

THE STATE OF TEXAS §  
§  
COUNTY OF HUNT §

#15,729 (a)

FILED FOR RECORD  
at 11:34 o'clock 2 M  
AUG 27 2019  
JENNIFER LINDENZWEIG  
County Clerk, Hunt County, TX  
By Jennifer Lindenzweig

This Tax Abatement Agreement (hereinafter referred to as the "Agreement") is made and entered into by and between Hunt County, Texas ("Governmental Unit"), FRITZ INDUSTRIES, INC. (hereinafter referred to as "Owner" or "FRITZ"), the owner of taxable real property in the City of Greenville and Hunt County, Texas (the "Property"), and Zume, Inc. ("Lessee") (collectively, the "Parties").

WHEREAS, City of Greenville, Texas has designated certain property as a Reinvestment Zone within its city limits and located at 7121 Shelby Ave, Greenville, TX 75401; and

WHEREAS, Texas Tax Code, Section 312.206(a) allows Hunt County to take official action prior to the execution of a municipal agreement to express an intent to be bound by the terms of that municipal agreement if the municipality enters into an agreement under Section 312.204 with the owner relating to the property, which official action causes the terms of that municipal agreement regarding the share of the property to be exempt in each year of the municipal agreement to apply to the taxation of the property by Hunt County; and

WHEREAS, pursuant to Texas Tax Code, Section 312.206(a), Hunt County hereby expresses an intent to be bound by the terms of that municipal agreement that will be entered into under Section 312.204 between Owner, Lessee, and the City of Greenville, Texas, which terms are reproduced herein; and

WHEREAS, Owner is the owner of certain real property located at 7121 Shelby Ave. in Greenville, Hunt County, Texas; and

WHEREAS, Owner intends to expand their facility on such property; and

WHEREAS, the Governmental Unit finds that Owner's facility (expanded as described in Exhibit "B") will constitute a Facility eligible for Abatement under the terms and conditions herein; and

WHEREAS, Owner will lease the Facility to Lessee; and

WHEREAS, the Guidelines (as defined herein) require that a tax abatement agreement with a leased facility must be entered into with the lessor and the lessee.

NOW, THEREFORE, in consideration of the mutual promises hereinafter contained:



This agreement is authorized by the Texas Property Redevelopment and Tax Abatement Act, Texas Tax Code, Chapter 312, as amended ("Act"), and is subject to the laws of the State of Texas and the charter, ordinances, and orders of the Governmental Unit.

## II. DEFINITIONS

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

1. "Abatement" means the full or partial exemption from ad valorem taxes of the Improvements on certain real property and personal property in a reinvestment zone designated by the City of Greenville for economic development purposes pursuant to the Act.
2. "Affected Jurisdiction" means Hunt County, Texas and any municipality or school district, the majority of which is located in Hunt County, that levies ad valorem taxes upon and provides services to property located within the proposed or existing reinvestment zone designated by the City of Greenville.
3. "Added Value" means the increase in the assessed value of the Eligible Property as a result of "expansion" or "modernization" of an existing facility or construction of a "new facility". It does not mean or include "deferred maintenance".
4. "Base Year Value" means the assessed value of the eligible property as certified by the Hunt County Appraisal District on January 1, 2019, preceding the execution of the Agreement, plus the agreed upon value of eligible property improvements made after January 1, 2019, but before the execution of this Agreement.
5. "Eligible Property" means buildings, structures, fixed machinery and equipment, aircraft and site improvements, installed, constructed, or added between the effective date of this Agreement and January 1, 2025 (the "Construction Phase"), plus that office space and related fixed improvements necessary to the operation and administration of the Facility, which are eligible for Abatement hereunder. Fritz Industries, Inc.'s real property is Eligible Property as a lessor to Zume, Inc. for the duration of this Agreement.
6. "Facility" means a Basic Manufacturing Facility, Petrochemical Facility, Regional Distribution Facility, or other Authorized Facility approved by the Governmental Unit(s), as set forth in the Guidelines and Criteria for Granting Tax Abatement adopted by the Governmental Unit(s).



