



**CITY OF PLANO  
COUNCIL AGENDA ITEM**

<b>CITY SECRETARY'S USE ONLY</b>				
<input type="checkbox"/> Consent <input type="checkbox"/> Regular <input type="checkbox"/> Statutory				
Council Meeting Date:		11-22-10		
Department:		Finance		
Department Head		Denise Tacke		
Agenda Coordinator (include phone #): <b>Katherine Crumbley x7479</b>				
<b>CAPTION</b>				
<p>A Resolution of the City Council of the City of Plano, Texas, approving the terms and conditions of an agreement by and between the City of Plano, Texas, County of Collin, Texas, KDC Legacy North Investments One, LP, and Encana Oil and Gas (USA) Inc.; providing for a business personal property and real property tax abatement; and authorizing its execution by the City Manager or his authorized designee; and providing an effective date.</p>				
<b>FINANCIAL SUMMARY</b>				
<input checked="" type="checkbox"/> NOT APPLICABLE <input type="checkbox"/> OPERATING EXPENSE <input type="checkbox"/> REVENUE <input type="checkbox"/> CIP				
FISCAL YEAR:	<b>Prior Year (CIP Only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Budget	0	0	0	<b>0</b>
Encumbered/Expended Amount	0	0	0	<b>0</b>
This Item	0	0	0	<b>0</b>
BALANCE	0	0	0	<b>0</b>
<b>FUND(S):</b>				
<b>COMMENTS:</b> The real property improvement to be maintained is \$70,000,000 and the business property improvements to be maintained is 18,000,000.				
<b>SUMMARY OF ITEM</b>				
<p>This is related to Encana Oil and Gas (USA), Inc., a Delaware Corporation, request for tax abatement on reinvestment zone 124 and creation of the zone.</p>				
List of Supporting Documents:			Other Departments, Boards, Commissions or Agencies	
Tax Abatement Agreement				

**A Resolution of the City Council of the City of Plano, Texas, approving the terms and conditions of an agreement by and between the City of Plano, Texas, County of Collin, Texas, KDC Legacy North Investments One, LP, and Encana Oil and Gas (USA) Inc.; providing for a business personal property and real property tax abatement; and authorizing its execution by the City Manager or his authorized designee; and providing an effective date.**

**WHEREAS**, the City Council has been presented a proposed Tax Abatement Agreement by and between the City of Plano, Texas, County of Collin, Texas, KDC Legacy North Investments One, LP, a Texas limited partnership, and Encana Oil and Gas (USA) Inc., a Delaware corporation, a substantial copy of which is attached hereto as Exhibit "A" and incorporated herein by reference (hereinafter called "Agreement"); and

**WHEREAS**, upon full review and consideration of the Agreement and all matters attendant and related thereto, the City Council is of the opinion that the terms and conditions thereof should be approved, and that the City Manager or his authorized designee shall be authorized to execute it on behalf of the City of Plano.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLANO, TEXAS:**

**Section I.** The terms and conditions of the Agreement having been reviewed by the City Council of the City of Plano, Texas, and found to be acceptable and in the best interests of the City of Plano and its citizens, are hereby in all things approved.

**Section II.** The City Manager or his authorized designee is hereby authorized to execute the Agreement and all other documents in connection therewith on behalf of the City of Plano, substantially according to the terms and conditions set forth in the Agreement.

**Section III.** This Resolution shall become effective from and after its passage.

**DULY PASSED AND APPROVED** this the 22<sup>nd</sup> day of November, 2010.

\_\_\_\_\_  
Phil Dyer, MAYOR

ATTEST:

\_\_\_\_\_  
Diane Zucco, CITY SECRETARY

APPROVED AS TO FORM:

\_\_\_\_\_  
Diane C. Wetherbee, CITY ATTORNEY



1. The real property subject to this Agreement is described by metes and bounds in **EXHIBIT "A"** (the "Real Property") attached hereto and made a part hereof. At the time of this Agreement, KDC Legacy North Investments One, LP, is the Owner of the Real Property.

2. The tangible personal property subject to this Agreement shall be personal property, excluding inventory and supplies, used within Reinvestment Zone No. 124, which shall be hereinafter referred to as the "Personalty." The Personalty is to have an assessed taxable value as determined by the Collin County Appraisal District of not less than Eighteen Million Dollars (\$18,000,000.00) on the Property by December 31, 2013, and is or will be owned by Tenant or its affiliates. Tenant shall timely render its personal property value each year to the Central Appraisal District

3. Tenant may not relocate, for purposes of maintaining taxable situs of the Personalty on the Real Property in other Reinvestment Zones in the City.

### **JOBS**

4. Tenant estimates the proposed occupancy of the Real Property as shown in **EXHIBIT "B"** (the "Development") will result in the retention, creation or transfer of 510 full time jobs ("Job Equivalents") at the Development in Plano by the Commencement Date (as defined below in Section 5). "Job Equivalent" shall mean one or more Tenant job positions located at the Development which individually or when combined total 2080 hours on an annual basis (inclusive of holidays, vacation and sick leave).

### **IMPROVEMENTS**

5. The Tenant shall lease not less than 300,000 gross square feet of office space on the Real Property by the Commencement Date. The "Commencement Date" means the date of occupancy of the Real Property by the Tenant but in no event shall be later than December 31, 2013. The Tenant and/or Owner shall make real property improvements to the Real Property with a taxable value of not less than Seventy Million Dollars (\$70,000,000.00) by December 31, 2013 subject to an Event of Force Majeure. The term "Event of Force Majeure" means any contingency or cause beyond the reasonable control of a party including, without limitation, acts of God or the public enemy, war, riot, civil commotion, insurrection, government or de facto governmental action (unless caused by the intentionally wrongful acts or omissions of the party), fires, explosions or floods, strikes, slowdowns or work stoppages any of which event(s) directly impact the Tenant's operations in Plano. The term shall not include a downturn in the economy.

