COURT ORDER 2021-0231

Tax Abatement Request from Walmart, Inc. - Project Valley

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

BRIEFING DATE: March 2, 2021

Be it resolved and ordered that the Dallas County Commissioners Court does hereby
authorize the provision of a ten-year, 70% tax on business personal property to Walmart, Inc. for the establishment of a fulfillment and distribution center effective no later than January 1, 2024. This authorization is subject to the firm creating and annually maintaining at 700 new full-time-equivalent jobs (with the average salary of these jobs being at least $36,000) and increasing the County's tax base by at least $360 million at the fulfillment and distribution center.
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 March 2, 2021 by the following vote:

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

Dallas County

BRIEFING / COURT ORDER

Commissioners Court - Mar 02 2021

☐ Resolution
☐ Solicitation/Contract
☐ Executive Session
☐ Addendum

Tax Abatement Request from Walmart, Inc. - Project Valley

Briefing Date:	Mar 2 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:

Walmart, Inc., has been considering where to place a cold storage and perishables distribution facility as well as a major automated distribution facility. Several sites outside of this market were under consideration for this project. Dallas County, in order to help facilitate the selection of sites in the Dallas portion of the inland port for both projects, proposed providing a ten-year, 70% tax abatement on real and business personal property. These two facilities would be located in close proximity but represent separate projects. As Walmart is now prepared to locate both facilities in Dallas County, it has requested that the County formally authorize the proposed abatements. This memorandum is focused on the automated distribution facility.

OPERATIONAL IMPACT:

Under this abatement requests, Walmart would build and establish a new build-to-suit facility to serve as a major distribution fulfillment center. This facility would be located near the southwest corner of East Belt Line Road and Sunrise Road. It will phase in employment starting in 2024 and by January 1, 2026 will create and maintain 700 new jobs. The average salary of the new jobs that will be created will be $36,000, which is about $6,000 more than most salaries in the inland port. Additionally, this project will increase the County's tax base by at least $360 million.

FINANCIAL IMPACT:

Walmart's proposed fulfillment and distribution center 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 $360 million by January 1, 2024.

LEGAL IMPACT:

It is estimated that, under the proposed abatement, the County would abate approximately $604,145 a year in tax revenue that does not presently exist. Likewise, the County would receive about $258,919 a year in new revenue.

In so doing, the project would increase, in total, the estimated total amount of property that the County would abate in tax year 2024 from approximately $380 million to $632 million. This would also change the estimated total percentage of the County's tax base that would be abated in 2024 from the current 0.13% to approximately 0.22%. This percentage is still 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.

For additional context, Walmart's request for abatement for the cold storage and perishables distribution facility, if granted, would abate approximately $419,545 per year in tax revenue that does not presently exist. The total combined for both projects would be $1,023,690. Additionally, the County would receive $179,805 from that facility for a combined $438,724 per year. The combined projects would increase, in total, the estimated total amount of property that the County would abate in tax year 2024 from approximately $380 million to $807 million. Combined, the projects would change the estimated total percentage of the County's tax base that would be abated in 2024 from the current 0.13% to approximately 0.28%.

SBE PARTICIPATION:

SBE information pertaining to Walmart has previously been 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 major cold storage and perishables distribution center, with higher than usual wages is consistent with this plan.

RECOMMENDATION:

It is recommended that the County provide Walmart, Inc. with a ten-year, 70% abatement on business personal property for the fulfillment and distribution center that it will be establishing in Dallas.

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, 70% tax on business personal property to Walmart, Inc. for the establishment of a fulfillment and distribution center effective no later than January 1, 2024. This authorization is subject to the firm creating and annually maintaining at 700 new full-time-equivalent jobs (with the average salary of these jobs being at least $36,000) and increasing the County's tax base by at least $360 million at the fulfillment and distribution center.