7. "Improvements" means the buildings or portions thereof and other improvements used for commercial or industrial purposes on the Property.
8. "Ineligible Property" means the following types of property shall be fully taxable (except as otherwise provided by law or other agreement) and ineligible for abatement: Land; inventories; supplies; personal property not defined as eligible property; tools; furnishings and other forms of movable equipment and machinery; vehicles; vessels; aircraft; housing; hotel accommodations; retail facilities; deferred maintenance; investments; property to be rented or leased, except as provided in Section 2(f) of the Guidelines and Criteria for Granting Tax Abatement adopted by the Governmental Unit(s); property owned or used by the State of Texas, or its political subdivisions, or by any organization owned, operated or directed by a political subdivision of the State of Texas.
9. "Community Entities" means the Hunt County, Texas, the City of Greenville, Texas, Greenville 4A Economic Development Corporation, the Board of Development of the City of Greenville, Texas, and any other similar organization within the City of Greenville, Texas which extends to Owner one or more incentives pursuant to this or other agreements.
10. "Completion Agreement" means the Agreement by and between Greenville 4A Economic Development Corporation, the Board of Development of the City of Greenville, Texas, and Zume, Inc. containing agreements with respect to the Property and the Facility, for the purpose of tax abatement.

The Guidelines and Criteria for Granting Tax Abatement adopted by the Governmental Unit ("Guidelines") are incorporated as a part of this Agreement, except as the same may be modified herein with such modifications qualifying as approved variance requests under the Guidelines.

### **III. PROPERTY**

The property is an area within Greenville, Hunt County, Texas located in whole or part within the jurisdiction of the Governmental Unit as more fully described in Exhibit "A," attached hereto and made a part hereof. Said property is located within an authorized zone for tax abatement.

The Hunt County Appraisal District has established the following value for the Property, including improvements thereon, as of the January 1, 2019, valuation date prior to the date of execution of this Agreement and which is the last valuation record known by the parties.

Land and Improvement: \$16,838,440

The Parties incorporate such value into this Agreement but agree to adjust such value as



may be necessary upon adoption of the tax rolls for January 1, 2019. This is the Base Year Value.

The Governmental Unit and the Owner agree that the approximate value of any additions to the Property made after January 1, 2019, and for which abatement is sought and not otherwise reflected on the above valuation Property, is referred to as "Eligible Property".

#### **IV. TERM OF ABATEMENT AND AGREEMENT**

##### Land and Improvements

The Governmental Unit agrees to abate the ad valorem taxes on the Eligible Property in accordance with the terms and conditions of this Agreement. The Abatement shall be effective with the January 1st valuation date effective January 1, 2020. The Abatement shall continue for ten (10) years, expiring as of December 31st of the 2029 tax year for eligible land and improvement value. The years of Abatement provided herein shall in each instance coincide with the tax year commencing on January 1st and expiring on December 31st, and in no event shall the Abatement extend beyond December 31st of the tenth (10th) tax year unless extended by agreement in compliance with local and state law.

The terms and conditions of this Agreement shall continue for the period of Abatement. All covenants and representations of the Owner herein shall continue throughout the term of this Agreement, and any defaults shall be subject to the recapture provisions provided in Part VIII herein.

#### **V. TAXABILITY**

During the period that the Abatement is effective, taxes shall be payable as follows:

- (1) The value of the land comprising the Property shall be fully taxable;
- (2) The value of Ineligible Property shall be fully taxable;
- (3) The Base Year Value of existing Improvements comprising the Property shall be determined each year and shall be fully taxable;
- (4) The value of the personal property comprising the Property shall be fully taxable; and
- (5) The Added Value of the Eligible Property made a part of the Property shall be abated as set forth in Part VI herein.

#### **VI. AMOUNT OF ABATEMENT**

The Abatement provided by this Agreement shall be based upon the Added Value of Eligible Property made a part of the Property as a result of the project. Tax abatement schedule for ten (10) years of eligible appraised value of Real Property Investment and taxes shall be abated annually as follows:

		<u>Abatement</u>	
Year One	50%	Year Six	50%

Year Three	50%	Year Eight	50%
Year Four	50%	Year Nine	50%
Year Five	50%	Year Ten	50%

## VII. CONTEMPLATED IMPROVEMENTS

Owner represents that it will expand and/or renovate a facility at the cost, for the purpose, and in the manner as set forth in the Project Description attached as Exhibit "B." During the Construction Phase, the Owner may make such change orders as to the project as are reasonably necessary, provided that no such change order may be made which will change the qualification of the project as a "Facility" under the Guidelines for Granting Tax Abatement approved by the Governmental Unit. All improvements shall be completed in accordance with all applicable laws, ordinances, rules or regulations. During the term of this Agreement, use of the Property shall be limited to operation of the Facility described in the Project Description consistent with the general purpose of encouraging development or redevelopment of the zone during the period of this Agreement.

