COURT ORDER 2021-0639

Authorize the provision of a ten-year 40% abatement on real property increases and a 60% abatement on business personal property for the same period to Evolve Biologics (USA) Inc. for the establishment of a biologics manufacturing and plasma processing facility in Dallas County, specifically in the City of Sachse, effective no later than January 1, 2024.

On a motion made by Commissioner JJ Koch, and seconded by Commissioner John Wiley Price, the following order was passed and adopted by the Commissioners Court of Dallas County, State of Texas:

BRIEFING DATE: June 15, 2021

Be it resolved and ordered that the Dallas County Commissioners Court does hereby authorize the provision of a ten-year, 40% abatement on real property increases and 60% abatement on business personal property to Evolve Biologics (USA) Inc. for the establishment of a biologics manufacturing and plasma processing facility in Dallas County, effective no later than January 1, 2024. This authorization is subject to the firm creating at least 270 new full-time-equivalent jobs starting in 2024, with the average salary of these jobs being at least $73,000; annually maintaining at least 320 new full-time-equivalent jobs starting in 2025, with the average salary of these jobs being at least $62,000; and increasing the County's tax base by at least $150 million at the biologics manufacturing and plasma processing facility. It is further resolved and ordered that the County Judge is authorized to sign the related tax abatement agreement which shall govern the provision of this abatement.

Done in open Court June 15, 2021 by the following vote:

IN FAVOR:	County Judge Clay Jenkins, Commissioner Dr. Theresa Daniel, Commissioner JJ Koch, and Commissioner John Wiley Price
OPPOSED:	None
ABSTAINED:	Commissioner Dr. Elba Garcia
ABSENT:	None

Dallas County

BRIEFING / COURT ORDER

Commissioners Court - Jun 15 2021

☐ Resolution
☐ Solicitation/Contract
☐ Executive Session
☐ Addendum

Authorize the provision of a ten-year 40% abatement on real property increases and a 60% abatement on business personal property for the same period to Evolve Biologics (USA) Inc. for the establishment of a biologics manufacturing and plasma processing facility in Dallas County, specifically in the City of Sachse, effective no later than January 1, 2024.

Briefing Date:	Jun 15 2021
Funding Source:	
Originating Department:	Planning and Development
Prepared by:	Luis Tamayo, Planning and Development Director
Recommended by:	Luis Tamayo, Planning and Development Director

BACKGROUND INFORMATION:

Evolve Biologics (USA) Inc. is considering where to locate a biologics manufacturing and plasma processing facility. As several sites outside of this market were under consideration, Dallas County, to help facilitate the selection of a site in the County as the home for Evolve Biologics' first manufacturing site in the United States, proposed a ten-year 40% abatement on real property increases and a 60% abatement on business personal property for the same period. As Evolve Biologics is now prepared to locate in Dallas County, it has requested that the County formally authorize the proposed abatement.

OPERATIONAL IMPACT:

Under this abatement request, Evolve would build and establish a new facility to serve as a biologics manufacturing and plasma processing facility. This facility would be located near the southwest corner of Pleasant Valley Road, south of the President George Bush Turnpike. The project would phase in employment starting in 2024 and by January 1, 2025 will create and maintain 320 new jobs. The average salary of the new jobs that will be created will be $62,000 for 2025 onward, which is about $6,000 more than the current (May 2020) Bureau of Labor Statistics wage estimate for the Dallas-Fort Worth-Arlington area. Additionally, this project will increase the County's tax base by at least $150 million.

FINANCIAL IMPACT:

The biologics manufacturing and plasma processing facility proposed by Evolve Biologics (USA) Inc. is considered to be an economically significant project under the County's abatement policy. As such, projects must increase the County's tax base by at least $100 million within three years to be eligible. This project is anticipated to increase the County's tax base by $150 million by January 1, 2024.

LEGAL IMPACT:

It is estimated that, under the proposed abatement, the County would abate approximately $182,202 a year in tax revenue that does not presently exist. Likewise, the County would receive about $177,408 a year in new revenue.

In so doing, the project would increase, in total, the estimated amount of property that the County would abate in tax year 2024 from approximately $632 million to $674 million. The impact of increase will not significantly change the estimated total percentage of the County's tax base that would be abated in 2024, currently projected to remain at 0.28%. This percentage is below the historical average, and on the low end of the range of a high of 1% in 2006 to a low of 0.13% in 2020.

SBE PARTICIPATION:

Workforce Composition information pertaining to Evolve is provided to the Court under separate cover.

ADMINISTRATIVE PLAN COMPLIANCE:

The County's administrative plan recommends that the County undertake activities which will allow it to become the destination of choice for businesses and residents. Facilitating the establishment of a biologics manufacturing and plasma processing facility with higher than prevailing wages is consistent with this plan.

RECOMMENDATION:

Authorize the provision of a ten-year 40% abatement on real property increases and a 60% abatement on business personal property for the same period to Evolve Biologics (USA) Inc. for the establishment of a biologics manufacturing and plasma processing facility in Dallas County.

MOTION:

On a motion made by TBD, and seconded by TBD, the following order will be voted on by the Commissioners Court of Dallas County, State of Texas:

Be it resolved and ordered that the Dallas County Commissioners Court does hereby authorize the provision of a ten-year, 40% abatement on real property increases and 60% abatement on business personal property to Evolve Biologics (USA) Inc. for the establishment of a biologics manufacturing and plasma processing facility in Dallas County, effective no later than January 1, 2024. This authorization is subject to the firm creating at least 270 new full-time-equivalent jobs starting in 2024, with the average salary of these jobs being at least $73,000; annually maintaining at least 320 new full-time-equivalent jobs starting in 2025, with the average salary of these jobs being at least $62,000; and increasing the County's tax base by at least $150 million at the biologics manufacturing and plasma processing facility. It is further resolved and ordered that the County Judge is authorized to sign the related tax abatement agreement which shall govern the provision of this abatement.

ATTACHMENTS:

Tax Abatement Agreement with EVOLVE FIN... Evolve and DA Civil and Planning]

TAX ABATEMENT AGREEMENT

STATE OF TEXAS §

COUNTY OF DALLAS §

This Tax Abatement Agreement ("*Agreement*") is made and entered into as of the _____ day of _____, 2021, by and between Dallas County, Texas ("*County*"), a political subdivision of the State of Texas duly acting by and through its Commissioners Court, and EVOLVE BIOLOGICS (USA) INC., a Delaware Corporation ("*Owner*"), duly acting by and through its authorized officers for the purposes and considerations stated below. The County and Owner may be referred to individually as a "*Party*" or collectively as "*Parties*".

WITNESSETH:

WHEREAS, the County has adopted a Tax Abatement Policy ("*Policy*"), by the passage of Dallas County Commissioners Court Order 2019-0129 on the 5th day of February, 2019, that contains the guidelines and criteria used to determine the provision of tax abatement assistance from the County authorized under the Property Redevelopment and Tax Abatement Act, Chapter 312 of the Texas Tax Code, as amended, and Chapter 381 of the Texas Local Government Code;

WHEREAS, the County's current Policy is attached as **Exhibit "A"** hereto;

WHEREAS, the Owner owns certain real property within Dallas County, Texas generally located at the southwest corner of S.H. 190 service road and Pleasant Valley Road, Sachse Texas and defined herein as the "Property";

WHEREAS, Owner anticipates undertaking certain Economic Activity (as hereafter defined) on or relating to the Property (as hereinafter defined), including, without limitation, (i) construction of the Improvements (hereinafter defined)for the purpose of a bio-pharmaceutical manufacturing facility; (ii) generation and retention of employment opportunities at or relating to the Property; and (iii) making certain Business Personal Property (hereinafter defined) investments with respect to the Property, and the County finds that the other terms hereof are consistent with encouraging development in accordance with Court Order 2019-0129 and 2021-_____ , Chapter 381 of the Texas Local Government Code, and all other applicable laws; and

WHEREAS, the County finds that the Owner's anticipated Economic Activities are feasible and practical and will be of significant benefit to the County and its citizens; and

WHEREAS, the County finds that the terms of this Agreement and the Property and proposed investments thereon and therein, as hereinafter described, meet the applicable guidelines and criteria of the Policy; and

WHEREAS, Court Orders 2019-0129 and 2021-_____ authorize the County to enter into this Agreement with the Owner.

