavailable.
- 4. The execution, delivery and performance of this Agreement by the Authority does not require the consent or approval of any person which has not been obtained.
- 5. The City has duly approved the Project and Financing Plan, Tri-Party Agreement, and the Interlocal Agreement. The Project and Financing Plan, Tri-Party Agreement, and the Interlocal Agreement remain in full force and effect.
- B. <u>Representations of Company</u>. Company hereby represents to the Authority that as of the Effective Date:
 - 1. BUC-EE'S LTD is a duly organized Texas limited partnership qualified to carry on the operations contemplated by this Agreement.
 - 2. BUC-EE'S LTD. has the power, authority and legal right to enter into and perform the specific obligations set forth in this agreement, and the execution, delivery and performance hereof with respect to such matters and the execution, delivery and performance hereof (i) will not, to the best of its knowledge, violate any applicable judgment, order, law or regulation, and (ii) do not constitute a default under, or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of the Authority under any agreement or instrument to which the Authority is a party or by which the Authority or its assets may be bound or affected.
 - 3. Company will have sufficient capital to perform its obligations under this Agreement at the time it needs to have sufficient capital.
 - 4. The execution, delivery and performance of this Agreement by BUC-EE'S LTD. does not require the consent or approval of any person which has not been obtained.

ARTICLE III ECONOMIC INCENTIVES

- 1. <u>Authority Payments</u>. The Authority shall pay to the Company payments from taxes solely derived from the Property. The Authority Payments are comprised of payments as defined below.
 - (a) Authority Sales Tax Payment. The Authority will make payments to the Company from sales tax revenues actually collected from the Property (net of any Comptroller collection costs) in an amount equal to fifty percent (50%) of the City's 1% sales and use tax collections. Such amount shall be contributed by the City to the Zone. The payment shall be paid in no less than quarterly installments beginning six (6) months after the date the Buc-ee's Travel Center certificate of occupancy was issued for the Project as shown on Exhibit "B" and shall continue for a period of twenty (20) years. The City shall have the right to pay more frequently than annually. The City Payment will be solely from sales taxes collected at the Project and contributed to the Zone.
 - (b) Property Taxes Collected from the Property. The Authority will make payments to the Company from Available Tax Increment actually collected from the Property in an amount equal to fifty percent (50%) of the real property ad valorem property tax levied and collected and contributed to the Zone. The Company shall be entitled to receive payments from Tax Increment solely from the Property and solely from the Tax Increment actually received and deposited into the Tax Increment Revenue Fund. The annual payment shall be made on or before May 1st for the prior tax year each year until the Company receives aggregate payments of two The Authority shall not make million dollars (\$2,000,000). payments from any source other than Available Tax Increment and shall not make any payments after the termination of this Agreement, whether or not the Company has received an aggregate of two million dollars (\$2,000,000).
- 2. <u>Engineering Design Reimbursement</u>. In addition to the Authority Payments, the Authority will reimburse the Developer for up to \$300,000 of actual engineering costs associated with the I-10 off ramp and frontage road project with TxDOT. The Authority will pay to the Developer a single payment of up to \$300,000 within 30 days after issuance of the Certificate of Occupancy for the Buc-ee's Travel Center and delivery to the Authority of paid receipts of actual engineering expenditures for the I-10 off ramp and frontage road project.

ARTICLE IV ADDRESS AND NOTICE

Any and all notices and communications under this Agreement shall be mailed by first-class mail, or delivered, to the Authority at the following address:

Katy Development Authority c/o Allen Boone Humphries Robinson LLP Attn: Steve Robinson 3200 Southwest Freeway, Suite 2600 Houston, Texas 77027

With a copy to: City Administrator City of Katy 910 Avenue C Katy, Texas 77493

Any and all notices and communications under this Agreement shall be mailed by first-class mail, or delivered, to Company at the following address:

BUC-EE'S LTD. c/o Beaver Aplin 327 FM 2004 Lake Jackson, TX 77566

With a copy to:

BUC-EE'S LTD. c/o Jeff Nadalo 327 FM 2004 Lake Jackson, TX 77566

ARTICLE V DEFAULT AND REMEDY

A. <u>Company Default</u>. Company agrees that its failure to perform its obligations hereunder, including but not limited to Company's obligation to fund and complete the required Project contemplated in this Agreement shall constitute an event of default. Company shall not be considered in default unless it receives written notice from the Authority setting out specifically the nature of the default and shall have 30 days to commence and thereafter diligently proceed to cure any such default. In the

event of default by Company, the Authority shall be entitled to terminate this Agreement and Company shall not be entitled to any further reimbursement from the Authority of any Authority Payments.