## VIII. EVENTS OF DEFAULT AND RECAPTURES

- A.
- 1) Discontinued or Reduced Operation During Term of Agreement. In the event that the facility is completed and begins operation, but subsequently discontinues operation for any reason except fire, explosion or other casualty or accident or natural disaster for a period of one (1) year during the abatement period, then the Agreement may be terminated by the Governmental Unit and so shall the abatement of the taxes for the calendar year during which the facility no longer produces. The taxes otherwise abated for that calendar year shall be paid to the affected jurisdiction within sixty (60) days from the date of termination. Penalty and interest shall not begin to accrue upon such sum until the first day of the month following such sixty (60) day notice, at which time penalty and interest shall accrue in accord with the laws of the State of Texas.
  - 2) Certification of Compliance by Owner. Owner of the property shall certify annually, through a notarized statement to the governing body of each taxing unit, that Owner is in compliance with each applicable term of this agreement.
  - 3) Delinquent Taxes. In the event that the that the Owner: (1) allows its ad valorem taxes owed the Governmental Unit or any Affected Jurisdiction to become delinquent and fails to cure during the Cure Period or timely and properly file the legal procedures for their protest and/or contest, or (2) violates any of the terms and conditions of the abatement agreement and fails to cure during the Cure Period, the Agreement then may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within sixty (60) days of the termination.
- B. Notice of Default. Should the Governmental Unit determine that the Owner or Lessee is



and the Lessee, in writing at the address stated in this Agreement, that if such default is not cured within sixty (60) days from the date of such notice, subject to paragraph VIII.D ("Cure Period"), then this Agreement may be terminated. Lessee shall have the right to cure, or cause to be cured, any default of Owner. In the event the Owner or Lessee fails to cure said default during the Cure Period, then subject to paragraph VIII.D, the Agreement may be terminated and the taxes abated by virtue of the Agreement will be recaptured and paid as provided herein.

- C. Estimated and Actual Added Value. For each year of the Agreement, Owner and Lessee estimate that the total assessed Added Value of all Eligible Property will be at least \$10,000,000 ("Estimated Added Value").

Annually, the Chief of the Hunt County Appraisal District or his/her designee, shall assess the Added Value of all Eligible Property for that year. Should the Hunt County Appraisal District determine that the total level of Added Value during any year of the term of this Agreement is lower than the Estimated Added Value, Owner shall not be entitled to abatement for that year. The taxes shall be paid within sixty (60) days of notification to the Owner and Lessee of such determination. Penalty and interest shall not begin to accrue upon such sum until the first day of the month following such sixty (60) days' notice, at which time penalty and interest shall accrue in accord with the laws of the State of Texas.

- D. Continuation of Tax Lien. The amount of tax abated each year under the terms of this agreement shall be secured by a first and prior tax lien which shall continue in existence from year to year until such time as this Agreement between the Governmental Unit and Owner is fully performed by Owner, or until all taxes, whether assessed or recaptured, are paid in full.

If the Governmental Unit terminates this Agreement pursuant to this paragraph VIII, it shall provide Owner and Lessee with written notice of such termination. If Owner or Lessee believes that a notice of default pursuant to paragraph VIII.B or a notice of termination pursuant to this paragraph VIII was improperly issued, Owner or Lessee may file suit in the Hunt County district courts appealing such default or termination notice within sixty (60) days of the issuance of such notice by the Governmental Unit, in which case any Cure Period currently running will toll, and shall not be considered for any purpose as having run, until the issuance of a final court decision or other final resolution of such court proceeding. If an appeal suit is filed, Owner or Lessee shall remit to the Governmental Unit(s), within sixty (60) days after the issuance of such notice, any additional and/or recaptured taxes as may be payable during the pendency of the litigation which are not in dispute pursuant to the payment provision of Section 42.08, Texas Tax Code. If the final determination of the appeal increases Owner's tax liability above the amount of tax paid, Owner shall remit the additional tax to the Governmental unit(s) pursuant to Section 42.42, Texas Tax Code. If the final determination of the appeal decreases Owner's tax liability, the Governmental Unit(s) shall refund the Owner the



pursuant to Section 42.43, Texas Tax Code.