NOW THEREFORE, the County, for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, which consideration includes the attraction of new investment and increased job generation that contributes to the economic development of the County and the enhancement of the County's tax base; and the Owner, for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, which consideration includes the tax abatement set forth herein below, as authorized by Court Orders 2019-0129 and 2021-_____ do hereby contract, covenant, and agree as follows:

SECTION I.
DEFINITIONS

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

1. "*Base Value*" shall mean the appraised value of the Property and the Business Personal Property as determined by Dallas Central Appraisal District ("DCAD") as of January 1, 2023.

2. "*Business Personal Property*" shall include all personal property, including any equipment or machinery characterized as fixtures, that is owned or leased by Owner and located on or re-located to the Property and used in connection with operation of the Improvements, for which Owner is responsible for paying any applicable property taxes, but shall expressly exclude any business personal property that is exempt from ad valorem taxation, including but not limited to "freeport goods" as defined in Section 11.251 of the Texas Tax Code and Article VIII, Section 1-j of the Texas Constitution.

3. "*Economic Activity*" shall mean the following acts undertaken by or on behalf of Owner: (i) construction of the Improvements and use of the Improvements as a bio-pharmaceutical manufacturing facility; (ii) Owner's creation and retention of Full-Time Permanent Positions (as hereinafter defined) and/or Full-Time Equivalent Positions (as hereinafter defined) to be located on or based out of the Property, such creation of employment opportunities being more particularly described in the Job Creation Requirement set forth below; and (iii) the investment of funds with regard to the Improvements and Business Personal Property located on or relocated to or based out of the Property or used in connection with the Owner's operations on or based out of the Property.

4. "*Eligible Business Personal Property Value*" shall mean the value, as annually established by DCAD, of all of Owner's Business Personal Property relating to the Property, excluding any "freeport goods" inventory and any business personal property of Owner that is exempt from ad valorem taxation, less the Business Personal Property's Base Value.

5. "*Eligible Real Property Value*" shall mean the value, as annually established by DCAD of the real property constituting the Property and all Improvements constructed upon the Property, less the Property's Base Value.

6. "*Improvements*" shall mean those certain improvements constructed or to be constructed on or about the Property.

7. "*Job Creation Requirement*" shall refer to the Owner's agreement to annually employ, in accordance with the schedule set forth in Section III.1(d) below, a minimum aggregate number of

persons in Full-Time Permanent Positions (as defined herein) and/or Full-Time Equivalent Permanent Positions (as defined herein), at an average annual wage according to the schedule set forth in Section III.1(d) below, to be located on or based out of the Property, beginning as of January 1, 2024 and thereafter continuing to do so for the remainder of the Tax Abatement.

8. "*Owner*" shall mean and refer to Evolve Biologics (USA) Inc., a Delaware corporation, its affiliates or subsidiaries, and any persons who are the owners from time to time of the Property and Business Personal Property that is subject to tax abatement hereunder, and any Successor Entity to any of the foregoing.

9. "*Property*" shall mean that certain land generally located at the southwest corner of S.H. 190 service road and Pleasant Valley Road, Sachse, Texas and legally described and generally depicted in **Exhibit "B",** attached hereto and incorporated by reference. The County relies on the attached Exhibit "B", provided by Owner to be a full, complete and accurate legal description of said parcel, and to the extent that said description might exceed said parcel, it is excluded from any abatement provided for hereunder.

10. "*Successor Entity*" shall mean (i) any entity which is a successor or assign of the Owner by merger, consolidation, assignment reorganization or otherwise; or (ii) a purchaser of the Property or all or substantially all of the Owner's assets.

SECTION II.
GENERAL PROVISIONS

1. The County has adopted guidelines and criteria governing tax abatement agreements such that it is authorized to enter into this Agreement.

2. The Property is not located in an improvement project financed by tax increment bonds.

3. This Agreement is entered into subject to the rights of the holders of outstanding bonds of the County.

4. The Property is not owned or leased by any member of the Dallas County Commissioners Court.

5. The Owner represents that its owns the Property and intends to construct the Improvements thereon, and locate Business Personal Property on the Property.

6. Owner covenants and agrees that the construction of the Improvements and use of the Property and Business Personal Property will be in accordance with and will comply with all applicable federal, state, and local laws, statutes, ordinances, and regulations including all federal and state laws relating to nondiscrimination, including but not limited to, Title VI of the Civil Rights Act of 1964, as amended.

7. During the Tax Abatement Period (hereinafter defined), Owner shall be subject to all County taxation not specifically abated or exempted.

8. Owner, as applicable, shall have the right to protest or contest DCAD appraisals of the Property, the Improvements, and Business Personal Property, as the case may be, under the procedures in place by the Tax Code of the State of Texas. The Tax Abatement (as hereinafter defined) shall be applied to the amount of taxes finally determined by DCAD to be due as a result of any such protest or contest by Owner.

SECTION III.
RATE AND CONDITIONS OF TAX ABATEMENT

1. Owner, as applicable, shall receive the Real Property Tax Abatement (hereinafter defined) and the Business Personal Property Tax Abatement (hereinafter defined) upon satisfaction of the conditions set forth in Section III(1)(a)-(d) below. For purposes of this Agreement, the Real Property Tax Abatement and Business Personal Property Tax Abatement shall be collectively referred to herein as the "*Tax Abatement*". Owner shall receive a forty percent (40%) abatement of the taxes assessed on the Eligible Business Personal Property Value (the "*Business Personal Property Tax Abatement*") and a sixty percent (60%) abatement on the taxes assessed on the Eligible Real Property Value (the "*Real Property Tax Abatement*") from the County for each qualifying year during the Tax Abatement Period subject to the terms of this Agreement.

   (a) Owner shall construct or have constructed the Improvements on the Property for the purpose of operating a bio-pharmaceutical manufacturing facility and shall primarily use the Property for such purpose and other ancillary or accessory uses (including, but not limited to office use).

   (b) The aggregate of the Eligible Real Property Value and the Eligible Business Personal Property Value by January 1 of each year during the Tax Abatement Period, and every January 1 thereafter, as determined by DCAD, shall be at least equal to **ONE HUNDRED FIFTY MILLION DOLLARS ($150 MILLION)** ("*Aggregate Value Condition*").

   (c) The Owner shall file or cause to be filed the annual exemption application (the "*Exemption Application*") forms with DCAD for the Real Property Tax Abatement and the Business Personal Property Tax Abatement that the Owner believes it is eligible to receive under this Agreement.