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:

Project Valley Tax Abatement Agreement an...il 2.23.21 and Luis Tamayo 2.23.21

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PROJECT VALLEY 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 Walmart Inc., a Delaware corporation (hereinafter, "Walmart") and Walmart Fulfillment Services, LLC, a Delaware limited liability corporation (hereinafter, "Owner") and Wal-Mart.COM USA, LLC, a California limited liability corporation (hereinafter, Walmart, Owner, and Wal-Mart.COM USA, LLC, are also referred to as an "Owner Party" or collectively as the "Owner Parties"), duly acting by and through each of their authorized officers for the purposes and considerations stated below:

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, Section 11.24 of the Texas Tax Code and Chapter 381 of the Texas Local Government Code;

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

WHEREAS, Owner owns and maintains certain real property within Dallas County, more fully described in **Exhibit "B"**, attached hereto and incorporated by reference;

WHEREAS, Owner Parties anticipate undertaking certain Economic Activity (as hereafter defined) on or about the Property (as hereinafter defined), including, without limitation, (i) construction of the Improvements (as hereinafter defined), for the purpose of operating a distribution facility; (ii) generating employment opportunities, including through its affiliate Wal-Mart Associates, Inc., on or related to the Property as more particularly described herein; and (iii) making certain Improvements and 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 Parties contemplated use of the Property, the contemplated generation of employment opportunities on or related to the Property, and the contemplated real property Improvements and Business Personal Property investments on or about the Property 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 Improvements as hereinafter defined, meet the applicable guidelines and criteria of the County's Tax Abatement Policy; and

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

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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 Parties, 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. "*Affiliate*" means a directly- or indirectly-held subsidiary of Walmart that is owned directly or indirectly at least 50% by Walmart and/or the successor-in-interest to an affiliate of Walmart which meets the definition of an affiliate.

2. "*Economic Activity*" shall mean the following acts undertaken by or on behalf of the Owner Parties: (i) construction of the Improvements and use of the Improvements as a distribution facility; (ii) creation of 700 Full-Time Permanent Positions (as hereinafter defined) and/or Full-Time Equivalent Positions (as hereinafter defined) to be located on 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 certain real property Improvements and Business Personal Property located on the Property.

3. "*Eligible Real Property Value*" shall mean, if the Owner Parties exclusively occupy the Property, the value, as annually established by Dallas Central Appraisal District ("*DCAD*"), of all Property and Improvements within the Property less the Property's Base Value, as defined herein and as established by DCAD. If the Owner Parties do not exclusively occupy the Property, "*Eligible Real Property Value*" shall be calculated on a basis related to the percentage of the Property's building space that the Owner Parties occupy; that is "*Eligible Real Property Value*" shall first be calculated in the manner immediately described above as if the Owner Parties are the exclusive occupants and then multiplying this figure by the percentage of the Property's building space that the Owner Parties occupy.

4. "*Eligible Business Personal Property Value*" shall mean the value, as annually established by DCAD, of all of Owner Parties' Business Personal Property, excluding any Freeport-eligible inventory, within the Property less the Business Personal Property's Base Value, as defined herein and as established by DCAD.

5. "*Base Value*" shall mean the appraised value of the Property and the Business Personal Property as determined by DCAD as of January 1, 2021.

6. "*Property*" shall mean Owners ± 292.081 acre tract of land located in the City of Lancaster, Dallas County, Texas, commonly known as contained in the Samuel A. Dowdy Survey, Abstract No. 388, the ML Swing Survey, Abstract No. 1444, and the M. Lavender Survey, Abstract No. 766 and more particularly described and or depicted in **Exhibit B** of this Agreement, which is attached hereto and incorporated herein for all purposes. The County relies on the attached Exhibit "B", provided by Owner to be a full, complete and accurate

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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.

7. *"Business Personal Property"* shall include all personal property, including any equipment or machinery characterized as fixtures, owned or leased by Owner Parties located on or re-located to the Property used in connection with operation of the Improvements and for which Owner Parties are responsible for paying any applicable property taxes, but excluding any business personal property that is exempt from ad valorem taxation as Freeport goods pursuant to Section 11.251 of the Texas Tax Code and Article VIII, Section 1-j of the Texas Constitution.