## **IX. ADMINISTRATION**

The Owner shall allow employees and/or representative(s) of the Governmental Unit to have access to the Property during the term of this Agreement to inspect the facility to determine compliance with the terms and conditions of this Agreement. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the Facility. All inspections will be made with one or more representatives of the Owner and in accordance with Owner's safety standards.

Upon completion of construction, the Governmental Unit shall annually evaluate each facility and report possible violations of the contract and agreement to the governing body and its attorney.

The Chief Appraiser of the Hunt County Appraisal District shall annually determine (i) the taxable value of the real and personal property comprising the Property, taking in to consideration the Abatement provided by this Agreement, and (ii) the full taxable value without Abatement of the real and personal property comprising the Property. The Chief Appraiser shall record both the abated taxable value and the 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 are required to be recaptured and paid in the event this Agreement is terminated in a manner that results in recapture. Each year the Owner shall furnish the Chief Appraiser with such information outlined in Chapter 22, Texas Tax Code, as amended, and as may be necessary for the administration of the Agreement specified herein.

## **X. ASSIGNMENT**

The Owner and/or Lessee may assign its rights, duties, and/or obligations under this Agreement, in whole or in part, (i) without the consent of the Governmental Unit, if the assignment is to an entity controlled by, controlling, or under common control with the Owner (or Lessee, as applicable) (any such entity, an "Affiliate"), or (ii) to any other entity, including to a new owner or lessee of the same Facility, upon the approval by resolution of this Governmental Unit, subject to the financial capacity of the assignee, and provided that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the assignor upon the same terms and conditions as set out in this Agreement, guaranteed by the execution of a new contractual agreement with the Governmental Unit. Any assignee of this Agreement shall have the same obligations, including to provide substantially the same improvements to the Property, except to the extent such improvements have been completed. No assignment required to be approved by the Governmental Unit shall be approved if the Owner or any assignee are indebted to the Governmental Unit for ad valorem taxes or other obligations. Approval shall not be unreasonably withheld.

Any notice required to be given under the provisions of this Agreement shall be in writing and shall be duly served when deposited with the proper postage prepaid thereon, and duly registered or certified, return receipt requested, with the United States Postal Service, addressed to the Governmental Unit or Owner at the following addresses. If mailed, any notice or communication shall be deemed to be received three days after the date of deposit in the United States Mail. Unless otherwise provided in this Agreement, all notices shall be delivered to the following addresses:

To the Owner:

FRITZ INDUSTRIES, INC.  
500 Sam Houston Road  
Mesquite, Texas 75149

Attention: \_\_\_\_\_

\_\_\_\_\_

To the Lessee:

ZUME, INCORPORATED  
Attention: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

To the Governmental Unit(s)

Hunt County  
Attention: Judge Bobby Stovall  
2507 Lee Street  
Greenville, Texas 75401

Either party may designate a different address by giving the other party ten (10) days written notice.

This agreement has been executed by the parties in multiple originals or counterparts, each having full force and effect.

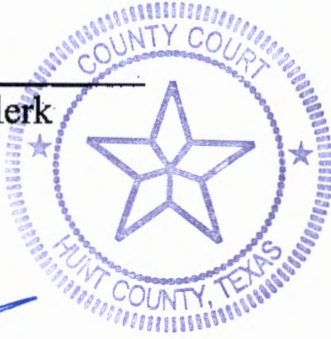
Executed this the 27 day of August, 2019.

WITNESS:

GOVERNMENTAL UNIT:



Jennifer Lindenzweig  
Jennifer Lindenzweig, County Clerk  
Hunt County, Greenville, Texas



Bobby Stovall  
Bobby Stovall, County Judge  
Hunt County, Greenville, Texas

**APPROVED AS TO FORM:**

Daniel Ray  
Daniel Ray, County Civil Attorney  
Hunt County  
Greenville, Texas

**LESSEE:**

By: Timothy Cleary  
Name: Timothy Cleary  
Title: Vice President, Zome Inc.