   (d) The Owner shall comply with the Job Creation Requirement on January 1st of each year per the jobs schedule below:

Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Total Jobs	250	320	320	320	320	320	320	320	320	320
Average Wage	$73,000	$62,000	$62,000	$62,000	$62,000	$62,000	$62,000	$62,000	$62,000	$62,000

Employment positions applied toward satisfaction of the Job Creation Requirement shall include Full-Time Permanent Positions or Full-Time Equivalent Permanent Positions (as such terms are hereinafter defined). A "Full-Time Permanent Position" means a position for which an individual is scheduled to work at least 1800 hours in a twelve-month period for Owner, its subsidiaries, or its affiliates as an employee. A "Full-Time Equivalent Permanent Position" means two or more part-time positions filled by individuals working with or for Owner, its subsidiaries, or its affiliates a combined total of at least 35 hours per week as an employee which shall be counted as one Full-Time Equivalent Permanent Position.

SECTION IV.
ABATEMENT PERIODS

The Tax Abatement provided under this Agreement is for a period of ten (10) years and will begin no later than January 1, 2024 (the "*Tax Abatement Period*"). Owner and the County shall have no further obligations under this Agreement upon expiration of the Tax Abatement Period, except as otherwise provided herein.

SECTION V.
RECORDS AND AUDITS

1. No later than March 31 of the first year of the Tax Abatement Period and January 31 of each year thereafter during the Tax Abatement Period, Owner shall submit to the County in writing, a certification as to the number of Full-Time Permanent Positions and Full-Time Equivalent Permanent Positions that are located on or based out of the Property as of January 1 of such year.

2. At all times throughout the Tax Abatement Period, the County shall have reasonable access during normal business hours to the Property by County employees (upon at least one-week's prior written notice to the Owner) for the purpose of inspecting same to ensure that the Property is being used for the Economic Activity in accordance with this Agreement; provided that Owner shall have the right to accompany County employees on any such inspection. In no event shall such inspections interfere with Owner's ownership or operation of the Property.

3. The Property at all times during the Tax Abatement Period shall be used in a manner consistent with Court Orders 2019-0129 and 2021-_____.

SECTION VI.
DEFAULT

1. Subject to the cure provisions of this Section VI, a default under this Agreement occurs in the event that the Owner: (i) allows its ad valorem real property taxes and/or tangible business personal property taxes owed to the County from the Property associated with this Agreement as well as from other property the Owner may own within the County to become delinquent during the Tax Abatement Period; (ii) fails to file an annual Exemption

Application; (iii) fails to meet the Aggregate Value Condition for each relevant year; (iv) fails to comply with the Job Creation Requirement during the Tax Abatement Period; (v) is convicted of a violation under 8 USC Section 1324a(f); or (vi) fails to comply with any of the terms or conditions set forth in this Agreement. In the event that the Owner defaults in its performance as set forth in any of (i), (ii), or (vi) above, the County or DCAD shall give Owner written notice of such default and Owner shall have the right to cure such default. If Owner has not cured a default under (i), (ii), or (vi) within ninety (90) days of said written notice or if a default under (iii) or (iv) occurs, an event of default (an "*Event of Default*") shall exist and this Agreement shall terminate (and Owner shall not receive any Tax Abatements for years after such Event of Default, it being expressly understood that, except as set forth in Section VI (2) below, an Event of Default shall not entitle County to reclaim or receive a repayment right with respect to any Tax Abatement for any year before the Event of Default occurs, and that the sole remedy by the County for an Event of Default which results from a failure by the Owner to meet a condition is the termination of this Agreement and not damages or specific performance or any other remedy). In the event that Owner cures any such default within the applicable cure period or prior to termination of this Agreement, no Event of Default shall exist and this Agreement shall continue in full force and effect, without penalty to Owner.

2. Upon the occurrence of a court finding a violation of Section VI (1)(v) (supra), all taxes which otherwise would have been paid by the Owner to the County without the benefit of the Tax Abatement, including interest and penalties thereon ("*Recapture Liability*"), will become a debt to the County and shall be due, owing, and paid to the County within one hundred twenty (120) calendar days of a final determination by a court of competent jurisdiction that the Owner has violated 8 USC 1324a(f) as the sole remedy of the County, subject to any and all lawful offsets, settlements, deductions, or credits to which the Owner may be entitled, and subject to the rights of the Owner under applicable law to contest an assertion that a violation of Section VI(1)(v) has occurred. The Recapture Liability interest and penalties shall be charged at the statutory rate for delinquent taxes as determined by Section 33.01 of the Property Tax Code of the State of Texas.

3. This Agreement inures to the benefit of and is enforceable by the County. The County has the right to prosecute or take appropriate action, at law or in equity, against the Owner to enforce any other covenant or provision (but not a condition) contained within this Agreement. If the County substantially prevails in a legal proceeding to enforce this Agreement against the Owner, the County is further entitled to recover reasonable actual damages (to the extent the County's remedies are not expressly limited herein), reasonable attorney's fees, and court costs from the Owners. Any payment due to the County under this Agreement will automatically become a lien which attaches to the Property on January 1 of each year to enforce the payment of all taxes, penalties, and interest ultimately imposed for the year on the Property.

SECTION VII.
EFFECT OF SALE, ASSIGNMENT, OR LEASE OF PROPERTY

The terms and conditions of this Agreement are binding upon the successors and assigns of all Parties hereto. The Owner, including any Successor Entity, may assign its rights and

responsibilities under this Agreement including the right to receive the Tax Abatement to a parent, subsidiary, or an affiliate entity of an Owner or Successor Entity, or any new entity created as a result of a merger, acquisition or other corporate restructure or reorganization of the Owner or Successor Entity acquiring title to the Property without the prior approval of the County so long as the entity that will succeed to Owner's or Successor Entity's rights and responsibilities under this Agreement enters into a written agreement with the County agreeing to assume, perform, and be bound by all of the covenants, obligations, and agreements contained within this Agreement. Should the Owner or Successor Entity assign such rights and responsibilities under this Agreement, the Owner or Successor Entity shall give County prior written notice of such assignment at least sixty (60) calendar days prior to such assignment. Owner agrees that such an assignment will in no way relieve it from any obligation created under this Agreement attributable to the period prior to the assignment.

SECTION VIII.
NOTICE

All notices called for or required by this Agreement shall be reduced to writing and shall be given by (a) electronic mail; and (b) at least one of the following: (i) U.S. mail postage prepaid, by certified or registered mail, return receipt requested; (ii) a nationally recognized overnight delivery service; or (iii) personal delivery, with signed acceptance by the person designated below. In order to be effective, notice shall be addressed to the person shown at the respective addresses set forth below, or such other party or address as a party designates in writing, and shall be deemed properly given: (i) on the third (3rd) business day after being deposited in the U.S. mail postage prepaid, by certified or registered mail, return receipt requested; (ii) on the first (1st) business day after being deposited into the custody of a nationally recognized overnight delivery service; or (iii) on the date personally delivered, with signed acceptance thereof by the person designated below.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

OWNER:

Evolve Biologics
4-2855 Argentia Road
Mississauga, ON
Canada, L5N 8G6
Attn: Mark Krause, Senior Vice President, Operations
Email: mark.k@evolvebio.com

Copies to:

Evolve Biologics
4-2855 Argentia Road
Mississauga, ON
Canada, L5N 8G6
Attn: Jim Caggiano, CEO

and

Norton Rose Fulbright US LLP
98 San Jacinto Blvd., Suite 1100
Austin, Texas 78701
Attn: Katie Van Dyk

COUNTY:

Director of Planning & Development
Dallas County Commissioners Court
411 Elm Street, 3rd Floor
Dallas, Texas 75202
Luis.Tamayo@dallascounty.org

Copies to:

Dallas County District Attorney's Office
Chief, Civil Division
411 Elm Street, 5th Floor
Dallas, Texas 75202
Russell.Roden@dallascounty.org

SECTION IX.
COUNTY AUTHORIZATION

This Agreement is authorized by Court Orders 2019-0129 and 2021-_____ approved at the Commissioners Court meetings of the 5th day of February, 2019 and the ____ day of _____, 2021, respectively.