### **DEFAULT**

6. Any of the following events shall be deemed a breach of this Agreement resulting in default:

(a) Tenant allows its personal property taxes located on the Real Property or Owner allows its real property improvement taxes owed the City or County to become delinquent and fails to either (1) timely and properly follow the legal procedures for protest and/or contest of

any such ad valorem taxes, or (2) cure such delinquency within 30 days of receipt of notice of such delinquency; or

(b) Tenant fails to occupy the Improvements on or before the Commencement Date; or

(c) The value of Personalty placed on the Real Property on December 31, 2013 or the value of real property improvements on the Real Property on December 31, 2013 is less than the minimum amounts set forth in paragraphs 2 and 5 above; or

(d) The assessed value of the Improvements or Personalty falls below the minimum amounts set forth in paragraph 2 and 5 above as the result of the Tenant or Owner filing a protest or as a result of the removal of Personalty from the Real Property; or

(e) Tenant fails to employ at least 75% of the required Job Equivalents as provided in paragraph 4 above, subject to Event of Force Majeure; or

(f) Tenant or Owner or Owner's duly authorized representative fails to provide annual certification as required in paragraph 9 below; or

(g) Tenant or Owner has been convicted of a violation under 8 U.S.C. Section 1324a (f) regarding the unlawful employment of aliens at the Development.

7. In the event that the Tenant or Owner defaults under this Agreement then the City or County shall give the defaulting party written notice of such default and if the defaulting party has not cured such default, or obtained a waiver thereof from the appropriate authority, within thirty (30) days of said written notice, this Agreement may be terminated by the Taxing Units as to that defaulting party. Notice shall be in writing as provided below. Upon the occurrence of an event of default other than under Paragraphs 6(a) or 6(g) above and after the defaulting party fails to cure same within the cure period, this Agreement shall terminate upon delivery of written notice by the City to the defaulting party and all taxes due by the defaulting party after termination of this Agreement as to the defaulting party shall be paid in full without the benefit of any abatement. The parties acknowledge that actual damages in the event of default and termination would be speculative and difficult to determine.

8. Upon the occurrence of an event of default under Paragraph 6(a) above and after the defaulting party fails to cure same in accordance herewith or upon the occurrence of an event of default under Paragraph 6(g), this Agreement shall terminate as to the defaulting party upon delivery of written notice by the City or County to the defaulting party with respect to the tax abatement attributable to the Personalty and Real Property improvements and all taxes, including previously abated taxes which would have been paid to the City and County without the benefit of this Agreement, shall become due and owing to the City and County, together with interest charged from the date of this Agreement at the statutory rate for delinquent taxes as determined by V.T.C.A., Tax Code § 33.01, but without the addition of penalty other than that mandated by V.T.C.A., § 33.01 or 33.07.

## **ANNUAL CERTIFICATION**

9. Beginning November 1, 2014 and on or before the 1st day of November of each calendar year thereafter during the Term (as defined below) of this Agreement, the Tenant and Owner, or their successors or assigns, must provide annual certification (substantially in the form attached as **EXHIBIT "C"** hereto) to the Governing Body of the City certifying compliance with each applicable term of the Agreement. Owner, hereby grants to Tenant a power of attorney for the term of this Agreement for the limited purpose of making its annual certification on behalf of Owner and Tenant agrees to perform such duty.

## **ASSIGNMENT**

10. The terms and conditions of this Agreement are binding upon the successors and assigns of Tenant and Owner. This Agreement cannot be assigned by Tenant or Owner unless written permission is first granted by the Taxing Units, which permission shall be at the reasonable discretion of the Taxing Units, except under the following conditions:

(a) Assignment to an affiliate of Tenant or Owner is permissible;

(b) A transfer or assignment of this Agreement by Tenant or Owner to successors or assigns is permissible wherein the successors or assigns agree to be bound by the terms of this Agreement.

Assignment under either (a) or (b) above may be made without consent of the Taxing Units; however, Tenant and Owner agrees to give written notice to the Taxing Units of any assignment or transfer of interest allowed pursuant to subparagraphs (a) and (b) hereof.

If Tenant or Owner desire to assign this Agreement and the Taxing Units' consent is required to such assignment, and the Taxing Units do not consent to such assignment, then the Tenant or Owner may terminate this Agreement by delivering written notice to the Taxing Units, and upon such termination, the Tenant or Owner and the Taxing Units shall have no further rights, duties or obligations under this Agreement.

## **ABATEMENT PROVISIONS**

11. Subject to the terms and conditions of this Agreement, and subject to the rights of holders of any outstanding bonds of the City and County, a portion of ad valorem personal property taxes and real property improvement taxes belonging to Tenant and Owner located on the Real Property otherwise owed to the Taxing Units shall be abated as follows:

(a) The tax abatements as to Personalty and Real Property improvements, as provided for herein, shall be for a period of ten (10) tax years, from January 1, 2014, through December 31, 2023 (the "Term").

(b) In accordance with all applicable federal, state, and local laws and regulations, the abatement shall be based on amounts equal to fifty (50%) of the taxable value of the Personalty and Real Property improvements for each tax year from January 1, 2014, through December 31, 2023.