**OWNER:**

By: Brent H. Duty  
Name: Brent H. Duty  
Title: Sr. Director



**Exhibit A**  
**Property Description**

93.747 ACRE TRACT  
Lot 1, Block 1 of the Rubbermaid Addition  
City of Greenville, Hunt County, Texas

**METES AND BOUNDS DESCRIPTION:**



## **Exhibit B**

### **Project Description**

Fritz Industries, Inc. (Landlord) will lease a portion of their building to Zume, Inc. Zume Source Packaging designs and manufactures sustainable packaging of perishable products. The project will involve the build-out of plant infrastructure and the production capacity will be used to support one of the world's largest pizza chains and other pipeline accounts coming on board. It includes the build-out of an agricultural waste pulping facility that produces wet lap pulp and thermoforming equipment that is expected to use 100% of the pulp produced. The Leased facility will be approximately built-out in these phases:

**Lease Term: 60-120 months**

- Phase 1: 414,750 square feet
- Phase 2: 240,000 square feet
- Phase 3: 363,250 square feet

**Estimated initial operation of the facility in 2nd Quarter of 2020.**







NOW, THEREFORE, in consideration of the mutual promises hereinafter contained:

## I. AUTHORIZATION

This agreement is authorized by the Texas Property Redevelopment and Tax Abatement Act, Texas Tax Code, Chapter 312, as amended (“Act”), and is subject to the laws of the State of Texas and the charter, ordinances, and orders of the Governmental Unit.

## II. DEFINITIONS

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

1. “Abatement” means the full or partial exemption from ad valorem taxes of the Improvements on certain real property and personal property in a reinvestment zone designated by the City of Greenville for economic development purposes pursuant to the Act.
2. “Affected Jurisdiction” means Hunt County, Texas and any municipality or school district, the majority of which is located in Hunt County, that levies ad valorem taxes upon and provides services to property located within the proposed or existing reinvestment zone designated by the City of Greenville.
3. “Added Value” means the increase in the assessed value of the Eligible Property as a result of “expansion” or “modernization” of an existing facility or construction of a “new facility”. It does not mean or include “deferred maintenance”.
4. “Base Year Value” means the assessed value of the eligible property as certified by the Hunt County Appraisal District on January 1, 2019, preceding the execution of the Agreement, plus the agreed upon value of eligible property improvements made after January 1, 2019, but before the execution of this Agreement.
5. “Eligible Property” means buildings, structures, fixed machinery and equipment, aircraft and site improvements, installed, constructed, or added between the effective date of this Agreement and January 1, 2025 (the “Construction Phase”), plus that office space and related fixed improvements necessary to the operation and administration of the Facility, which are eligible for Abatement hereunder.
6. “Facility” means a Basic Manufacturing Facility, Sustainable Pulp Products Facility, Regional Distribution Facility, or other Authorized Facility approved by the Governmental Unit(s), as set forth in the Guidelines and Criteria for Granting Tax Abatement adopted by the Governmental Unit(s).

7. "Improvements" means the buildings or portions thereof and other improvements used for commercial or industrial purposes on the Property.
8. "Ineligible Property" means the following types of property shall be fully taxable (except as otherwise provided by law or other agreement) and ineligible for abatement: Land; inventories; supplies; personal property not defined as eligible property; tools; furnishings and other forms of movable equipment and machinery; vehicles; vessels; aircraft; housing; hotel accommodations; retail facilities deferred maintenance; investments; property to be rented or leased, except as provided in Section 2(f) of the Guidelines and Criteria for Granting Tax Abatement adopted by the Governmental Unit(s); property owned or used by the State of Texas, or its political subdivisions, or by any organization owned, operated or directed by a political subdivision of the State of Texas.
9. "Community Entities" means the Hunt County, Texas, the City of Greenville, Texas, Greenville 4A Economic Development Corporation, the Board of Development of the City of Greenville, Texas, and any other similar organization within the City of Greenville, Texas which extends to Owner one or more incentives pursuant to this or other agreements.
10. "Completion Agreement" means the Agreement by and between Greenville 4A Economic Development Corporation, the Board of Development of the City of Greenville, Texas, and ZUME containing agreements with respect to the Property and the Facility, for the purpose of tax abatement.

The Guidelines and Criteria for Granting Tax Abatement adopted by the Governmental Unit ("Guidelines") are incorporated as a part of this Agreement, except as the same may be modified herein with such modifications qualifying as approved variance requests under the Guidelines.

### III. PROPERTY

The property is an area within Greenville, Hunt County, Texas located in whole or part within the jurisdiction of the Governmental Unit as more fully described in Exhibit "A," attached hereto and made a part hereof. Said property is located within an authorized zone for tax abatement.