SECTION X.
OWNER AUTHORIZATION

The execution and performance of this Agreement by Owner has been duly authorized by their governing authority and does not require the consent or approval of any other person which has not been obtained. Additionally, the person or persons executing this Agreement on behalf of the Owner represents, warrants, assures and guarantees that he, she or they have full legal authority to execute this Agreement on behalf of the Owner and to bind Owner to all terms, performances, and provisions herein contained.

SECTION XI.
SEVERABILITY

In the event any section, subsection, paragraph, sentence, phrase, or word is held invalid, illegal, or unconstitutional, the balance of this Agreement shall stand, shall be enforceable, and shall be read as if the parties intended at all times to delete said invalid section, subsection, paragraph, sentence, phrase, or word.

SECTION XII
ESTOPPEL CERTIFICATE

Any party hereto may request an estoppel certificate from the other party hereto so long as the certificate is requested in connection with a bona fide business purpose. The certificate, which, if requested, will be addressed to a subsequent purchaser assignee or Successor Entity of the Owner, shall include, but not necessarily be limited to, statements that this Agreement is in full force and effect without default (or if default exists, the nature of default and curative action which should be undertaken to cure same), the remaining term of this Agreement, the levels of tax abatement in effect, and such other matters reasonably requested by the party to receive the certificate.

SECTION XIII.
APPLICABLE LAW AND VENUE

The validity and interpretation of this Agreement, and the rights and obligations of the Parties hereunder, shall be governed by and construed in accordance with the laws of the State of Texas. This Agreement is performable and enforceable in Dallas County, Texas where the principal office of County is located and the federal and state courts physically located in Dallas County, Texas shall be the sole and exclusive venue for any litigation, special proceeding, or other proceeding as between the Parties that may be brought, or arise out of, in connection with, or by reason of this Agreement.

SECTION XIV.
SOVEREIGN IMMUNITY

THIS AGREEMENT IS EXPRESSLY MADE SUBJECT TO THE COUNTY'S SOVEREIGN IMMUNITY, TITLE 5 OF THE TEXAS CIVIL PRACTICES AND REMEDIES CODE, AND ALL APPLICABLE FEDERAL AND STATE LAW. THE PARTIES EXPRESSLY AGREE THAT NO PROVISION OF THIS AGREEMENT IS IN ANY WAY INTENDED TO CONSTITUTE A WAIVER OF ANY IMMUNITIES FROM SUIT OR FROM LIABILITY THAT THE COUNTY HAS BY OPERATION OF LAW. NOTHING IN THIS AGREEMENT IS INTENDED TO BENEFIT ANY THIRD-PARTY BENEFICIARY.

SECTION XV.
AMENDMENTS AND CHANGES IN THE LAW

No modification, amendment, novation, renewal or other alteration of this Agreement shall be effective unless mutually agreed upon in writing and executed by the parties hereto. Any alteration, addition, or deletion to the terms of this Agreement which are required by changes in

federal or State law are automatically incorporated herein without written amendment to this Agreement and shall be effective on the date designated by said law.

SECTION XVI.
INDEMNIFICATION

OWNER, INCLUDING ITS ASSIGNS, SUCCESSORS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUBCONTRACTORS AND REPRESENTATIVES, (COLLECTIVELY "INDEMNIFYING PARTY") AGREES TO DEFEND, PROTECT, INDEMNIFY, AND HOLD HARMLESS THE COUNTY, INCLUDING ITS COMMISSIONERS, ELECTED OFFICIALS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, ASSIGNS AND REPRESENTATIVES (COLLECTIVELY "INDEMNIFIED PARTIES") FROM AND AGAINST ANY AND ALL CLAIMS, CAUSES OF ACTION, LIENS, SUITS, LOSSES, COSTS, DAMAGES, JUDGMENTS, AND EXPENSES, (INCLUDING WITHOUT LIMITATION, COURT COSTS, REASONABLE ATTORNEY'S FEES AND COSTS OF INVESTIGATION) OR OTHERWISE OF ANY NATURE, KIND OR DESCRIPTION DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM OR RELATED TO (IN WHOLE OR IN PART), INDEMNIFYING PARTY'S PERFORMANCE, FAILURE TO PERFORM OR COMPLY OR BREACH OF ANY OF THE REQUIREMENTS AND PROVISIONS OF THIS AGREEMENT.

NO INDEMNIFICATION BY COUNTY: OWNER ACKNOWLEDGES AND AGREES THAT COUNTY DOES NOT HAVE THE ABILITY UNDER ARTICLE XI, SECTION 7 OF THE TEXAS CONSTITUTION TO INDEMNIFY OWNER OR ANY OTHER THIRD PARTY FOR DAMAGES ARISING UNDER THIS AGREEMENT.

SURVIVAL: THESE PROVISIONS IN SECTION XVI SHALL SURVIVE TERMINATION, EXPIRATION, OR CANCELLATION OF THIS AGREEMENT, OR ANY DETERMINATION THAT THIS AGREEMENT OR ANY PORTION HEREOF, EXCEPT FOR THIS SECTION XVI, IS VOID, VOIDABLE, INVALID, OR UNENFORCEABLE.

SECTION XVII.
CONTRA PROFERENTUM

The doctrine of contra proferentum shall not apply to this Agreement. If an ambiguity exists in this Agreement, this Agreement shall not be construed against the party who drafted this Agreement, and such party shall not be responsible for the language used.

SECTION XVIII.
ENTIRE AGREEMENT

This Agreement, including all Exhibits, Attachments, Addendums, and determinations recited and declared in the preamble to this Agreement are hereby incorporated as part of this Agreement and together constitutes the entire agreement between the Parties hereto and supersedes any other agreement concerning the subject matter of this transaction, whether oral or written, by and between Owner and the County.

SECTION XIX.
NUMBER/GENDER AND HEADINGS

Words of any gender used in this Agreement shall be held and construed to include any other gender and any words in the singular shall include the plural and vice versa, unless the context clearly requires otherwise. Headings herein are for the convenience of reference only and shall not be considered in any interpretation of this Agreement.

SECTION XX.
EFFECTIVE DATE OF AGREEMENT

This Agreement shall become effective on the date on which the last of the two parties signs this Agreement (the "*Effective Date*") and shall continue until the expiration of the Tax Abatement Period (the "*Term*") unless this Agreement is terminated sooner as provided hereunder. This Agreement may be signed and executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument.

SECTION XXI.
FORCE MAJEURE

It is expressly understood and agreed by the Parties to this Agreement that if a Party's ability to satisfy any obligation under this Agreement including, but not limited to the substantial completion of the Improvements is delayed by reason of war, civil commotion, acts of God, inclement weather, governmental restrictions, regulations, or interferences, delays caused by franchised utilities or their contractors, fire or other casualty, court injunction, necessary condemnation proceedings, or any circumstances which are reasonably beyond the control of the Party obligated or permitted under the terms of this Agreement to do or perform the same, regardless of whether any such circumstances are similar to any of those enumerated or not, the Party so obligated or permitted shall be excused from doing or performing the same during such period of delay, so that the time period applicable to such performance, including without limitation, the Tax Abatement Period shall be extended for a period of time equal to the period such Party was delayed, but in no event shall the abatement of taxes exceed more than ten years.