(c) The Tenant or Owner shall have the right to protest and/or contest any assessment of the Personalty or real property improvements, respectively, and the abatement shall be applied to the amount of taxes finally determined to be due as a result of any such protest and/or contest. Notwithstanding the above, it shall be a breach of this Agreement if assessed values fall below those in paragraph 2 and 5 as a result of a Tenant or Owner filed protest and/or contest or removal of property from the Real Property.

### **NOTICE**

12. Notices required to be given to any party to this Agreement shall be given personally or by registered or certified mail, return receipt requested, postage prepaid, addressed to the party at its address as set forth below, and, if given by mail, shall be deemed delivered as of the date deposited in the United States mail:

For City by notice to:

City of Plano  
Attention: Mr. Thomas H. Muehlenbeck  
City Manager  
P.O. Box 860358  
Plano, Texas 75086-0358

With copy to:

City of Plano  
Attention: Ms. Diane C. Wetherbee  
City Attorney  
P.O. Box 860358  
Plano, Texas 75086-0358

For County by notice to:

County of Collin, Texas  
Attention: The Honorable Keith Self  
Collin County Commissioners' Court  
Collin County Administration Building  
2300 Bloomdale Road, Suite 4192  
McKinney, Texas 75071

For Tenant by notice to:

Encana Oil & Gas (USA) Inc.  
Attn: Cindie Ward  
370 17<sup>th</sup> Street, Suite 1700  
Denver, CO 80202

For Owner by notice to:

KDC Legacy North Investments One, LP  
Attn: Scott Ozymy  
EVP & CIO  
KDC  
8115 Preston Road, Suite 700  
Dallas, TX 75225

Any party may change the address to which notices are to be sent by giving the other parties written notice in the manner provided in this paragraph.

#### **MISCELLANEOUS PROVISIONS**

13. The Tenant and Owner further agree that the Taxing Units, their agents and employees, shall have reasonable right (with no less than 5 business days prior written notice to Owner) to access the Real Property during regular business hours to inspect the Personalty and real property improvements in order to insure that the location of the Personalty and real property improvements are in accordance with this Agreement and all applicable federal, state, and local laws and regulations. During the term of this Agreement, Taxing Units shall have the continuing right (with no less than 5 business days prior written notice to Tenant and Owner) to inspect the Real Property and Personalty during regular business hours to insure that the Personalty and real property improvements are thereafter maintained in accordance with this Agreement.

14. It is understood and agreed between the parties that the Tenant and Owner, in performing their respective obligations hereunder, are acting independently, and the Taxing Units assume no responsibilities or liabilities in connection therewith to third parties and Tenant and Owner agree to indemnify and hold harmless Taxing Units from any and all claims, suits, and causes of actions, including attorneys' fees, of any nature whatsoever arising out of their respective defaults of their obligations hereunder.

15. The Taxing Units represent and warrant that the Personalty or Property do not include any property that is owned by it or its council or boards, agencies, commissions, or other entities approving, or having responsibility for the approval of this Agreement.

16. (a) This Agreement was authorized by Resolution of the City Council at its Council meeting on the \_\_\_ day of \_\_\_\_\_, 2010, authorizing the City Manager to execute the Agreement on behalf of the City.

(b) This Agreement was authorized by the Minutes of the Collin County Commissioners' Court at its meeting on the \_\_\_ day of \_\_\_\_\_, 2010, authorizing the County Judge to execute the Agreement on behalf of Collin County.

17. This Agreement was entered into by Tenant and Owner pursuant to their duly authorized representatives.

18. This instrument shall constitute a valid and binding agreement between the City, County, and the Tenant and the Owner when executed in accordance herewith.

19. Severability. If any term or provision of this Agreement shall, to any extent, be invalid or unenforceable, the remainder of this Agreement (or the application of such term or provision, to persons or circumstances other than those in respect of which it is invalid or unenforceable) except those terms or provisions, which are made subject to or conditioned upon such invalid or unenforceable term or provision, shall not be affected thereby, and each other term or provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

This Agreement is performable in Collin County, Texas. Signed this \_\_\_ day of \_\_\_\_\_, 2010.

ATTEST:

CITY OF PLANO, TEXAS, a home-rule  
municipal corporation

\_\_\_\_\_  
Diane Zucco, CITY SECRETARY

\_\_\_\_\_  
Thomas H. Muehlenbeck  
CITY MANAGER

APPROVED AS TO FORM:

\_\_\_\_\_  
Diane Wetherbee, CITY ATTORNEY

ATTEST:

COMMISSIONERS' COURT OF COLLIN  
COUNTY

\_\_\_\_\_  
Keith Self  
COUNTY JUDGE

Encana Oil & Gas (USA) Inc., a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

KDC Legacy North Investments One, LP,  
a Texas limited partnership  
By: KDC Legacy North Investments GPI,  
LLC, a Texas limited liability company  
General Partner

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**THE LAND**

**TRACT 1:**

**BEING** a tract of land out of the Maria C. Vela Survey, Abstract No. 935, and the Henry Cook Survey, Abstract No. 183, City of Plano, Collin County, Texas, being all of Lot 6, Block C, Legacy Town Center (North), an addition to the City of Plano recorded in Cabinet 2006, Page 440, Map Records of Collin County, Texas and being more particularly described as follows:

**BEGINNING** at a "X" cut in concrete set in the west right-of-way line of Bishop Road (a 109-foot wide right-of-way); said point being the northeast corner of Lot 1R, Block C, Legacy Town Center (North), an addition to the City of Plano, Texas according to the plat recorded in Cabinet 2007, Page 601, Map Records of Collin County, Texas;