8. "*Improvements*" shall mean those certain improvements constructed or to be constructed on or about the Property. The Improvements shall be used in connection with the Economic Activity undertaken by the Owner Parties.

9. *"Job Creation Requirement"* shall refer to Owner Parties' agreement to (i) annually employ an aggregate minimum number of persons identified in Section III (d) below in Full-Time Permanent Positions and/or Full-Time Equivalent Permanent Positions, at an average salary of $36,000, to be located on or based out of the Property beginning January 1, 2024 according to the schedule set forth in Section III (d) below and then (ii) annually employ an aggregate number of a minimum of 700 persons in Full-Time Permanent Positions and/or Full-Time Equivalent Permanent Positions, at an average salary of $36,000, to be located on or based out of the Property by January 1, 2026 and thereafter continuing to do so for the remainder of the Tax Abatement.

10. "*Owner Party*" or "*Owner Parties*" shall mean and refer to the parties to this Agreement who are the respective owners from time to time of the Property and Business Personal Property that is subject to tax abatement hereunder and any Successor Entities.

11. "*Successor Entity*" shall mean (i) any entity which is a successor or assign to the Owner Parties by merger, consolidation, assignment reorganization or otherwise; or (ii) a purchaser of all or substantially all of the Owner Parties' 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 Parties covenant and agree that the construction of the Improvements and the use of the Property and Business Personal Property subject to this Agreement will be in accordance with and will comply with all applicable city, county, state and federal laws,

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rules, regulations, statutes, ordinances and policies including, but not limited to, Title VI of the Civil Rights Act of 1964, as amended.

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

7. Owner Parties, as applicable, shall have the right to protest and/or contest DCAD appraisals of the Property, the Improvements located upon the Property and/or Business Personal Property over and above the respective Base Value of the Property, the Improvements located upon the Property and/or the Business Personal Property, as the case may beunder 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 and/or contest by any of the Owner Parties.

SECTION III.
RATE AND CONDITIONS OF TAX ABATEMENT

1. Owner Parties shall receive the Real Property Tax Abatement (as 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 the Business Personal Property Tax Abatement shall be collectively referred to herein as the "Tax Abatement". Owner Parties shall receive a seventy percent (70%) abatement of the taxes assessed on the Eligible Business Personal Property Value (the "*Business Personal Property Tax Abatement*") and shall receive a seventy (70%) 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) The Owner Parties, as applicable shall construct and/or have constructed the Improvements on or about the Property for the purpose of operating a distribution facility.

   (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, as determined by DCAD, shall be at least equal to **Three Hundred Sixty-Million-Dollars ($360 million**) (*"Aggregate Value Condition"*).

   (c) Each Owner Party entitled to a Tax Abatement hereunder shall file the annual exemption application (the "*Exemption Application*") forms with DCAD for the Tax Abatement that they believe they are eligible to receive under this Agreement.

   (d) Owner Parties shall comply with the Job Creation Requirement by the end of each year per the estimated jobs schedule below:

	Year 1	**Year 2**	**Year 3**
Year	***2023***	***2024***	***2025***
Cumulative Jobs	200	400	700

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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 located on or based out of the Property for which an individual is scheduled to work at least 1716 hours in a twelve-month period for Owner Parties, their subsidiaries, or their affiliates, including Wal-Mart Associates, Inc., either under contract or as an employee." A Full-Time Equivalent Permanent Position means "two or more part-time positions located on or based out of the Property which is filled by individuals working for Owner Parties, their subsidiaries, or their affiliates, including Wal-Mart Associates, Inc., a combined total of at least 33 hours per week either under contract or 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*"). The Owner Parties 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 that this abatement goes into effect and January 31 of each applicable year thereafter during the Tax Abatement Period, Walmart shall submit to the County 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 Parties) for the purpose of inspecting same to ensure that the Property is being used for the required Economic Activity in accordance with the specifications and conditions of this Agreement; provided that the Owner Parties shall have the right to accompany County employees on any such inspection. In no event shall such inspections interfere with Owner Parties' ownership and 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-_____ and shall be consistent with the general purpose of encouraging economic development within the County.