SECTION XXII.
OWNER CERTIFICATIONS

TEXAS GOVERNMENT CODE CHAPTER 2264 CERTIFICATION. Owner, by execution of this Agreement and in accordance with Chapter 2264 of the Texas Government Code, certifies that they do not and will not knowingly employ any undocumented workers at the Property during the term of this Agreement and that if the Owner is convicted of a violation under 8 U.S.C. Section 1324a(f), Owner shall repay all taxes which otherwise would have been paid to the County without the benefit of the tax abatement, including interest and penalties thereon within the time period set forth in Section VI (2) of this Agreement.

SECTION XXIII.
NON-WAIVER OF DEFAULT

Failure of any Party, at any time, to enforce a provision of this Agreement, shall in no way constitute a waiver of that provision, nor in any way affect the validity of this Agreement, any part hereof, or the right of the Party thereafter to enforce each and every provision hereof. No term of this Agreement shall be deemed waived or breach excused unless the waiver shall be in writing and signed by the Party claimed to have waived. Furthermore, any consent to or waiver of a breach will not constitute consent to or waiver of or excuse of any other different or subsequent breach. It is not a waiver of default if the non-defaulting Party fails to immediately declare a default or delays in taking any action. The rights and remedies provided by this Agreement are cumulative, and either Party's use of any right or remedy will not preclude or waive its right to use any other remedy at law or in equity. These rights and remedies are in addition to any other rights the Parties may have by law, statute, ordinance or otherwise. Parties have a duty to mitigate damages.

SECTION XXIV.
NOTICE TO OTHER GOVERNING BODIES

At least seven (7) days prior to the execution of this Agreement, notice of the County's intention to enter into this Agreement shall be delivered to the governing bodies of each other taxing unit that includes in its boundaries the real property that is the subject of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURES ON FOLLOWING PAGE]

WITNESS HEREOF, the Parties hereto have executed this Tax Abatement Agreement as of the date set forth below.

DALLAS COUNTY:

By: _____

Name: Clay Lewis Jenkins

Title: County Judge

Date: _____

EVOLVE BIOLOGICS (USA) INC.:

By: _____

Name: Mark Krause

Title: Senior Vice President, Operations

By: _____

Name: Jim Caggiano

Title: Chief Executive Officer

Date: 4 June 2021

RECOMMENDED BY:

6/4/2021

Luis Tamayo
Director of Planning & Development

APPROVED AS TO FORM:*

JOHN CREUZOT
DALLAS COUNTY CRIMINAL DISTRICT ATTORNEY

RUSSELL RODEN
CHIEF, CIVIL DIVISION

By: Digitally signed by Tina R. Patel
Date: 2021.06.04 10:04:33 -05'00'
Tina R. Patel, Assistant District Attorney

*BY LAW, THE DISTRICT ATTORNEY'S OFFICE MAY ONLY ADVISE OR APPROVE CONTRACTS OR LEGAL DOCUMENTS ON BEHALF OF ITS CLIENTS. IT MAY NOT ADVISE OR APPROVE A LEASE, CONTRACT, OR LEGAL DOCUMENT ON BEHALF OF OTHER PARTIES. OUR REVIEW OF THIS DOCUMENT WAS CONDUCTED SOLELY FROM THE LEGAL PERSPECTIVE OF OUR CLIENT. OUR APPROVAL OF THIS DOCUMENT WAS OFFERED SOLELY FOR THE BENEFIT OF OUR CLIENT. OTHER PARTIES SHOULD NOT RELY ON THIS APPROVAL, AND SHOULD SEEK REVIEW AND APPROVAL BY THEIR OWN RESPECTIVE ATTORNEY(S).

EXHIBIT A

(Dallas County Tax Abatement Policy)

COURT ORDER
2019-0129

Reauthorization of Dallas County Tax Abatement Policy

On a motion made by Commissioner Dr. Theresa M. Daniel, District 1, and seconded by Commissioner Dr. Elba Garcia, District 4, the following order was passed and adopted by the Commissioners Court of Dallas County, State of Texas:

BRIEFING DATE: 2/5/2019
FUNDING SOURCE: N/A

Be it resolved and ordered that the Dallas County Commissioners Court does hereby adopt the attached tax abatement policy, that it shall replace the policy previously authorized under Court Order 2017-0035, and that it shall be used for a period of two years, unless otherwise repealed, amended, or extended, to evaluate all tax abatement requests received by Dallas County.

Done in open court February 5, 2019, by the following vote:

IN FAVOR:	Honorable Clay Lewis Jenkins, County Judge Commissioner Dr. Theresa M. Daniel, District 1 Commissioner J.J. Koch, District 2 Commissioner John Wiley Price, District 3 Commissioner Dr. Elba Garcia, District 4
OPPOSED:	None
ABSTAINED:	None
ABSENT:	None

Recommended by: Rick Loessberg
Originating Department: Planning and Development

DALLAS COUNTY TAX ABATEMENT POLICY

I. INTRODUCTION

Counties in Texas are authorized under Chapter 381 of the Local Government Code and Section 11.24 and Chapter 312 of the Tax Code to provide tax abatements for historic preservation, housing, and economic development projects. To help ensure that all tax abatement requests are consistently reviewed and that only the most effective and appropriate projects are undertaken, the following policy has been developed. It shall govern the consideration of all tax abatement requests received by the Dallas County Commissioners Court. It shall not apply to requests for abatements from other entities like the Dallas County Community College District which the Commissioners Court has no jurisdiction over nor shall it apply to the Dallas County Hospital District which does not provide tax abatement assistance.

II. DEFINITIONS

Affordable Housing: Housing is deemed to be affordable if its monthly cost does not exceed 30% of the monthly income of a household earning 80% of the Dallas area's median income.

Applicant: The firm, party, entity, or organization that would be receiving the tax abatement if granted.

Dallas CBD: The area bounded by Woodall Rodgers Freeway, I-30, I-35, and I-45.

Dallas County City: The portion of any city located within Dallas County.

Distribution Center Project: An economic development project involving the operation of a warehouse used for the temporary storage of goods that will subsequently be shipped and/or redistributed to retailers, wholesalers, or consumers.

Economic Development Project: One of five general tax abatement project categories under this policy. Projects falling within this category generate new jobs, increase the local property tax base, involve the modernization/addition of equipment, and/or the expansion, construction, or leasing of business facilities.

Established Area: A census tract whose median owner-occupied home value is in excess of the County median value.

Facility Expansion/Modernization Project: An economic development project involving the modernization/addition of equipment/inventory and/or the physical expansion or modernization of an existing facility or the construction of a new/additional building within the same city where the firm's major Dallas County facility is located.

Fortune 1000 Corporate HQ Project: An economic development project involving the relocation of a Fortune 1000 firm's corporate headquarters. Said project must involve the location of the principle office of the firm's chief executive officer, the office must be designated as the firm's corporate headquarters in the firm's news releases, corporate reports, letterhead, website, etc., and the average salary of all of the jobs associated with the project must be at least $100,000.

Economically Significant Project: An economic development project that either creates at least 1,000 new full-time permanent jobs or increases the County's tax base by at least $100 million through the addition of new equipment, the expansion of inventory, the construction of a new facility, and/or the renovation/expansion of an existing facility.

Higher Education Facilities Project: One of five general tax abatement project categories under this policy. Projects falling within this category involve the construction/renovation/expansion of facilities that primarily consist of classrooms, distance learning centers, libraries, and/or laboratories that are exclusively used by accredited universities and colleges.

Historic Preservation Project: One of five general tax abatement project categories under this policy. Projects falling within this category involve the utilization of a structure that is either listed in the National Register of Historic Places, is eligible for such listing, or is located within a district that is listed in the National Register and any new improvements that are economically critical to the renovation, use, or preservation of the structure as long as the new improvements are located on the same parcel as the structure or an adjacent parcel.