**THENCE** departing said west right-of-way line of Bishop Road, with the north line of said Lot 1R, Block C and the north line of Legacy Circle (a 42-foot wide private street), the following courses and distances:

West, a distance of 32.44 feet to a "X" cut in concrete set at the beginning of a tangent curve to the right with a radius of 20.00 feet, a central angle of  $20^{\circ}00'00''$ , and a chord bearing and distance of North  $80^{\circ}00'00''$  West, 6.95 feet;

In a northwesterly direction with said curve, an arc distance of 6.98 feet to a "X" cut in concrete set for corner;

North  $70^{\circ}00'00''$  West, a distance of 84.03 feet to a "X" cut in concrete set at the beginning of a tangent curve to the left with a radius of 44.00 feet, a central angle of  $30^{\circ}00'00''$ , and a chord bearing and distance of North  $85^{\circ}00'00''$  West, 22.78 feet;

In a northwesterly direction with said curve, an arc distance of 23.04 feet to a 5/8" iron rod with "KHA" cap set for corner;

South  $80^{\circ}00'00''$  West, a distance of 295.05 feet to a "X" cut in concrete set at the beginning of a tangent curve to the right with a radius of 20.00 feet, a central angle of  $72^{\circ}15'22''$ , and a chord bearing and distance of North  $63^{\circ}52'19''$  West, 23.58 feet;

In a northwesterly direction with said curve, an arc distance of 25.22 feet to a "X" cut in concrete set at the beginning of a curve to the left with a radius of 85.00 feet, a central angle of  $98^{\circ}28'31''$ , and a chord bearing and distance of North  $76^{\circ}58'53''$  West, 128.76 feet;

In a northwesterly direction with said curve, an arc distance of 146.09 feet to a "X" cut in concrete set for corner; said point being the southeast corner of Lot 4, Block C, Legacy Town Center (North), an addition to the City of Plano, Texas according to the plat recorded in Cabinet 2006, Page 516, Map Records of Collin County, Texas;

**THENCE** departing said north line, with the east line of said Lot 4, Block C and said north line of Legacy Circle, North, a distance of 205.48 feet to a "X" cut in concrete set for corner in the south right-of-way line of Infinity Avenue (a 60-foot wide right-of-way); said point being the northeast corner of said Lot 4, Block C;

**THENCE** with said south right-of-way line of Infinity Avenue, East, a distance of 578.12 feet to a 5/8" iron rod with "KHA" cap set for corner; said point being an angle point in the said west right-of-way line of Bishop Road;

**THENCE** with said west right-of-way line of Bishop Road, South, a distance of 225.56 feet to the **POINT OF BEGINNING** and containing 2.838 acres or 123,636 square feet of land.

**TRACT 2:**

**BEING** a tract of land out of the Henry Cook Survey, Abstract No. 183, City of Plano, Collin County, Texas, being all of Lot 2, Block C, Legacy Town Center (North), an addition to the City of Plano recorded in Cabinet 2006, Page 148 Map Records of Collin County, Texas and being more particularly described as follows:

**BEGINNING** at a 1/2" iron rod with cap found at the intersection of the west right-of-way line of Bishop Road (a 60-foot wide right-of-way) and the south right-of-way line of Ashmill Drive (a 60-foot wide right-of-way); said point also being the northeast corner of said Lot 2, Block C;

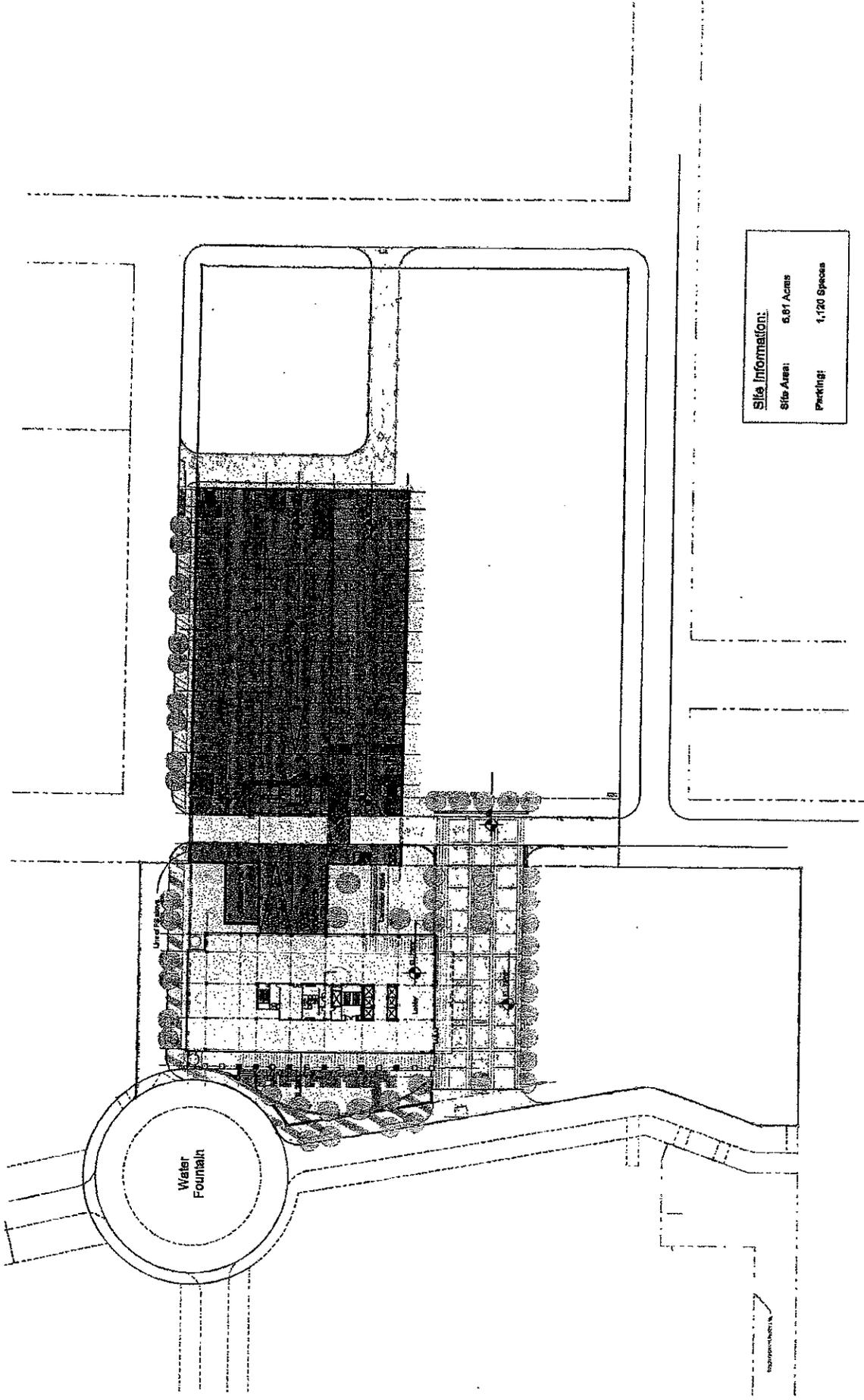
**THENCE** with said west right-of-way line of Bishop Road, South, a distance of 464.57 feet to a 5/8" iron rod with "KHA" cap set for corner; said point being the intersection of said west right-of-way line and the north right-of-way line of Infinity Avenue (a 60-foot wide right-of-way);