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 Parties: (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 Parties may own

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within the County to become delinquent during the Tax Abatement Period and fail to timely and properly follow the legal procedures for protest and/or contest of any such taxes; (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; (v) is convicted of a violation under 8 USC Section 1324a(f); or (vi) fails to substantially comply with any of the terms or conditions set forth in this Agreement. In the event that the Owner Parties default in their performance as set forth in any of (i), (ii), or (vi) above, the County or DCAD shall give the Owner Parties written notice of such default and the Owner Parties shall have the right to cure such default. If the Owner Parties have 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 the Owner Parties 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 Parties to meet a condition is the termination of this Agreement and not damages or specific performance or any other remedy). In the event that the Owner Parties cure 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 the Owner Parties.

2. Upon the occurrence of a court finding a violation of Section VI (1)(v), all taxes which otherwise would have been paid by the Owner Parties 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 Parties have 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 Parties may be entitled, and subject to the rights of the Owner Parties 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 Parties 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 Parties, the County is further entitled to recover damages, reasonable attorney's fees, and court costs from the Owner Parties. Any payment due to the County under this Agreement is 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 Parties each, respectively, including any Successor Entity, may assign

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their rights and responsibilities under this Agreement, in whole or in part, including the right to receive the Real Property Tax Abatement and/or the Business Personal Property Tax Abatement to a parent, subsidiary, or an affiliate entity of an Owner Party or Successor Entity, or any new entity created as a result of a merger, acquisition or other corporate restructure or reorganization of the Owner Party 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 Parties 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 Party or Successor Entity assign such rights and responsibilities under this Agreement, the Owner Party or Successor Entity shall give County prior written notice of such assignment at least sixty (60) calendar days prior to such assignment. Owner Parties agree 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) U.S. mail postage prepaid, by certified or registered mail, return receipt requested; (b) a nationally recognized overnight delivery service; or (c) 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.

WALMART:

Walmart Inc.
Attn: Industrial Real Estate
702 SW. 8th Street
Bentonville, AR 72716

OWNER:

Walmart Fulfillment Services, LLC

Attn: Industrial Real Estate
702 SW. 8th Street
Bentonville, AR 72716

COUNTY:

Director of Planning & Development
Dallas County Commissioners Court
411 Elm Street, 3rd Floor
Dallas, Texas 75202

Copies to:

Chief, Civil Division
Dallas County Criminal District Attorney's Office
411 Elm Street, 5th Floor
Dallas, Texas 75202

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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 the Owner Parties has been duly authorized by its 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 Parties represents, warrants, assures and guarantees that he, she or they have full legal authority to execute this Agreement on behalf of the Owner Parties and to bind the Owner Parties 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 Parties, 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.

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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

THE OWNER PARTIES, INCLUDING THEIR ASSIGNS, AFFILIATES AND SUCCESSORS, (COLLECTIVELY "INDEMNIFYING PARTY") AGREE 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.

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 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.

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SECTION XVIII.
ENTIRE AGREEMENT

This Agreement, including all Exhibits, Attachments, and Addendums, 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 Parties 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

The effective date of this Agreement will be the date on which the last of the two Parties signs this Agreement (the "Effective Date"). This Agreement may be signed and executed in counterparts.

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, epidemic pandemic, 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. The Owner Parties, 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 any Owner Party is convicted of a violation under 8 U.S.C. Section 1324a(f), the Owner Parties shall repay all taxes which otherwise would have been paid to the County by the Owner Parties, as applicable, without the benefit of the tax

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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.

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.

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[SIGNATURES APPEAR ON FOLLOWING PAGE]

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IN WITNESS WHEREOF, the parties hereto have executed this Project Valley Tax Abatement Agreement on the last date written below.