Housing Project: One of five general tax abatement project categories under this policy. Projects falling within this category must involve the construction, development, or rehabilitation of housing or the conversion of an existing structure into housing.

New Construction/Relocation Project: An economic development project involving the construction of a new facility or the utilization of an existing building (including its inventory and equipment) for a new business or an existing firm that is relocating from outside of Dallas County; the construction of another facility or the utilization of an existing building (including its inventory and equipment) for an existing business if the construction/building utilization will occur in a city other than where its major Dallas County facility is located; or the construction of another facility or the utilization of an existing building (including its inventory and equipment) for an existing business if the new facility/utilization of an existing building, while it will occur in the city where the firm's major Dallas County facility is located, will replace an existing facility in another Dallas County city.

Priority Area: A census tract whose median owner-occupied home value is 75% or less than the County median.

Retail Shopping Area Redevelopment: One of five general tax abatement project categories under this policy. Projects falling within this category involve the conversion, replacement, or substantial improvement of those existing retail shopping areas that are largely characterized by the presence of such items as obsolete physical lay-outs, high vacancies, declining property values, low economic-value tenants, and/or dated signage/storefronts.

Strategic Area: Either the Dallas CBD or a census tract whose median owner-occupied home value is greater than 75% of the County median, but does not exceed the County median.

Strategic Investment Project: An economic development project involving the new construction of a hotel, home improvement center, movie theater, or grocery store in a either a strategic or priority area.

Tax Abatement: A form of tax incentive that is authorized under either Chapter 381 of the Local Government Code, Section 11.24 of the Tax Code, or Chapter 312 of the Tax Code and that reduces, in part, applicable ad valorem taxes so that a particular type of economic activity can be undertaken. For the purpose of this policy, this term is also interchangeable with such terms as "exemption," "tax reduction," "tax deferral," and "tax rebate."

III. GENERAL REQUIREMENTS/CONSIDERATIONS

All requests for tax abatement must meet the terms and criteria contained within this policy if they are to be eligible for consideration. In no situation does meeting the terms and criteria of this policy obligate the County to provide any abatement to an applicant.

All applicants seeking tax abatement must, at the time of the application and before their requests can be reviewed, demonstrate that they regularly provide some type of medical coverage/health insurance for all full-time permanent non-contract employees, certify that they are equal opportunity employers, and certify that they do not and will not knowingly employ an undocumented worker and that if they are convicted of such a violation, shall repay any abatement (with interest) that the County may have provided.

Abatements will only be awarded when the city in which the project is located has formally approved the provision of either a generally comparable abatement or another form of economic development assistance of comparable value and when the applicant and the County have entered into a formal tax abatement agreement.

Evaluation Criteria

In determining whether to provide an abatement for a project and, if so, at what level, the County will consider a number of related factors. Such factors shall include, but not be limited to, the degree to which the project surpasses the County's investment

requirements, the short-term/long-term impact of the project on the County's tax base, the location of the proposed project, its impact on its surrounding area, the type and durability of the proposed investment, the existence of any environmental problems, the background and past performance of the applicant, the potential for the project to be successfully implemented, the need for the requested abatement, the degree to which the project utilizes or is served by alternative forms of transportation, the project's impact on the provision of County services, and current economic conditions. In addition, to the extent that they are applicable, other factors that will be considered shall include the project's ability to provide meaningful employment to the chronically unemployed, the type and quality of any jobs that will be produced, the number of affordable housing units that will be produced, the number and type of jobs that will be retained, the type of higher education facilities that will be produced, and the number of students that will utilize the proposed facilities.

Maximum Abatement Period

The maximum term for an abatement that can be provided under this policy is ten years. However, in the event a subsequent project will utilize a site that already has a real property abatement, then the existing real property abatement may be extended to provide a total abatement of up to fifteen years if the subsequent project will be conducted by a party not affiliated with the existing abatement's recipient and the subsequent project constitutes either an economically significant project or a priority area project that meets the job generation and tax base increase requirements of an established area project.

Authorization and "Offer" Letters

Abatements can only be authorized by formal action of a majority of the Commissioners Court in open session after the required abatement application information has been submitted to the County. Because the availability of abatement assistance can facilitate the selection of a specific site when numerous sites are under consideration, a Court member in whose district a project is considering locating to and the County Judge may, in some limited instances, jointly issue a non-binding "offer" letter (or instruct staff to issue such a letter on their behalf) in which they propose terms for a particular abatement. Such letters may only be issued when a site outside of the County is also under consideration, when the project and the proposed terms are consistent with this policy, when the magnitude of the project warrants such action, and when requested by the potential applicant or its representative. Such letters shall clearly note that they are non-binding and that the proposed abatement can only be authorized by formal action of the Commissioners Court.

Abatement agreements shall contain specific provisions that tie the abatement to actual increases in the tax base, housing production, and/or job creation for housing and economic development projects and to actual increases in the tax base and preservation/ maintenance for historic preservation projects. The agreements may also include requirements pertaining to the use of Small Business Enterprises,

Disadvantaged Business Enterprises, and/or Minority/Woman-Owned Business Enterprises. Any year that the agreed-upon tax base increases, renovation, housing production, payroll, job generation amounts, etc. are not reached, then the abatement will be discontinued unless otherwise revised to reflect both the performance that actually took place and a corresponding reduction in the percentage abated.

"Substantially Underway" Provisions

Requests for abatements will not be considered if, prior to the submission of an application, the project is already substantially underway or completed. A project will be considered to be substantially underway if actions such as, but not limited to, the following have occurred: (1) demolition, site preparation, or the installation of infrastructure has begun; (2) a building permit has been issued for construction not associated with mitigating an environmental hazard; (3) construction (including renovations or tenant finish-out) has begun; (4) equipment, inventory, or employees have been relocated to the new site; or (5) the initial contact with the County about the project was more than ninety days after the host city had executed an abatement agreement for the project.

However, having had demolition and/or site preparation occur for a project that solely utilizes property that has been tax-exempt for at least the past fifty years and that is now taxable because of the proposed tax abatement project does not constitute the project being substantially underway. Also, the execution of a lease, the mitigation of environmental problems, the purchase of land, the completion of an environmental assessment, or the preparation of architectural and engineering plans does not constitute a project being substantially underway nor does the prior preparation of an historic building for demolition (if the building is to now be preserved with an abatement) or the stabilization of an historic building.

Future Phases

For tax abatement projects with multiple phases, once the initial abatement has been approved, additional abatement requests associated with any successive phase shall be evaluated under the terms of the tax abatement policy that was in effect at the time the project's initial request was approved, provided these successive requests are submitted within twelve months of the initial phase's approval.

Prohibited Projects

Requests for an abatement will not be considered for an establishment that derives more than 25% of its revenue from the on-site sale of alcoholic beverages and/or tobacco products. Requests will also not be considered for property that will be used in whole or in part for a sexually-oriented business, including, but not limited to, condoning, legitimizing, or promoting obscene materials, nude or topless modeling or dancing, adult motel operations, escort services, sexual encounter centers, sex phone

centers, or any other sexually-oriented business activity. Similarly, property receiving an existing abatement for another use cannot convert this property for use as a sexually-oriented business or an establishment that would derive more than 25% of its revenue from the on-site sale of alcohol and tobacco and still retain this abatement.

Requests for an abatement will also not be considered if the abatement will be utilized by a firm in which the County is currently involved in litigation or a pending claim or in which the County has experienced unsatisfactory contractual performance (including previous abatements) within the past thirty-six months.