- B. <u>Authority Default</u>. The Authority agrees it is an event of default if it fails to perform its obligations hereunder within 60 days after notice of such failure by Company and that Company shall be entitled to any and all of the remedies available in this Article or otherwise at law or equity.
- C. Remedies. Upon the occurrence of an event of default, the non-defaulting party may do any one or more of the following: enforce specific performance of this Agreement; seek actual damages incurred by the non-defaulting party for any such event of default and terminate this Agreement in which event all of the rights and obligations of the Parties will terminate and be of no further force or effect.
- D. Force Majeure. Notwithstanding anything in this Agreement which is or may appear to be to the contrary, if the performance of any covenant or obligation to be performed hereunder by either Party is delayed as a result of circumstances which are beyond the reasonable control of such Party (which circumstances may include, without limitation, pending or threatened litigation, acts of God, war, acts of civil disobedience, fire or other casualty, shortage of materials, adverse weather conditions [such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures, hurricanes or tornados] labor action, strikes or similar acts) the time for such performance shall be extended by the amount of time of such delay. The Party claiming delay of performance as a result of any of the foregoing "force majeure" events shall deliver written notice of the commencement of any such delay resulting from such force majeure event not later than seven days after the claiming Party becomes aware of the same, and if the claiming party fails to so notify the other Party of the occurrence of a "force majeure" event causing such delay, the claiming Party shall not be entitled to avail itself of the provisions for the extension of performance contained in this Section.

ARTICLE VI GENERAL PROVISIONS

- A. <u>Time of the Essence</u>. Time is of the essence of this Agreement. The Parties will make every reasonable effort to expedite the subject matters hereof and acknowledge that the successful performance of this Agreement requires their continued cooperation.
- B. Amendments and Waivers. Any provision of this Agreement may only be amended or waived if such amendment or waiver is in writing and is approved by the Authority and Company. No course of dealing on the part of the parties nor any failure or delay by the parties with respect to exercising any right, power, or privilege pursuant

to this Agreement shall operate as a waiver thereof, except as otherwise provided in this section.

- C. <u>Invalidity</u>. In the event that any of the provisions contained in this Agreement is held unenforceable in any respect, such unenforceability will not affect any other provisions of this Agreement and, to that end, all provisions, covenants, agreements, or portions of this Agreement are declared to be severable.
- D. <u>No Joint Venture</u>. It is acknowledged and agreed by the Parties that the terms hereof are not intended to and shall not be deemed to create a partnership or joint venture among the Parties.
- E. <u>Assignment</u>. Company shall not, either directly or indirectly, assign all or any part of this Agreement or any interest, right, or privilege herein, without the prior written consent of the Authority. The issue on whether or not to grant consent to an assignment is at the sole and absolute discretion of the Authority.
- F. Exhibits, Titles of Articles, Sections and Subsections. The exhibits attached to this Agreement, if any, are incorporated herein and shall be considered a part of this Agreement for the purposes stated herein, except that in the event of any conflict between any of the provisions of such exhibits and the provisions of this Agreement, the provisions of this Agreement shall prevail. All titles or headings are only for the convenience of the parties and shall not be construed to have any effect or meaning as to the agreement between the parties hereto. Any reference herein to a section or subsection shall be considered a reference to such section or subsection of this Agreement unless otherwise stated. Any reference herein to an exhibit shall be considered a reference to the applicable exhibit attached hereto unless otherwise stated.
- G. <u>Applicable Law</u>. This Agreement is a contract made under and shall be construed in accordance with and governed by the laws of the United States of America and the State of Texas, and any actions concerning this Agreement shall be brought in either the State Courts of Fort Bend County, Texas or the United States District Court for the Southern District of Texas.
- H. <u>Entire Agreement</u>. This Agreement represents the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.
- I. <u>Counterparts</u>. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

- J. <u>Interpretation</u>. This Agreement has been jointly negotiated by the parties and shall not be construed against a party because that party may have primarily assumed responsibility for the drafting of this Agreement.
- K. <u>Term and Termination</u>. Unless earlier terminated by mutual agreement of the Authority and the Company, this Agreement shall remain in effect until the earlier of: 1) the date all the payments have been made pursuant to Article III; or 2) December 31, 2038.

[SIGNATURE PAGE FOLLOWS]

IN TESTIMONY OF WHICH this instrument has been executed in multiple counterparts, each of equal dignity and effect, on behalf of the Authority and Company effective as of the date first above written.

AUTHORITY:

KATY DEVELOPMENT AUTHORITY, a local government corporation

Fresident, Board of Directors

COMPANY:

BUC-EE'S, Ltd.

By: Bug-ee's/Management, LLC, its sole general partner

Bv:

588440

Arch H. Aplin III Its President

List of Attached Exhibits:

Exhibit A: Legal Description of the Property Exhibit B: Project Description and Site Plan

Exhibit "A" Description of the Property

[METES AND BOUNDS TO BE INSERTED]

West Ten Business Park Reserve "M" 15.54 Acres

STATE OF TEXAS

6

COUNTY OF FORT BEND

δ

A METES & BOUNDS description of a certain 15.54 acre tract of land situated in the Thomas Cresop Survey, Abstract No. 369 in Fort Bend County, Texas, being out of the remainder of a called 135.5 acre tract of land conveyed to Proterra-Stratford/I-10, Ltd. by Deed recorded in Clerk's File No. 2009007235 of the Fort Bend County Official Public Records and Volume 1144, Page 789 of the Waller County Official Public Records; said 15.54 acre tract being more particularly described as follows with all bearings being based on the Texas Coordinate System, South Central Zone, NAD 83;

