

RESOLUTION REGARDING REQUEST OF SANDPIPER CHEMICALS, LLC FOR THE ISSUANCE OF ONE OR MORE SERIES OF REVENUE BONDS; AUTHORIZING THE FILING OF AN APPLICATION FOR ALLOCATION OF VOLUME CAP FOR PRIVATE ACTIVITY BONDS WITH THE TEXAS BOND REVIEW BOARD; AUTHORIZING A PUBLIC HEARING REGARDING THE BONDS; APPROVING PUBLICATION OF NOTICE OF PUBLIC HEARING AND APPOINTING HEARING OFFICERS; AND AUTHORIZING OTHER ACTION RELATED THERETO

WHEREAS, the [City of Texas City Industrial Development Corporation] (the "Corporation" or "Issuer") is authorized by the Texas Development Corporation Act, Chapter 501, Texas Local Government Code, as amended (formerly the Development Corporation Act of 1979, Article 5190.6, Vernon's Annotated Texas Civil Statutes, as amended) (the "Act"), to issue revenue bonds for the purpose of paying all or part of the cost of a "project," as defined in the Act, and to sell or lease all or a portion of the project to others or to loan the proceeds of the revenue bonds to others to finance all or part of the cost of the project; and

WHEREAS, Sandpiper Chemicals, LLC or an affiliate thereof or a related person thereto (the "User"), has requested that the Issuer provide for the financing and payment of all or a part of the costs of the Project (defined below) pursuant to the Act, and/or other applicable laws, and has requested that the Issuer make a firm commitment to provide for the issuance of its revenue bonds to finance the costs of the Project;

WHEREAS, the Corporation now desires to declare its intent to authorize the issuance and sale of one or more series of its revenue bonds to the extent authorized by law to provide funds to finance all or part of the cost of developing, acquiring, constructing, expanding, and/or improving certain capital improvements and infrastructure relating to the Project (as hereinafter defined in this paragraph) located within the boundaries of the Unit (as hereinafter defined), as described in Exhibit A attached hereto, which may constitute one or more projects (collectively, the "Project"), such facilities to be acquired or constructed by or to be leased or sold to the User; and

WHEREAS, the User has made payments with respect to the development, acquisition, construction, reconstruction, expansion, or improvement of the Project and expects to make additional payments in the future for such purposes and desires to be reimbursed or paid for such payments and other costs associated with the Project from the proceeds of one or more series of revenue bonds to be issued by the Issuer subsequent to the date hereof; and

WHEREAS, the Corporation desires to reimburse or pay the User for some or all of the costs associated with the Project, but solely from and to the extent, if any, of the proceeds of revenue bonds to be issued subsequent to the date hereof; and

WHEREAS, at the request of the User, the Corporation reasonably expects to incur debt in the form of revenue bonds for purposes of paying the costs of a portion of the Project; and

WHEREAS, Section 147(f) of the Code (as hereinafter defined) requires that the Project be approved by the "applicable elected representative" (the "AER") after a public hearing following reasonable public notice; and

WHEREAS, notice of a public hearing with respect to the Project and the Bonds (as hereinafter defined), to be held by the duly appointed hearing officer of the Corporation at a time and location to be determined by the hearing officer in coordination with the User, will be published no less than seven (7) days before such date in a newspaper of general circulation available to residents within the City of Texas City, Texas (the "Unit") or on the Unit's internet website, and such public hearing will be held on the date and at the time and place set out in such published notice, and will be conducted in a manner that provides a reasonable opportunity for persons with differing views on the issuance of the Bonds and on the location and nature of the Project to be heard; and

WHEREAS, the Unit, has authorized and approved creation of the Corporation to act on behalf of the Unit for the public purposes described in the Act.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF TEXAS CITY INDUSTRIAL DEVELOPMENT CORPORATION THAT:

Section 1. The Corporation reasonably expects to reimburse or pay the User for all costs ("Costs of the Project") that have been or will be paid subsequent to the date that is 60 days prior to the date hereof, as well as preliminary expenditures, in connection with the acquisition or construction of the property comprising the Project, to the extent permitted by applicable law, as listed on Exhibit A attached hereto, from the proceeds of one or more series of revenue bonds to be issued subsequent to the date hereof (the "Bonds"), in an amount which is reasonably estimated to be sufficient for the following purposes: (a) to fund one or more loans to provide financing for the acquisition, construction, reconstruction, expansion, and/or improvement of the Project, including reimbursing the User for all eligible costs that have been or will be paid subsequent to the date that is sixty (60) days prior to the date hereof in connection with the development, acquisition, construction, reconstruction, expansion, and/or improvement of the Project; (b) to fund certain reserves for the benefit of the holders of the Bonds; and (c) to pay certain costs incurred in connection with the issuance of the Bonds.