IV. ECONOMIC DEVELOPMENT REQUIREMENTS

For purposes of Dallas County's tax abatement policy, there are six types of economic development projects (economically significant, distribution center, Fortune 1000 corporate HQ, strategic investment, facility expansion/modernization, and new construction/relocation) that can occur in three types of areas (priority, strategic, and established).

New Construction/Relocation and Facility Expansion/Modernization Requirements

To be eligible for an abatement, facility expansion/modernization and new construction/relocation projects must, within three years of the date in which the abatement is approved, increase the County's property tax base **and** increase the number of full-time permanent jobs within the County by the amounts listed below.

Minimum New Construction/Relocation/Expansion Requirements

PROJECT TYPE	FOR PRIORITY AREA		FOR STRATEGIC AREA		FOR ESTABLISHED AREA	
	JOBS	TAX BASE	JOBS	TAX BASE	JOBS	TAX BASE
New Construction/ Relocation	100	$8 million	200	$16 million	600	$48 million
Facility Expansion/ Modernization	50	$4 million	100	$8 million	400	$32 million

Economically Significant Requirements

To be eligible for an abatement, economically significant projects must, within three years of the date in which the abatement is approved for any first phase, either create 1,000 new full-time permanent jobs or increase the County's tax base by $100 million.

Strategic Investment Requirements

To be eligible for an abatement, strategic investment projects must be located within either a priority area or a strategic area and must, within three years of the date in which the abatement is approved, meet the following requirements:

Minimum Strategic Investment Requirements

PROJECT TYPE	TAX BASE INCREASE	JOBS CREATED	OTHER REQUIREMENTS
Hotel	$5 million	25	contain 150 rooms
Home Improvement Center	$10 million	130	create 100,000-square-foot store
Grocery Store	$4 million	100	create 50,000-square-foot store
Movie Theater	$5 million	20	n/a

Fortune 1000 Requirements

To be eligible for an abatement, Fortune 1000 corporate HQ projects must, within three years of the date in which the abatement is approved, employ at least 100 full-time high-paying jobs **and** increase the County's tax base by at least $2.5 million.

Distribution Center Projects

To be eligible for an abatement, distribution center projects must, within three years of the date in which the abatement is approved, meet the following requirements:

Minimum Distribution Center Requirements

	FOR PRIORITY AND STRATEGIC AREAS		FOR ESTABLISHED AREA	
PROJECT TYPE	JOBS	TAX BASE	JOBS	TAX BASE
New Construction/ Relocation	150	$35 million	600	$48 million
Facility Expansion/ Modernization	100	$25 million	400	$32 million

In addition, the average salary of the new jobs created by such projects must be equal to at least 80% of the median salary/wage for the Dallas area (as determined by the Bureau of Labor Statistics).

Consideration of Freeport-Eligible Property

In meeting the tax base increase requirements described above, no freeport-eligible property that a project may possess can be utilized.

Job Retention Provisions

Except for distribution center projects, the County may, at its discretion, consider the retention of existing jobs to satisfy some portion of the job generation requirements listed above if the average salary/wage of the jobs that are to be retained is equal to at least the median salary/wage (as determined by the Bureau of Labor Statistics) for the Dallas area, if there is tangible evidence of the possibility that these existing jobs may relocate to a new site outside of the County, and if the project, depending upon its location, retains the following number of jobs and possesses the following amounts of existing taxable property:

Minimum Job Retention Requirements

	PRIORITY AREA	STRATEGIC AREA	ESTABLISHED AREA
NUMBER OF JOBS TO RETAINED	100	200	400
REQUIRED AMOUNT OF EXISTING TAXABLE VALUE	$8 million	$16 million	$32 million

Whether the County chooses to allow job retention to satisfy all or a portion of the standard job generation requirement will be dependent upon a number of factors, including the location of the project, the condition of the local economy, the type of jobs and industry involved, and the extent to which the project exceeds the job retention, average salary, tax base increase, and existing taxable property requirements.

Anti-Pirating Provisions

Economic development projects cannot involve an outside firm seeking or being offered a tax abatement from more than one Dallas County city unless that firm is also considering locating its operations outside of Dallas County. Also, incentive requests cannot be made if a present Dallas County firm is considering **primarily** relocating its operations from one Dallas County city to another Dallas County city unless it can be demonstrated that it is not possible for the firm to continue its operations within the present city or the firm is considering relocating to a site outside of the County that is not in a county contiguous to Dallas County.

Maximum Abatement Percentages

The maximum abatement that will be provided to a new construction/relocation project, a strategic investment project, or a facility expansion/modernization project that is

located in a priority area or to an economically significant project is 90% of the increase in assessed valuation that occurs. The maximum abatement that will be provided to a new construction/relocation project, a strategic investment project, or a facility expansion/modernization project that is located in an established area is 50% or 75% of the increase in assessed valuation that occurs if the project is located in a strategic area. The maximum abatement that will be provided to a distribution center project is 50% if located in an established area or 75% if located in a priority or strategic area. The maximum abatement that will be provided to a Fortune 1000 corporate HQ project is 75%. Also, the amount of an abatement provided during a specific year may exceed the limits for established and strategic area projects as long as the average percent abated over the life of the abatement does not exceed these limits.

V. HOUSING REQUIREMENTS

Under this policy, Dallas County will consider providing tax abatements for housing projects located within a priority area, an established area, a strategic area, or the Dallas CBD. To be eligible for an abatement, a housing project located within a priority area must produce 30 units of housing and increase the County's property tax base within three years of the date in which an abatement is approved for any first phase and within three years of the effective date for any subsequent phase by $1.5 million. For a project located within the Dallas CBD, an established area, or a strategic area, a project must produce 100 units of housing and increase the County's property tax base within three years by $5 million.

For projects involving the new construction of housing in a strategic area, at least 10% of the housing that is produced must be affordable.

For projects located in an established area, at least 40% of the housing that is produced must be affordable.

The maximum abatement that will be provided to a housing project in a priority area is 90% of the increase in assessed valuation that occurs. For a project located within the Dallas CBD, an established area, or a strategic area, the maximum abatement that will be provided is 75%.

VI. RETAIL SHOPPING AREA REDEVELOPMENT REQUIREMENTS

To be eligible for a retail shopping area redevelopment abatement, a project must involve the redevelopment of at least five acres of contiguous property that currently consists of a group of stores and other commercial establishments built around a shared parking area. If a project involves either substantially improving or replacing an

existing retail shopping area with a new retail shopping development, then the project must increase the County's tax base by at least $2.5 million within three years of the date that any abatement is approved.

If a project involves the demolition and replacement of an existing retail shopping area with a residential development, then the project must produce thirty new units of housing and increase the County's tax base by at least $1.5 million within three years of the date that any abatement is approved.

The maximum abatement that will be provided to a retail shopping area redevelopment project is 75% of the increase in assessed valuation that occurs if the project is located in either a strategic or established area or 90% of any increase if the project is located in a priority area.

VII. HISTORIC PRESERVATION REQUIREMENTS

To be eligible for an historic preservation tax abatement, the project must utilize a structure that is either listed in the National Register of Historic Places, is eligible for such listing, or is located within a district that is listed in the National Register, and the project must increase the County's tax base by at least $2 million within three years of the date that any abatement is approved for any first phase and within three years of the effective date for any subsequent phase. New improvements that are not historic, but that are economically critical to the renovation, preservation, or use of the structure, may also be included in such projects and incentive requests as long as the improvements are located either on the same parcel as the structure or an adjacent parcel. Also, the renovation/restoration work must be appropriate and consistent with the structure's historical significance, as should the building's general maintenance.