BEGINNING at a found TxDOT Monument at the north end of the southeast cutback of Cane Island Parkway (120' Right-of-Way) recorded in Volume 1311, Page 403 of the Waller County Official Public Records, and Parkside Street (60' Right-of-Way), common with a southwest line of the remainder of said 135.5 acre tract;

THENCE, North 89°47'49" East, 40.00 feet to a found 3/4-inch iron rod (with cap stamped "Cotton Surveying") in the south line of Parkside Street;

THENCE, along the south line of said Parkside Street the following seven (7) courses and distances:

- 1. North 89°47'50" East, 118.57 feet to a found 3/4-inch iron rod (with cap stamped "Cotton Surveying") at the beginning of a curve to the left;
- 2. Along the arc of said curve to the left having a radius of 3050.00 feet, a central angle of 01°53'10", an arc length of 100.41 feet, and a long chord bearing North 88°51'15" East, 100.40 feet, to a found 3/4-inch iron rod (with cap stamped "Cotton Surveying") at the beginning of a compound curve to the left;
- 3. Along the arc of said compound curve to the left having a radius of 1500.00 feet, a central angle of 04°15'34", an arc length of 111.51 feet, and a long chord bearing North 85"46'53" East, 111.48 feet, to a found 3/4-inch from rod (with cap stamped "Cotton Surveying");
- 4. North 83°39'06" East, 234.48 feet to a found 3/4-inch iron rod (with cap stamped "Cotton Surveying") at the beginning of a curve to the right;
- 5. Along the arc of said curve to the right having a radius of 1500.00 feet, a central angle of 04°59'13", an arc length of 130.56 feet, and a long chord bearing North 86°08'42" East, 130.52 feet, to a found 3/4-inch iron rod (with cap stamped "Cotton Surveying");
- North 88°38'19" East, 568,60 feet to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying")
 at the beginning of a curve to the right;

West Ten Business Park Reserve "M" 15.54 Acres

7. Along the arc of said curve to the right having a radius of 30.00 feet, a central angle of 89°24'54", an arc length of 46.82 feet, and a long chord bearing South 46°39'14" East, 42.21 feet, to a set 3/4-inch iron rod (with cap stamped "Jones | Carter Property Corner") in the west line of Proposed Buc-ee's Blvd (60' wide);

THENCE, South 01°56'47" East, along said Buc-ee's Blvd, 419.72 feet to a set 3/4-inch iron rod (with cap stamped "Jones Carter Property Corner") at the beginning of a curve to the right;

THENCE, along the arc of said curve to the right having a radius of 35.00 feet, a central angle of 89°16'05", an arc length of 54.53 feet, and a long chord bearing of South 42°41'15" West, 49.18 feet to a set 3/4-inch iron rod (with cap stamped "Jones Carter Property Corner") in the north line of a Right of Way Extension of Interstate 10 recorded in Clerk's File No. 2014010206 of the Fort Bend County Official Public Records;

THENCE, South 87°19'18" West, along said north line, 2.56 feet to a set 3/4-inch iron rod (with cap stamped "Jones | Carter Property Corner") at the beginning of a curve to the right;

THENCE, along the arc of said curve to the right having a radius of 143395.68 feet, a central angle of 00°30'41", an arc length of 1279.89 feet, and a long chord bearing South 87°27'45" West, 1279.89 feet, to a set 3/4-inch iron rod (with cap stamped "Jones|Carter Property Corner") at the south end of a cutback at the southeast corner of Cane island Parkway;

THENCE, North 47°04'07" West, along said cutback, 122.67 feet to a set 3/4-inch iron rod (with cap stamped "Jones | Carter Property Corner") to the north end of said cutback of Cane Island Parkway;

THENCE, North 01°45'50" West, along the east line of Cane Island Parkway, 283.10 feet to a set 3/4-inch iron rod (with cap stamped "Jones Carter Property Corner");

THENCE, North 03°18'57" West, continuing along the east line of said Cane Island Parkway, 44.29 feet to a found TxDOT Monument at the south end of a cutback of Cane Island Parkway and Parkside Street;

THENCE, North 43°13'11" East, 98.27 feet to the **POINT OF BEGINNING**, **CONTAINING** 15.54 acres of land in Fort Bend County, Texas as shown on drawing No. 9429 in the office of Jones | Carter in Bellaire, Texas.

Jones | Carter 6330 West Loop South, Suite 150 Bellaire, Texas 77401 (713) 777-5337 Texas Baard of Professional Land Surveying Registration No. 10046100

Acting By/Through Steven Jare Registered Professional Land Buss

No. \$317 \ Slares@jonescarter.com

STEVEN JARES
5317
5517
SURVEYOR

Exhibit "B" Project Description and Site Plan

CANE ISLAMO PAREWAYY

2

100 O