DALLAS COUNTY:

By: _____

Name: Clay Lewis Jenkins

Title: County Judge

Date: _____

WALMART INC:

By: DocuSigned by: Hunter Hart 9BBE5FD3C86C46C...

Name: Hunter Hart

Title: Vice President – Real Estate

Date: February 23, 2021

OWNER:

Walmart Fulfillment Services, LLC

By: DocuSigned by: Hunter Hart 9BBE5FD3C86C46C...

Name: _____

Title: VP Realty

Date: February 23, 2021

RECOMMENDED BY:

Luis Tamayo — February 23, 2021

Luis Tamayo — Date

Director of Planning & Development

APPROVED AS TO FORM FOR DALLAS COUNTY:*

JOHN CREUZOT
DALLAS COUNTY CRIMINAL DISTRICT ATTORNEY

RUSSELL RODEN
CHIEF, CIVIL DIVISION

By: Tina R. Patel 2.23.21

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. 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).

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EXHIBIT A

(Dallas County Tax Abatement Policy)

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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

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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.

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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.

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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

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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,

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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

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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.

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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

PROJECT TYPE	FOR PRIORITY AND STRATEGIC AREAS		FOR ESTABLISHED AREA	
	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).

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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

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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

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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

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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	

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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.

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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

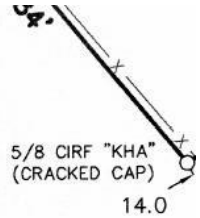
The Dallas County Commissioners Court will review all eligible tax abatement requests submitted to the County and determine to what degree the County will provide such assistance.

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EXHIBIT B
(Legal Property Description)

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LEGAL DESCRIPTION



BEING a 292.081 acre tract contained within the A. Dowdy Survey, Abstract No. 388, the ML Swing Survey, Abstract No. 1444, and the M. Lavender Survey, Abstract No. 766, and being all of that tract described by Special Warranty Deed to MSW Prime-Lancaster L.P., as recorded in Instrument Number 201800235768 of the Official Public Records of Dallas County, Texas (O.P.R.D.C.T.)and being all of that tract described by Special Warranty Deed to WHL Dallas 45 LLC, as recorded in Instrument Number 201100339298 of the O.P.R.D.C.T., being more particularly described as follows:

BEGINNING at a to a 5/8-inch iron rod found, in the southerly right-of-way line of E. Belt Line Road (variable width roadway), for the northeasterly corner of that remaining tract as described to Roddy Brothers as recorded in Volume 889, Page 504, Deed Records of Dallas County, Texas (D.R.D.C.T.), and the northwest corner of the herein described tract;

THENCE with the southerly right-of-way line of said E. Belt Line Road the following nine (9) calls:

South 85 degrees 42 minutes 54 seconds East, a distance of 211.66 feet to the beginning of a tangent curve to the left, from with a 5/8-inch iron rod found bears North 76 degrees 09 minutes East, 0.4 feet;

With said curve to the left, having a radius of 5,779.65 feet, a central angle of 05 degrees 09 minutes 53 seconds, an arc length of 521.00 feet, and a chord of South 88 degrees 17 minutes 51 seconds East, 520.82 feet, to a 5/8-inch iron rod found;

North 89 degrees 07 minutes 36 seconds East, a distance of 1,081.80 feet, for the beginning of a tangent curve to the right, from which a 5/8-inch iron rod bears North 70 degrees 42 minutes East, 0.6 feet;

With said curve to the right, having a radius of 1,860.08 feet, a central angle of 14 degrees 39 minutes 44 seconds, an arc length of 476.00 feet, and a chord of South 83 degrees 32 minutes 16 seconds East, 474.70 feet, to a set 5/8-inch capped iron rod stamped ADAMS SURVEYING COMPANY LLC" (CIRS);

South 76 degrees 12 minutes 24 seconds East, a distance of 331.30 feet to the beginning of a curve to the left, from which a 5/8-inch iron rod found bears North 46 degrees 06 minutes East, 0.2 feet;