**THENCE** with said north right-of-way line of Infinity Avenue, West, a distance of 375.00 feet to a 5/8" iron rod with "KHA" cap set for corner; said point being the intersection of said north right-of-way line and the east right-of-way line of Elijah Drive (a 60-foot wide right-of-way);

**THENCE** with said east right-of-way line of Elijah Drive, North, a distance of 464.57 feet to a 1/2" iron rod with cap found for corner; said point being the intersection of said east right-of-way line and the said south right-of-way line of Ashmill Drive;

**THENCE** with said south right-of-way line of Ashmill Drive, East, a distance of 375.00 feet to the **POINT OF BEGINNING** and containing 3.999 acres or 174,213 square feet of land.

EXHIBIT B



<b>Site Information:</b>	
Site Area:	6.67 Acres
Parking:	1,120 Spaces

**SITE PLAN**  
Legacy in Plano, TX

SCALE: 1/8" = 1'-0"  
14 OCTOBER 2010



www.kdc.com

**EXHIBIT “C”  
CERTIFICATION FORM  
REINVESTMENT ZONE NO. 124**

[DATE]

City of Plano  
Finance Department  
P.O. Box 860358  
Plano, Texas 75086-0358

RE: Certification Form – Reinvestment Zone No. 124  
Tax Abatement Agreement (the “Agreement”) between Encana Oil & Gas (USA) Inc., (“Tenant”); KDC Legacy North Investments One, LP (“Owner”) and the City of Plano, dated as of \_\_\_\_\_

This letter certifies that Tenant and Owner are in compliance with each applicable term as set forth in the Agreement. The term of the Agreement is January 1, 2014, through December 31, 2023. This form is due on November 1 of each year the Agreement is in force. Tenant makes this certification on behalf of Owner pursuant to its power of attorney in Section 9 of the Agreement.

Encana Oil & Gas (USA) Inc.,  
a Delaware Corporation, as Tenant and on  
behalf of KDC Legacy North Investments  
One, LP, a Texas limited partnership, as  
Owner

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**CITY OF PLANO  
COUNCIL AGENDA ITEM**

<b>CITY SECRETARY'S USE ONLY</b>				
<input type="checkbox"/> Consent <input type="checkbox"/> Regular <input type="checkbox"/> Statutory				
Council Meeting Date:		11-22-10		
Department:		Finance		
Department Head		Denise Tacke		
Agenda Coordinator (include phone #): <b>Katherine Crumbley - 7479</b>				
<b>CAPTION</b>				
A Resolution of the City Council of the City of Plano, Texas, approving the terms and conditions of an Economic Development Incentive Agreement by and between the City of Plano, Texas, and Encana Oil & Gas (USA) Inc.; authorizing its execution by the City Manager or his designee; and providing an effective date.				
<b>FINANCIAL SUMMARY</b>				
<input checked="" type="checkbox"/> NOT APPLICABLE <input type="checkbox"/> OPERATING EXPENSE <input type="checkbox"/> REVENUE <input type="checkbox"/> CIP				
FISCAL YEAR: <b>2010</b>	<b>Prior Year (CIP Only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Budget	0	12,578,710	0	<b>12,578,710</b>
Encumbered/Expended Amount	0	-4,822,725	-5,019,650	<b>-9,842,375</b>
This Item	0	-2,312,000	-103,000	<b>-2,415,000</b>
BALANCE	0	5,443,985	-5,122,650	<b>321,335</b>
<b>FUND(S):    ECONOMIC DEVELOPMENT FUND</b>				
<b>COMMENTS:</b> Strategic Plan Goal: Providing economic development incentives relates to the City's goal of strong local economy				
<b>SUMMARY OF ITEM</b>				
A request from Encana Oil and Gas (USA), Inc. for an Economic Development Incentive to relocate its business and commercial activities to the City, thereby generating additional local sales tax revenues and increasing ad valorem tax values to the City. Encana Oil and Gas (USA), Inc. agrees to occupy not less than 300,000 sq. ft of new commercial space and transfer or create 510 jobs on or before 12/31/13.				
List of Supporting Documents: Economic Development Incentive Agreement			Other Departments, Boards, Commissions or Agencies	