The Hunt County Appraisal District has established the following value for the Property, including improvements thereon, as of the January 1, 2019, valuation date prior to the date of execution of this Agreement and which is the last valuation record known by the Parties.

Machinery & Equipment:	\$0
Owned Improvements:	\$0



The Parties incorporate such value into this Agreement but agree to adjust such value as may be necessary upon adoption of the tax rolls for January 1, 2019. This is the Base Year Value.

The Governmental Unit and the Owner agree that the approximate value of any additions to the Property made after January 1, 2019, and for which abatement is sought and not otherwise reflected on the above valuation Property, is referred to as "Eligible Property".

#### **IV. TERM OF ABATEMENT AND AGREEMENT**

##### **Improvements, Machinery and Equipment**

The Governmental Unit agrees to abate the ad valorem taxes on any Eligible Property owned by Owner in accordance with the terms and conditions of this agreement. The Abatement shall be effective with the January 1st valuation date effective January 1, 2020. The Abatement shall continue for ten (10) years, expiring as of December 31st of the 2029 tax year for eligible business and personal property, as well as improvement value. The years of Abatement provided herein shall in each instance coincide with the tax year commencing on January 1st and expiring on December 31st, and in no event shall the Abatement extend beyond December 31st of the tenth (10th) tax year unless extended by agreement in compliance with local and state law.

The terms and conditions of this Agreement shall continue for the period of Abatement. All covenants and representations of the Owner herein shall continue throughout the term of this Agreement, and any defaults shall be subject to the recapture provisions provided in Part VIII herein.

#### **V. TAXABILITY**

During the period that the Abatement is effective, taxes shall be payable as follows:

- (1) The value of the land comprising the Property shall be fully taxable;
- (2) The value of Ineligible Property shall be fully taxable;
- (3) The Base Year Value of existing Improvements comprising the Property shall be determined each year and shall be fully taxable;
- (4) The value of the personal property comprising the Property shall be fully taxable; and
- (5) The Added Value of the Eligible Property made a part of the Property shall be abated as set forth in Part VI herein.

#### **VI. AMOUNT OF ABATEMENT**

The Abatement provided by this Agreement shall be based upon the Added Value of Eligible Property made a part of the Property as a result of the project. Tax abatement schedule for ten (10) years of eligible appraised value of Real, Business and Personal Property Investment and taxes shall be abated annually as follows:

### Abatement

Year One	50%	Year Six	50%
Year Two	50%	Year Seven	50%
Year Three	50%	Year Eight	50%
Year Four	50%	Year Nine	50%
Year Five	50%	Year Ten	50%

## VII. CONTEMPLATED IMPROVEMENTS AND PERSONAL PROPERTY

Owner represents that it will install new manufacturing equipment, machinery, and/or other business personal property in the Leased Facility at the cost, for the purpose, and in the manner as set forth in the Project Description attached as Exhibit "B." During the Construction Phase, the Owner may make such change orders as to the project as are reasonably necessary, provided that no such change order may be made which will change the qualification of the project as a "Facility" under the Guidelines for Granting Tax Abatement approved by the Governmental Unit. All improvements shall be completed in accordance with all applicable laws, ordinances, rules or regulations. During the term of this Agreement, use of the Property shall be limited to operation of the Facility described in the Project Description consistent with the general purpose of encouraging development or redevelopment of the zone during the period of this Agreement.

Owner may also construct the Owned Improvements separate from the Leased Facility within the reinvestment zone and may locate other equipment, machinery, and/or other business personal property within such Owned Improvements or elsewhere in the reinvestment zone. During the term of this Agreement, use of such property will be consistent with the general purpose of encouraging development or redevelopment of the zone during the period of this Agreement.