Section 2. Based on representations of the User, the Corporation reasonably expects that the maximum principal amount of Bonds to be issued to reimburse or pay the User for the Costs of the Project set forth on Exhibit A attached hereto will not exceed eight hundred million United States dollars (\$800,000,000).

Section 3. The User may continue with the development, acquisition, construction, expansion, and improvement of the Project, which Project will be in furtherance of the public purposes of the Corporation and the Unit, and the User has provided or will

provide, or cause to be provided, at its expense, the necessary interim financing, if any, to expedite the commencement of the development, acquisition, construction, reconstruction, expansion and improvement of the Project. On or prior to the issuance of the Bonds, the User will enter into one or more purchase, lease or loan agreements on an installment payment basis with the Corporation under which the Corporation will sell or lease the Project to the User or make one or more loans to the User for the purpose of reimbursing or funding the User for a portion of the Costs of the Project and the User will make installment payments sufficient to pay the principal of and premium, if any, and interest on the Bonds. The Bonds shall never constitute an indebtedness or pledge of the faith and credit of the State of Texas (the "State"), of the Unit or of any other political corporation, subdivision or agency of the State within the meaning of any State constitutional or statutory provision, and the Bonds shall never be paid in whole or in part out of any funds raised or to be raised by taxation or any other funds of the Unit, and shall be payable solely from the funds of the Corporation derived from or in connection with the sale or lease of the Project or the loan of the proceeds of the Bonds.

Section 4. On receipt of the opinion of bond counsel acceptable to the Corporation and the User, that, to the extent applicable, interest paid on the Bonds is excludable from gross income for federal income tax purposes, and satisfaction of such other conditions as may be imposed by the Corporation, the Corporation hereby agrees to issue, pursuant to the terms of the Act, the Bonds, in one or more series, in such principal amount not exceeding that which is the subject of the aforesaid opinion, maturing in such amount and times, bearing interest at the rates, payable on the dates and having such optional and mandatory redemption features and prices as are approved in writing by the User. The Corporation will deliver the Bonds to the purchaser designated by the User and will cooperate to the fullest extent reasonably practicable and in accordance with applicable law in facilitating delivery of the Bonds. The agreement of the Corporation to issue the tax-exempt Bonds is specifically subject to the ability of the Corporation to issue such Bonds in compliance with the "Volume Cap" provisions of Section 146 of the Internal Revenue Code of 1986, as amended (the "Code") and satisfaction of other requirements for issuance of the tax-exempt bonds under the laws of the State.

Section 5. The Bonds may be issued either at one time or in several series from time to time as the User shall request in writing. The proceeds of the Bonds or portions thereof whether or not issued in a series, shall not be invested so as to constitute the Bonds or a portion thereof as arbitrage bonds within the meaning of Section 148 of the Code and applicable regulations promulgated pursuant thereto.

Section 6. The payment of the principal of and premium, if any, and interest on the Bonds shall be made solely from moneys realized from the sale, lease or operation of the Project or from moneys realized from the loan of the proceeds of the Bonds to pay or reimburse the User for Costs of the Project.

Section 7. The Costs of the Project may include any cost of developing, acquiring, constructing, reconstructing, improving and expanding the Project. Without limiting the generality of the foregoing, the Costs of the Project shall specifically include the cost of the acquisition of all land, rights-of-way, property rights, easements and interests, the cost of all machinery and equipment, financing charges, inventory, raw materials and other supplies; research and development costs, interest prior to and during construction and for one year after completion of construction whether or not capitalized, necessary reserve funds, the cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, reconstructing, improving and expanding the Project, administrative expenses and such other expenses as may be necessary or incident to the acquisition, construction, reconstruction, improvement and expansion of the Project, the placing of the Project in operation and that satisfy the Code and the Act. The User shall (i) be responsible for and pay any Costs of the Project incurred by it prior to issuance of the Bonds and will pay all Costs of the Project which are not or cannot be paid or reimbursed from the proceeds of the Bonds and (ii) at all times, indemnify and hold harmless the Corporation, its Board of Directors, employees and advisors, the Unit, the City Commission of the Unit, the employees and advisors of the Unit, and the Office of the Governor of the State of Texas, Division of Economic Development and Tourism against all losses, costs, damages, expenses and liabilities of whatsoever nature (including but not limited to attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) directly or indirectly resulting from, arising out of or related to the issuance, offering, sale or delivery of the Bonds, or the design, construction, installation, operation, use, occupancy, maintenance or ownership of the Project.