With said curve to the left, having a radius of 1,960.08 feet, a central angle of 13 degrees 00 minutes 28 seconds, an arc length of 445.00 feet, and a chord of South 84 degrees 07 minutes 07 seconds East, 444.04 feet, from which a 5/8-inch iron rod bears North 34 minutes 04 seconds East, 0.5 feet;

North 89 degrees 22 minutes 36 seconds East, a distance 135.32 feet to a 5/8-inch iron rod found, for the common northerly corner of said MSW Prime and WHL Dallas tracts;

North 89 degrees 02 seconds 25 minutes East, a distance of 976.99 feet to a 5/8-inch iron rod found for the beginning of a tangent curve to the left;

With said curve to the left, having a radius of 1,960.08 feet, a central angle of 09 degrees 35 minutes 16 seconds, an arc length of 328.00 feet, and a chord of North 84 degrees 14 minutes 50 seconds East, 327.62 feet to a 5/8-inch iron rod ound in the beginning of a corner clip of Sunrise Road (a 40' right-of-way);

THENCE South 65 degrees 28 minutes 05 seconds East, with said corner clip of Sunrise Road, a distance of 168.00 feet to a 1/2-inch capped iron rod stamped "KHA" found;

THENCE South 30 degrees 42 minutes 35 seconds East, with said Sunrise Road, a distance of 731.53 feet to a CIRS, being the common easterly corner of said MSW Prime-Lancaster L.P. and WHL DALLAS 45 LLC tracts;

THENCE South 31 degrees 17 minutes 15 seconds East, continuing with said Sunrise Road, a distance of 1,166.11 feet to a CIRS, being the northeasterly corner of that tract described by Special Warranty Deed to Schlachter Reality LTD, as recorded in Instrument Number 201300000170, O.P.R.D.C.T., from which a capped iron rod found bears South 70 degrees 37 minutes West, 17.5 feet;

THENCE South 58 degrees 46 minutes 59 seconds West, with the northerly property line of said Schlachter Reality LTD, at a distance of 734.77 feet passing a 5/8-inch iron rod found, being the northeasterly corner of that tract described by Warranty Deed with Vendor's Lien to David A. Schlachter as recorded in Volume 81079, Page 1085, Deed Records of Dallas County, Texas, continuing a total distance of 3,751.10 feet to a CIRS, being in the easterly line of Block A, Lancaster Airport Addition, an Addition to the City of Lancaster as recorded in Volume 97173, Page 5853, D.R.D.C.T.;

THENCE the following three (3) calls with the easterly line of said Block A:

North 30 degrees 50 minutes 55 seconds West, a distance of 2,502.10 feet to a 1/2-inch capped iron rod stamped "KHA" found;

South 60 degrees 09 minutes 56 seconds West, a distance of 424.85 feet to a 1/2-inch capped iron rod stamped "KHA" found;

North 40 degrees 14 minutes 23 seconds West, a distance of 1,172.84 feet to a 1/2-inch capped iron rod stamped "KHA" found, being the southerly corner of that remaining tract as described to Roddy Brothers as recorded in Volume 889, Page 504, D.R.D.C.T.;

THENCE North 00 degrees 00 minutes 19 seconds East, a distance of 946.78 feet to the POINT OF BEGINNING, containing 292.081 acres of land, more or less.

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PROJECT PEAK TAX ABATEMENT AGREEMENT

STATE OF TEXAS §

COUNTY OF DALLAS §

This Project Peak 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 Walmart Inc., a Delaware corporation, (hereinafter, "Walmart"), and Wal-Mart Stores East, LP, a Delaware limited partnership, (hereinafter, "Owner"), (hereinafter, Walmart and Owner are also referred to as an "Owner Party" or collectively as the "Owner Parties"), duly acting by and through each of their authorized officers for the purposes and considerations stated below:

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, Section 11.24 of the Texas Tax Code and Chapter 381 of the Texas Local Government Code;

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

WHEREAS, Owner owns and maintains certain real property within Dallas County, more fully described in **Exhibit "B"**, attached hereto and incorporated by reference;