## VIII. EVENTS OF DEFAULT AND RECAPTURES

- A. 1) Discontinued or Reduced Operation During Term of Agreement. In the event that the facility is completed and begins operation, but subsequently discontinues operation for any reason except fire, explosion or other casualty or accident or natural disaster for a period of one (1) year during the abatement period, then the Agreement may be terminated by the Governmental Unit and so shall the abatement of the taxes for the calendar year during which the facility no longer produces. The taxes otherwise abated for that calendar year shall be paid to the affected jurisdiction within sixty (60) days from the date of termination. Penalty and interest shall not begin to accrue upon such sum until the first day of the month following such sixty (60) day notice, at which time penalty and interest shall accrue in accord with the laws of the State of Texas.
- 2) Certification of Compliance by Owner. Owner of the property shall certify annually, through a notarized statement to the governing body of each taxing unit, that Owner is in compliance with each applicable term of this agreement.
- 3) Delinquent Taxes. In the event that the that the Owner: (1) allows its ad valorem



taxes owed the Governmental Unit or any Affected Jurisdiction to become delinquent and fails to cure during the Cure Period or timely and properly file the legal procedures for their protest and/or contest, or (2) violates any of the terms and conditions of the abatement agreement and fails to cure during the Cure Period, the Agreement then may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within sixty (60) days of the termination.

- B. Notice of Default. Should the Governmental Unit determine that the Owner is in default according to the terms and conditions of this Agreement, it shall notify the Owner, in writing at the address stated in this Agreement, that if such default is not cured within sixty (60) days from the date of such notice, subject to paragraph VIII.D (“Cure Period”), then this Agreement may be terminated. In the event the Owner fails to cure said default during the Cure Period, the Agreement may be terminated and the taxes abated by virtue of the Agreement will be recaptured and paid as provided herein.
- C. Estimated and Actual Added Value. For each year of the Agreement, Owner estimates that the total assessed Added Value of all Eligible Property will be at least \$52,000,000 (“Estimated Added Value”).

Annually, the Chief of the Hunt County Appraisal District or his/her designee, shall assess the Added Value of all Eligible Property for that year. Should the Hunt County Appraisal District determine that the total level of Added Value during any year of the term of this Agreement is lower than the Estimated Added Value, Owner shall not be entitled to abatement for that year. The taxes shall be paid within sixty (60) days of notification to the Owner of such determination. Penalty and interest shall not begin to accrue upon such sum until the first day of the month following such sixty (60) days’ notice, at which time penalty and interest shall accrue in accord with the laws of the State of Texas.

- D. Continuation of Tax Lien. The amount of tax abated each year under the terms of this agreement shall be secured by a first and prior tax lien which shall continue in existence from year to year until such time as this Agreement between the Governmental Unit and Owner is fully performed by Owner, or until all taxes, whether assessed or recaptured, are paid in full.

If the Governmental Unit terminates this Agreement pursuant to this paragraph VIII, it shall provide Owner with written notice of such termination. If Owner believes that a notice of default pursuant to paragraph VIII.B or a notice of termination pursuant to this paragraph VIII was improperly issued, Owner may file suit in the Hunt County district courts appealing such default or termination notice within sixty (60) days of the issuance of such notice by the Governmental Unit, in which case any Cure Period currently running will toll, and shall not be considered for any purpose as having run, until the issuance of a final court decision or other final resolution of such court proceeding. If an appeal suit is filed, Owner shall remit to the Governmental Unit(s), within sixty (60) days after the issuance of such notice, any additional and/or recaptured taxes as may be payable during the pendency of the litigation which are not in dispute pursuant to the payment provision of Section

42.08, Texas Tax Code. If the final determination of the appeal increases Owner's tax liability above the amount of tax paid, Owner shall remit the additional tax to the Governmental unit(s) pursuant to Section 42.42, Texas Tax Code. If the final determination of the appeal decreases Owner's tax liability, the Governmental Unit(s) shall refund the Owner the difference between the amount of tax paid and the amount of tax for which owner is liable pursuant to Section 42.43, Texas Tax Code.

## **IX. ADMINISTRATION**

The Owner shall allow employees and/or representative(s) of the Governmental Unit to have access to the Property during the term of this Agreement to inspect the facility to determine compliance with the terms and conditions of this Agreement. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the Facility. All inspections will be made with one or more representatives of the Owner and in accordance with Owner's safety standards.

Upon completion of construction, the Governmental Unit shall annually evaluate each facility and report possible violations of the contract and agreement to the governing body and its attorney.

The Chief Appraiser of the Hunt County Appraisal District shall annually determine (i) the taxable value of the real, business and personal property comprising the Property, taking in to consideration the Abatement provided by this Agreement, and (ii) the full taxable value without Abatement of the real, business and personal property comprising the Property. The Chief Appraiser shall record both the abated taxable value and the 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 are required to be recaptured and paid in the event this Agreement is terminated in a manner that results in recapture. Each year the Owner shall furnish the Chief Appraiser with such information outlined in Chapter 22, Texas Tax Code, as amended, and as may be necessary for the administration of the Agreement specified herein.