**A Resolution of the City Council of the City of Plano, Texas, approving the terms and conditions of an Economic Development Incentive Agreement by and between the City of Plano, Texas, and Encana Oil & Gas (USA) Inc.; authorizing its execution by the City Manager or his designee; and providing an effective date.**

**WHEREAS**, the City Council has been presented a proposed Economic Development Incentive Agreement by and between the City of Plano, Texas and Encana Oil & Gas (USA) Inc., a Delaware corporation, a substantial copy of which is attached hereto as Exhibit "A" and incorporated herein by reference (hereinafter called "Agreement"); and,

**WHEREAS**, upon full review and consideration of the Agreement, and all matters attendant and related thereto, the City Council is of the opinion that the terms and conditions thereof should be approved, and that the City Manager or his designee shall be authorized to execute it on behalf of the City of Plano.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLANO, TEXAS, THAT:**

**Section I.** The terms and conditions of the Agreement, having been reviewed by the City Council of the City of Plano and found to be acceptable and in the best interests of the City of Plano and its citizens, are hereby in all things approved.

**Section II.** The City Manager, or his designee, is hereby authorized to execute the Agreement and all other documents in connection therewith on behalf of the City of Plano, substantially according to the terms and conditions set forth in the Agreement.

**Section III.** This Resolution shall become effective immediately upon its passage.

**DULY PASSED AND APPROVED** this 22<sup>nd</sup> day of November, 2010.

\_\_\_\_\_  
Phil Dyer, MAYOR

ATTEST:

\_\_\_\_\_  
Diane Zucco, CITY SECRETARY

APPROVED AS TO FORM:

\_\_\_\_\_  
Diane C. Wetherbee, CITY ATTORNEY

**STATE OF TEXAS**           §  
  §     **ECONOMIC DEVELOPMENT INCENTIVE**  
  §     **AGREEMENT**  
**COUNTY OF COLLIN**       §

This Economic Development Incentive Agreement (“Agreement”) is made by and between the City of Plano, Texas (the “City”), and Encana Oil & Gas (USA) Inc., a Delaware corporation (hereinafter referred to as the “Company”), acting by and through its authorized officers and representatives.

**WITNESSETH:**

**WHEREAS**, the Company is a producer of natural gas and plans to locate its regional corporate headquarters in Plano, Texas and to construct real property improvements with a taxable value of not less than Seventy Million Dollars (\$70,000,000.00) and add business personal property with a taxable value of not less than Eighteen Million Dollars (\$18,000,000.00); and

**WHEREAS**, the Company has advised the City that a contributing factor that would induce the Company to locate its business and commercial activities in the City, thereby generating additional local sales tax revenues and increasing ad valorem tax values for the City, would be an agreement by the City to provide an economic development grant to the Company; and

**WHEREAS**, Company will construct and occupy not less than 300,000 square feet of office space in facilities located at 5851 Legacy Circle, Plano, Texas (the “Property”); and add not less than 510 Job Equivalent positions to the Property; and

**WHEREAS**, the occupancy of 300,000 square feet of office space ( the “Improvements”) and the creation or transfer of not less than 510 Job Equivalent positions will promote economic development, stimulate commercial activity and enhance the tax base and economic vitality of the City; and

**WHEREAS**, the City has adopted programs for promoting economic development; and

**WHEREAS**, the City is authorized by TEX. LOC. GOV’T CODE §380.001 *et seq.* to provide economic development grants to promote local economic development and to stimulate business and commercial activity in the City; and

**WHEREAS**, the City has determined that making an economic development grant to the Company in accordance with the terms and conditions set forth in this Agreement will further the objectives of the City, will benefit the City and the City’s inhabitants and will promote local economic development and stimulate business and commercial activity in the City;

**NOW THEREFORE**, in consideration of the foregoing and the premises, mutual covenants and agreements contained herein, and other good and valuable consideration, the

receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby covenant and agree as follows:

## **Article I Definitions**

For purposes of this Agreement, each of the following terms shall have the meaning set forth herein unless the context clearly indicates otherwise:

“Commencement Date” shall mean the completion of construction and occupancy of the Property or December 31, 2013, whichever occurs first.

“Effective Date” shall mean the last date on which all of the parties hereto have executed this Agreement.

“Event of Force Majeure” shall mean any contingency or cause beyond the reasonable control of a party including, without limitation, acts of God or the public enemy, war, riot, civil commotion, insurrection, government or de facto governmental action (unless caused by the intentionally wrongful acts or omissions of the party), fires, explosions or floods, strikes, slowdowns or work stoppages any of which event(s) directly impact the Company’s operations in Plano. The term shall not include a downturn in the economy.

“Job Equivalent” shall mean one or more Company job positions assigned to the Property which individually or when combined total 2080 hours annually.

## **Article II Term**

The term of this Agreement shall begin on the Commencement Date and continue for ten (10) years thereafter.