WHEREAS, Owner Parties anticipate undertaking certain Economic Activity (as hereafter defined) on or about the Property (as hereinafter defined), including, without limitation, (i) construction of the Improvements (as hereinafter defined), for the purpose of operating a distribution facility; (ii) generating employment opportunities, including through its affiliate Wal-Mart Associates, Inc., on or related to the Property as more particularly described herein; and (iii) making certain Improvements and 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 Parties contemplated use of the Property, the contemplated generation of employment opportunities on or related to the Property, and the contemplated real property Improvements and Business Personal Property investments on or about the Property 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 Improvements as hereinafter defined, meet the applicable guidelines and criteria of the County's Tax Abatement Policy; and

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

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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 Parties, 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. "*Affiliate*" means a directly- or indirectly-held subsidiary of Walmart that is owned directly or indirectly at least 50% by Walmart and/or the successor-in-interest to an affiliate of Walmart which meets the definition of an affiliate.

2. "*Economic Activity*" shall mean the following acts undertaken by or on behalf of the Owner Parties: (i) construction of the Improvements and use of the Improvements as a distribution facility; (ii) creation of 250 Full-Time Permanent Positions (as hereinafter defined) and/or Full-Time Equivalent Positions (as hereinafter defined) to be located on 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 certain real property Improvements and Business Personal Property located on the Property.

3. "*Eligible Real Property Value*" shall mean, if the Owner Parties exclusively occupy the Property, the value, as annually established by Dallas Central Appraisal District ("*DCAD*"), of all Property and Improvements within the Property less the Property's Base Value, as defined herein and as established by DCAD. If the Owner Parties do not exclusively occupy the Property, "*Eligible Real Property Value*" shall be calculated on a basis related to the percentage of the Property's building space that the Owner Parties occupy; that is "*Eligible Real Property Value*" shall first be calculated in the manner immediately described above as if the Owner Parties are the exclusive occupants and then multiplying this figure by the percentage of the Property's building space that the Owner Parties occupy.

4. "*Eligible Business Personal Property Value*" shall mean the value, as annually established by DCAD, of all of Owner Parties' Business Personal Property, excluding any Freeport-eligible inventory, within the Property less the Business Personal Property's Base Value, as defined herein and as established by DCAD.

5. "*Base Value*" shall mean the appraised value of the Property and the Business Personal Property as determined by DCAD as of January 1, 2021.

6. "*Property*" shall mean that ± 163.351 acre tract of land located in the City of Lancaster, Dallas County, Texas, commonly known as a tract located in the Samuel Keller Survey, Abstract No 720 and more particularly described and or depicted in **Exhibit B** of this Agreement, which is attached hereto and incorporated herein for all purposes. 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.

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7. *"Business Personal Property"* shall include all personal property, including any equipment or machinery characterized as fixtures, owned or leased by Owner Parties located on or re-located to the Property used in connection with operation of the Improvements and for which Owner Parties are responsible for paying any applicable property taxes, but excluding any business personal property that is exempt from ad valorem taxation as Freeport goods pursuant to Section 11.251 of the Texas Tax Code and Article VIII, Section 1-j of the Texas Constitution.

8. "*Improvements*" shall mean those certain improvements constructed or to be constructed on or about the Property. The Improvements shall be used in connection with the Economic Activity undertaken by the Owner Parties.

9. *"Job Creation Requirement"* shall refer to Owner Parties' agreement to (i) annually employ an aggregate minimum number of persons identified in Section III (d) below in Full-Time Permanent Positions and/or Full-Time Equivalent Permanent Positions, at an average salary of $42,000, to be located on or based out of the Property beginning January 1, 2024 according to the schedule set forth in Section III (d) below and then (ii) annually employ an aggregate number of a minimum of 250 persons in Full-Time Permanent Positions and/or Full-Time Equivalent Permanent Positions, at an average salary of $42,000, to be located on or based out of the Property by January 1, 2026 and thereafter continuing to do so for the remainder of the Tax Abatement.