Section 8. Neither the User nor any other party is entitled to rely on this Resolution as a commitment to loan funds, and the Corporation reserves the right not to issue the Bonds either with or without cause and with or without notice, and in such event the Corporation shall not be subject to any liability or damages of any nature. Neither the User nor any one claiming by, through or under the User shall have any claim against the Corporation whatsoever as a result of any decision by the Corporation not to issue the Bonds.

Section 9. The Corporation acknowledges that financing of all or any part of the Project may be undertaken by any entity that is a "related person" to the User within the meaning of the Code and applicable regulations promulgated pursuant thereto, including any entity controlled by or affiliated with the User and that upon completion the Project may be leased or sold to an affiliate of the User.

Section 10. This Resolution constitutes the Corporation's official intent that the Bonds will be issued to reimburse or pay for expenditures on Costs of the Project, within the meaning of

Sections 1.142-4(b) and 1.150-2 of the Treasury Regulations, and applicable notices and rulings of the Internal Revenue Service thereunder, to the end that the Bonds issued to reimburse or pay for Costs of the Project may qualify for the exemption provisions of Section 142 of the Code, and that the interest on the Bonds will therefore be excludable from the gross incomes of the holders thereof under the provisions of Section 103(a) of the Code.

Section 11. The Corporation hereby authorizes and approves the filing of one or more applications for allocation of volume cap for private activity bonds with the Texas Bond Review Board and/or any other appropriate State office with respect to the Bonds and the Project described herein, and any officer or director of the Corporation is hereby authorized to execute and deliver such application or applications and to take any and all other actions related to such application or applications or necessary or desirable to carry out the provisions of this Resolution.

Section 12. The Corporation hereby authorizes and approves the holding of a public hearing (one or more) with respect to the Bonds and the Project, to be held at a time and location to be determined by the hearing officer in coordination with the User and in the manner required by applicable law, and authorizes and approves the publication of a notice regarding such public hearing to be published no less than seven (7) days before the date of such hearing in a newspaper of general circulation available to residents within the Unit, such notice to include the date, time and place of the public hearing and other information as may be required by Section 147(f) of the Code. The Corporation authorizes all comments from interested persons given at such public hearing to be recorded by the hearing officer and hereby directs that information with respect to the public hearing be provided to the AER for consideration and that the AER be requested by the Corporation to approve the Bonds and the Project. The Corporation hereby appoints any of the City Secretary, City Attorney or any officer or director of the Corporation, or other authorized representative, as hearing officers for the Corporation in connection with the Bonds and the Project. Such hearing shall be held on a date and at a time to be determined by such hearing officer, the hearing officer's certification that such hearing has been conducted in accordance with the provisions of Section 147(f) of the Code shall conclusively establish that such hearing has been so conducted. .

Section 13. The Board of Directors of the Corporation hereby finds, determines and declares that written notice of the date, hour, place and subject of the meeting at which this Resolution was adopted was posted and that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof were discussed, considered and formally acted upon, all as required by Chapter 551, Texas Government Code, and the Act.

PASSED AND APPROVED on \_\_\_\_\_, 2022.

## EXHIBIT A

### DESCRIPTION OF PROJECT

The Project generally consists of developing, acquiring, constructing, expanding, and/or improving certain capital improvements and infrastructure relating a natural gas processing facility to produce methanol within the boundaries of the City of Texas City, Texas, Galveston County, Texas (the "Plant"). The planned location of the Plant is located on the Eastman Chemical Texas City, Inc. site located at 201 Bay Street South, Texas City, Texas 77592. The Project includes, but is not limited to, facilities that qualify as (i) "solid waste disposal facilities" within the meaning of section 142(a)(6) of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) "sewage facilities" within the meaning of section 142(a)(5) of the Code, (iii) "qualified carbon dioxide capture facilities" within the meaning of section 142(a)(17) of the Code, or (iv) property functionally related and subordinate to either (i), (ii) and (iii).