## **Article III Obligations of Company**

In consideration for the grant of public funds as set forth in Section 4.01 below, the Company agrees to the following:

- a. construct and occupy new commercial office space of 300,000 square feet on the Property on or before December 31, 2013;
- b. Create or transfer 510 Job Equivalents to the Property on or before December 31, 2013;
- c. Maintain the 510 Job Equivalents on the Property for the remainder of the term of this Agreement; and

- d. Use commercially reasonable efforts to place all Company-managed hotel room nights, related to the Company's business activities related to or being conducted within the Property, at facilities located in the City of Plano.

#### **Article IV Economic Development Grant**

4.01 **Grant.** The City agrees to provide the Company the following incentives:

- a. A cash grant of up to Four Hundred Eighty Eight Thousand Dollars (\$488,000.00) for the reimbursement of City of Plano permit, building inspection, engineering and planning fees paid to the City by Company for the construction of the Improvements on the Property. Such grant shall be payable by the City within thirty (30) days of request thereof but not later than April 1, 2014.

- b. A cash grant of One Million Three Hundred and Sixty Five Thousand Dollars (\$1,365,000.00) to offset relocation and occupancy costs. Such grant shall be payable upon providing proof of such expenses, the issuance of an occupancy permit by the City of Plano, and filing of the Initial Certification described in subsection c below.

- c. A cash grant of Four Hundred and Fifty Nine Thousand Dollars (\$459,000.00) from the City under this Agreement payable within thirty (30) days after the City's receipt of the Initial Certification substantially in the form attached hereto as Exhibit "A", that the Company has met its obligations as set forth in Article III (a) and (b) above (such payment referred to as the "Initial Grant Payment"). **IN ORDER TO RECEIVE PAYMENT UNDER THIS AGREEMENT, COMPANY'S INITIAL CERTIFICATION VERIFYING COMPLIANCE WITH ARTICLE III a AND b ABOVE MUST BE FILED WITH THE CITY ON OR BEFORE APRIL 1, 2014.**

- d. The Company shall be entitled to a second grant payment ("Additional Grant Payment") equal to Nine Hundred Dollars (\$900.00) times the additional Job Equivalents, in excess of 510, assigned to the Property before December 31, 2015 and maintained for the remaining term of the Agreement. Such Additional Grant Payment shall not exceed One Hundred and Three Thousand Five Hundred Dollars (\$103,500.00). Payment shall be made thirty (30) days after receipt of the verification substantially in the form of the Verification attached hereto as Exhibit "A" **IN ORDER TO RECEIVE THE ADDITIONAL GRANT PAYMENT, COMPANY'S CERTIFICATION AS TO THE NUMBER OF JOB EQUIVALENTS CREATED PRIOR TO DECEMBER 31, 2015 MUST BE FILED WITH THE CITY ON OR BEFORE APRIL 1, 2016.**

4.02 **Refunds.**

- a. In the event the Company fails to perform its obligations as set forth in Article III (a) for the full term of this Agreement, Company shall, as liquidated damages, refund to the City the full amount of this grant. In the event the Company, allows the Job Equivalents at the Property to fall below the number of Job Equivalents for which it has received a grant payment, for more

than one hundred eighty (180) consecutive days during the term of this Agreement, not the result of an Event of Force Majeure, the Company shall refund to the City an amount equal to Nine Hundred Dollars (\$900.00) for each Job Equivalent below the Job Equivalent level for which it received a grant payment. The total repayment required of Company under this section may not exceed Two Million Four Hundred and Fifteen Thousand Five Hundred Dollars (\$2,415,500.00) in the aggregate. For purposes of determining whether the City is due a refund under this section, an officer of the Company shall certify to the City by January 31, 2014 and by January 31st of each year thereafter during the term of this Agreement the actual number of Job Equivalents at the Property for the preceding calendar year, using the Certification form substantially in the form of the attached as Exhibit "B". All refunds under this Agreement shall be due within sixty (60) days of written demand for payment. Notwithstanding the foregoing, the Company shall never be required to refund to the City, in the aggregate, any amount in excess of the total grant amount set forth in Section 4.01.

b. In the event the Company, at any time during the term of this Agreement, is convicted of a violation under 8 U.S.C. Section 1324a(f) regarding the unlawful employment of undocumented workers, it shall reimburse the City all grant funds paid pursuant to this Agreement together with interest charged from the date of payment of the funds at the statutory rate for delinquent taxes as determined by V.T.C.A., Tax Code § 33.01 but without the addition of penalty. Repayment of grant funds and interest shall be due not later than one hundred twenty (120) days after the date the City notifies the Company of the conviction.

## **Article V Termination**

5.01 This Agreement terminates upon any one or more of the following:

- a. By mutual written agreement of the parties;
- b. Upon expiration of the Term;
- c. By either party, if the other party defaults or breaches any of the terms or conditions of this Agreement and such default or breach is not cured within thirty (30) days after written notice thereof (provided that such 30 day period shall be extended if the default is of a nature that cannot reasonably be cured within such 30 day period and further provided that the remedy is being diligently pursued); and
- d. By either party if any subsequent federal or state legislation or any decision of a court of competent jurisdiction declares or renders this Agreement invalid, illegal or unenforceable, provided, that such termination notice shall set forth an explanation of the terminating party's basis for termination under this subsection d.

5.02 **Effect of Termination.** The rights, responsibilities and liabilities of the Parties under this Agreement shall be extinguished upon the applicable effective date of termination of this Agreement, except for any obligations that accrue prior to such termination or as otherwise provided herein. All rights and obligations under Section 4.01 above shall survive the termination of this Agreement.