## **X. ASSIGNMENT**

Owner may assign its rights, duties, and/or obligations under this Agreement, in whole or in part, (i) without the consent of the Governmental Unit, if the assignment is to an entity controlled by, controlling, or under common control with the Owner (any such entity, an "Affiliate"), or (ii) to any other entity, including to a new owner or lessee of the same Facility, upon the approval by resolution of this Governmental Unit, subject to the financial capacity of the assignee, and provided that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the assignor upon the same terms and conditions as set out in this Agreement, guaranteed by the execution of a new contractual agreement with the Governmental Unit. Any assignee of this Agreement shall have the same obligations, including to provide substantially the same improvements to the Property, except to the extent such improvements have been completed. No assignment required to be approved by the Governmental Unit shall be approved if the Owner



or any assignee are indebted to the Governmental Unit for ad valorem taxes or other obligations. Approval shall not be unreasonably withheld.

**XI. NOTICE**

Any notice required to be given under the provisions of this Agreement shall be in writing and shall be duly served when deposited with the proper postage prepaid thereon, and duly registered or certified, return receipt requested, with the United States Postal Service, addressed to the Governmental Unit or Owner at the following addresses. If mailed, any notice or communication shall be deemed to be received three days after the date of deposit in the United States Mail. Unless otherwise provided in this Agreement, all notices shall be delivered to the following addresses:

To the Owner: ZUME, INCORPORATED  
Zume, Inc.  
250 Polaris Avenue  
Mountain View, CA 94043  
Attn: President, Zume Source Packaging

with copies to: Zume, Inc.  
Legal Department  
403 Columbia St., Suite 200  
Seattle, WA 98104  
Attn: General Counsel

To the Governmental Unit(s) Hunt County  
Attention: Judge Bobby Stovall  
2507 Lee Street  
Greenville, Texas 75401

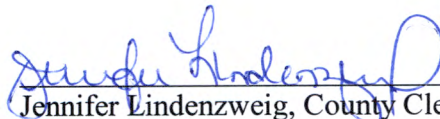
Either party may designate a different address by giving the other party ten (10) days written notice.

This agreement has been executed by the Parties in multiple originals or counterparts, each having full force and effect.

Executed this the 27 day of August, 2019.

WITNESS:

GOVERNMENTAL UNIT:

  
Jennifer Lindenzweig, County Clerk

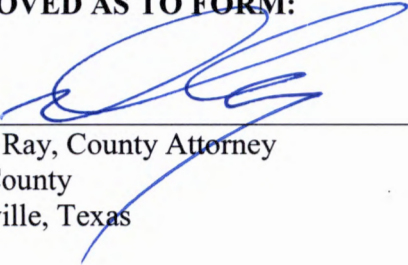


  
Bobby Stovall, County Judge

Hunt County, Greenville, Texas

Hunt County, Greenville, Texas

**APPROVED AS TO FORM:**




\_\_\_\_\_  
 Daniel Ray, County Attorney  
 Hunt County  
 Greenville, Texas

**WITNESS:**

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

**OWNER:**

DocuSigned by:  
  
 By: \_\_\_\_\_  
 Name: Timothy Cleary  
 Title: Vice President



**Exhibit A**  
**Property Description**

93.747 ACRE TRACT  
Lot 1, Block 1 of the Rubbermaid Addition  
City of Greenville, Hunt County, Texas

## **Exhibit B Project Description**

Fritz Industries, Inc. (Landlord) will lease a portion of their building to Zume, Inc., Zume Source Packaging designs and manufactures sustainable packaging of perishable products. The project will involve the build-out of plant infrastructure and the production capacity of which has been estimated at a cost of over \$50 million. This new manufacturing facility will be used to support one of the world's largest pizza chains and other pipeline accounts coming on board. It includes the build-out of an agricultural waste pulping facility that produces wet lap pulp and thermoforming equipment that is expected to use 100% of the pulp produced. The Leased facility will be approximately built-out in these phases:

Lease Term: 60-120 months

- Phase 1: 414,750 square feet
- Phase 2: 240,000 square feet
- Phase 3: 363,250 square feet

Estimated initial operation of the facility in 2nd Quarter of 2020.