All historic preservation projects will initially be eligible for a maximum abatement of up to 50% of any increase in assessed valuation. Additional "bonus" abatements may be awarded if the project develops housing, if it is located in a priority area, if it utilizes a structure with extraordinary historical significance, if the structure is in serious danger of being demolished (i.e., there are no likely alternative uses, the building has been vacant for some time, etc.), and/or if the project will generate significant economic activity (i.e., the amount of investment to be undertaken greatly exceeds the County's requirements, it will assist tourism, increase retail sales, etc.). The maximum abatement that can be received for an historic preservation project is 90% of the increase in assessed real property valuation that occurs.

VIII. HIGHER EDUCATION FACILITIES

Dallas County will consider providing a tax abatement for the construction/ renovation/expansion of higher education facilities that will be exclusively used by an accredited college or university if the assessed valuation of the new improvements is at

least $2.5 million within three years of the date in which an abatement is approved for any first phase and within three years of the effective date for any subsequent phase. The maximum abatement that will be provided for a higher education facility is 100% of the increase in assessed real property that occurs.

IX. APPLICATION PROCESS

Requests for tax abatement from the Dallas County Commissioners Court must be made in writing and submitted to Dallas County's Director of Planning and Development, 411 Elm Street, Dallas, Texas 75202. These requests must also be accompanied with the following information:

REQUIRED APPLICATION INFORMATION	ECONOMIC DEVELOP-MENT PROJECTS	HOUSING PROJECTS	RETAIL REDEVELOP-MENT PROJECTS	HISTORIC PRESER-VATION PROJECTS	HIGHER EDUCATION FACILITIES
Description of requested abatement for each year (amount and duration)	X	X	X	X	X
Current assessed valuation of property/firm	X	X	X	X	X
Projected annual assessed valuation of applicable proposed improvements/ business personal property **(PLEASE NOTE THAT THESE FIGURES WILL BE USED AS THE QUALIFYING BENCHMARKS IN THE ABATEMENT AGREEMENT)**	X	X	X	X	X
Description of proposed project (including, where applicable, the amount/type of investment involved, increase in local payroll, number/types of jobs created/ retained, how much of projected tax base increase is attributable to Freeport-eligible inventory, number of housing units to be produced/% afford-able, average rent/sales price, type of renovations/ improvements to be made, square footage of retail space that will be demolished/replaced/improved, type of educational facilities to be constructed, number of students involved, etc.)	X	X	X	X	X
Detailed schedule for implementing project (including, where applicable, when property will be acquired, when financing will be obtained, when demolition/ construction/renovation will begin/be completed, when new equipment will be installed, when facility will be fully operational, when new positions are filled, when jobs will be relocated, etc.)	X	X	X	X	X
Financial pro forma showing impact of abatement on operating expenses		X		X	

REQUIRED APPLICATION INFORMATION	ECONOMIC DEVELOP-MENT PROJECTS	HOUSING PROJECTS	RETAIL REDEVELOP-MENT PROJECTS	HISTORIC PRESER-VATION PROJECTS	HIGHER EDUCATION FACILITIES
Explanation of why abatement Is needed	X	X	X	X	X
Map/location of proposed project	X	X	X	X	X
Date retail area was constructed			X		
Current occupancy rate for retail area			X		
Description of how project is served by such alternative forms of transportation as light rail, bus, car pool programs, HOV lanes, hike/bike trails, etc. or is immedi-ately located within the area it will serve/ from which its employees will reside	X	X	X	X	X
Description of applicant's business history (including location of firm's other Dallas County projects/facilities)	X	X	X	X	X
Description of firm's relocation history over the past fifteen years	X	X	X	X	X
Identification of any displacement or environmental issues and discussion of how these issues will be addressed	X	X	X	X	X
Status of tax abatement/economic development assistance requests with other jurisdictions	X	X	X	X	X
Preliminary architectural sketches			X	X	
Explanation, if applicable, of how project will revitalize priority areas or employ the chronically unemployed	X	X	X	X	X
Current use of building/average occupancy rate over past twelve months				X	
Description/documentation of building's historic significance				X	
Documentation/description of medical coverage/health insurance provided to all full-time, permanent non-contract employees	X	X	X	X	X
Statement that firm does not and will not knowingly employ an undocumented worker and that if convicted of doing so, it shall repay any abatement (with interest) that may have been provided	X	X	X	X	X
Copy of most recent EEO-1 or equivalent work force composition report	X	X	X	X	X
Name, telephone number, email address, and mailing address of contact person	X	X	X	X	X

Besides the information outlined above, additional information may be requested by the County at a later date.

So as to help facilitate the consideration of any tax abatement request, potential applicants are strongly encouraged to contact the County's Director of Planning & Development at (214) 653-7601 as early in the project formulation process as possible.

X. REVIEW AND APPROVAL

The Dallas County Commissioners Court will review all eligible tax abatement requests submitted to the County and determine to what degree the County will provide such assistance.

EXHIBIT B
(Legal Description of Property)

LEGAL DESCRIPTION

BEING a tract of land situated in the Richard Copeland Survey, abstract No. 228, also being all of a 11.27-acre tract of land described by deed to Children's Medical Center Foundation recorded in Instrument Number 201200202382 of the Official Public Records of Dallas County, Texas, and being more particularly described as follows:

BEGINNING at a T.X.D.O.T. aluminum cap stamped "2655" found for the northeast corner of said 11.27-acre tract also lying at the intersection of the west line of Pleasant Valley Road, a variable width right-of-way with the south line of President George Bush Turnpike, a called 350.00 feet wide right-of-way;

THENCE along the common line of said 11.27-acre tract and said Pleasant Valley Road the following courses and distances:

South 00 degrees 23 minutes 36 seconds East, a distance of 255.19 feet to a 5/8-inch iron rod with cap stamped "TNP" set for the beginning of a curve to the right;

with said curve to the right having a radius of 311.06 feet, a central angle of 76 degrees 44 minutes 04 seconds, an arc length of 416.59 feet, a chord bearing of South 37 degrees 58 minutes 24 seconds West, a distance of 386.15 feet to a 1/2-inch iron rod with cap stamped "HALFF" found for corner;

South 76 degrees 28 minutes 32 seconds West, a distance of 320.80 feet to 1/2-inch iron rod with cap stamped "HALFF" found for the beginning of a curve to the right;

with said curve to the right having a radius of 707.53 feet, a central angle of 13 degrees 35 minutes 53 seconds, an arc length of 167.92 feet, a chord bearing of South 83 degrees 01 minutes 55 seconds West, a distance of 167.53 feet 1/2- inch iron rod with cap stamped "HALFF" found for corner;

North 89 degrees 46 minutes 07 seconds West, a distance of 96.34 feet to 1/2-inch iron rod with cap stamped "JBI" found for the southwest corner of said 11.27 -acre tract, also lying on the east line of a tract of land described by deed to the City of Sachse recorded in Volume 94150, Page 6284 of the Deed Records of Dallas County, Texas;

THENCE North 00 degrees 55 minutes 31 seconds West, along the common line of said 11.27-acre tract and said City of Sachse tract, a distance of 678.28 feet to 1/2-inch iron rod with cap stamped "WAI" found for the northwest corner of said 11.27-acre tract, also lying on the south line of the aforementioned President George Bush Turnpike, also for the beginning of a non-tangent curve to the right;

THENCE along the south line of said President George Bush Turnpike with said curve to the right having a radius of 7465.00 feet, a central angle of 06 degrees 18 minutes 35 seconds, an arc length of 822.09 feet, a chord bearing of South 88 degrees 21 minutes 02 seconds East, a distance of 821.67 feet to the POINT OF BEGINNING, containing 490,729 Square Feet, or 11.266 Acres of land.