**Article VI**  
**Miscellaneous**

6.01 **Binding Agreement.** The terms and conditions of this Agreement are binding upon the successors and permitted assigns of the parties hereto. This Agreement may not be assigned without the express written consent of the non-assigning party, except that the Company may assign this Agreement without obtaining the City's consent (a) to one of its affiliates, or (b) to any person or entity that directly or indirectly acquires, through merger, sale of stock, purchase or otherwise, all or substantially all of the assets of the Company.

6.02 **No Joint Venture.** 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. Neither party shall have any authority to act on behalf of the other party under any circumstances by virtue of this Agreement.

6.03 **Authorization.** Each party represents that it has full capacity and authority to grant all rights and assume all obligations that are granted and assumed under this Agreement.

6.04 **Notice.** Any notice required or permitted to be delivered hereunder shall be deemed received three (3) days thereafter sent by United States Mail, postage prepaid, certified mail, return receipt requested, addressed to the party at the address set forth below (or such other address as such party may subsequently designate in writing) or on the day actually received if sent by courier or otherwise hand delivered.

If intended for the City:

City of Plano, Texas  
Attn: Thomas H. Muehlenbeck  
City Manager  
1520 Avenue K  
P.O. Box 860358  
Plano, Texas 75086-0358

With a copy to:

City of Plano, Texas  
Attn: Diane Wetherbee  
City Attorney  
1520 Avenue K  
Plano, Texas 75086-0358

If intended for the Company prior to relocation:

Encana Oil & Gas (USA) Inc.  
Attention: Cindie Ward  
370 17<sup>th</sup> Street, Suite 1700  
Denver, CO 80202

If intended for the Company after relocation:  
Encana Oil & Gas (USA) Inc.  
Attention: Cindie Ward  
370 17<sup>th</sup> Street, Suite 1700  
Denver, CO 80202

6.05 **Entire Agreement.** This Agreement is the entire Agreement between the parties with respect to the subject matter covered in this Agreement. There is no other collateral oral or written Agreement between the parties that in any manner relates to the subject matter of this Agreement.

6.06 **Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the State of Texas, without giving effect to any conflicts of law rule or principle that might result in the application of the laws of another jurisdiction. Venue for any action concerning this Agreement, the transactions contemplated hereby or the liabilities or obligations imposed hereunder shall be in the State District Court of Collin County, Texas.

6.07 **Amendment.** This Agreement may only be amended by the mutual written agreement of the parties.

6.08 **Legal Construction.** In the event any 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 other provisions, and it is the intention of the parties to this Agreement that in lieu of each provision that is found to be illegal, invalid, or unenforceable, a provision shall be added to this Agreement which is legal, valid and enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

6.09 **Recitals.** The recitals to this Agreement are incorporated herein.

6.10 **Counterparts.** This Agreement may be executed in counterparts. Each of the counterparts shall be deemed an original instrument, but all of the counterparts shall constitute one and the same instrument.

6.11 **Survival of Covenants.** Any of the representations, warranties, covenants, and obligations of the parties, as well as any rights and benefits of the parties, pertaining to a period of time following the termination of this Agreement shall survive termination.

**EXECUTED** on this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

ATTEST:

CITY OF PLANO, TEXAS, a home  
rule municipal corporation

\_\_\_\_\_  
Diane Zucco, CITY SECRETARY

\_\_\_\_\_  
Thomas H. Muehlenbeck, CITY  
MANAGER

APPROVED AS TO FORM:

\_\_\_\_\_  
Diane C. Wetherbee, CITY ATTORNEY

ATTEST:

ENCANA OIL & GAS (USA) INC.,  
a Delaware corporation

\_\_\_\_\_

BY: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT "A"**

**INITIAL CERTIFICATE OF COMPLIANCE\***

I hereby certify that ENCANA OIL & GAS (USA) INC., a Delaware corporation, has occupied not less than 300,000 square feet of commercial office space in on the Property and has added 510 new Job Equivalent positions to the Property. ENCANA OIL & GAS (USA) INC. is in compliance with subsections a and b of Article III of the Agreement and is entitled to receive payment under the terms of that Agreement.

ATTEST:

ENCANA OIL & GAS (USA) INC.,  
a Delaware corporation

\_\_\_\_\_

BY: \_\_\_\_\_  
Name:  
Title:

NOTE:

This Certificate of Compliance should be mailed to:

City of Plano  
Finance Department  
P.O. Box 860358  
Plano, Texas 75086-0358

\*This form may be modified as appropriate to certify payment for the Additional Grant Payment.

**EXHIBIT "B"**

**ANNUAL CERTIFICATE OF COMPLIANCE**

I hereby certify that ENCANA OIL & GAS (USA) INC., a Delaware corporation, is in compliance with each applicable term as set forth in Article III of the Agreement as of \_\_\_\_\_. The term of the Agreement is December 31, 2013 through December 30, 2023. The number of new Job Equivalents, calculated as set forth in the Agreement, and maintained pursuant to the Agreement since its inception has not fallen below \_\_\_\_\_ for more than 180 consecutive days and is \_\_\_\_\_ as of the date of this Certificate of Compliance. If the number herein reported is below the number required to be maintained pursuant the Agreement, I certify that the City of Plano has been refunded the appropriate amount as required by Section 4.03 of the Agreement. This form is due on January 31 of each year this Agreement is in force.

ATTEST:

ENCANA OIL & GAS (USA) INC.,  
a Delaware corporation

\_\_\_\_\_

BY: \_\_\_\_\_  
Name:  
Title:

NOTE:

This Certificate of Compliance should be mailed to:

City of Plano  
Finance Department  
P.O. Box 860358  
Plano, Texas 75086-0358