10. "*Owner Party*" or "*Owner Parties*" shall mean and refer to the parties to this Agreement who are the respective owners from time to time of the Property and Business Personal Property that is subject to tax abatement hereunder and any Successor Entities.

11. "*Successor Entity*" shall mean (i) any entity which is a successor or assign to the Owner Parties by merger, consolidation, assignment reorganization or otherwise; or (ii) a purchaser of all or substantially all of the Owner Parties' 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 Parties covenant and agree that the construction of the Improvements and the use of the Property and Business Personal Property subject to this Agreement will be in accordance with and will comply with all applicable city, county, state and federal laws, rules, regulations, statutes, ordinances and policies including, but not limited to, Title VI of the Civil Rights Act of 1964, as amended.

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

7. Owner Parties, as applicable, shall have the right to protest and/or contest DCAD appraisals of the Property, the Improvements located upon the Property and/or Business Personal Property over and above the respective Base Value of the Property, the Improvements located upon the Property and/or the Business Personal Property, as the case may beunder 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 and/or contest by any of the Owner Parties.

SECTION III.
RATE AND CONDITIONS OF TAX ABATEMENT

1. Owner Parties shall receive the Real Property Tax Abatement (as 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 the Business Personal Property Tax Abatement shall be collectively referred to herein as the "Tax Abatement". Owner Parties shall receive a seventy percent (70%) abatement of the taxes assessed on the Eligible Business Personal Property Value (the "*Business Personal Property Tax Abatement*") and shall receive a seventy (70%) 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) The Owner Parties, as applicable shall construct and/or have constructed the Improvements on or about the Property for the purpose of operating a distribution facility.

   (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, as determined by DCAD, shall be at least equal to **Two Hundred Fifty-Million-Dollars ($250 million**) (*"Aggregate Value Condition")*.

   (c) Each Owner Party entitled to a Tax Abatement hereunder shall file the annual exemption application (the "*Exemption Application*") forms with DCAD for the Tax Abatement that they believe they are eligible to receive under this Agreement.

   (d) Owner Parties shall comply with the Job Creation Requirement by the end of each year per the estimated jobs schedule below:

	Year 1	**Year 2**	**Year 3**
Year	***2023***	***2024***	***2025***
Cumulative Jobs	50	150	250

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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 located on or based out of the Property for which an individual is scheduled to work at least 1716 hours in a twelve-month period for Owner Parties, their subsidiaries, or their affiliates, including Wal-Mart Associates, Inc., either under contract or as an employee." A Full-Time Equivalent Permanent Position means "two or more part-time positions located on or based out of the Property which is filled by individuals working for Owner Parties, their subsidiaries, or their affiliates, including Wal-Mart Associates, Inc., a combined total of at least 33 hours per week either under contract or 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*"). The Owner Parties 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 that this abatement goes into effect and January 31 of each applicable year thereafter during the Tax Abatement Period, Walmart shall submit to the County 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 Parties) for the purpose of inspecting same to ensure that the Property is being used for the required Economic Activity in accordance with the specifications and conditions of this Agreement; provided that the Owner Parties shall have the right to accompany County employees on any such inspection. In no event shall such inspections interfere with Owner Parties' ownership and 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-_____ and shall be consistent with the general purpose of encouraging economic development within the County.

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 Parties: (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 Parties may own

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within the County to become delinquent during the Tax Abatement Period and fail to timely and properly follow the legal procedures for protest and/or contest of any such taxes; (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; (v) is convicted of a violation under 8 USC Section 1324a(f); or (vi) fails to substantially comply with any of the terms or conditions set forth in this Agreement. In the event that the Owner Parties default in their performance as set forth in any of (i), (ii), or (vi) above, the County or DCAD shall give the Owner Parties written notice of such default and the Owner Parties shall have the right to cure such default. If the Owner Parties have 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 the Owner Parties 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 Parties to meet a condition is the termination of this Agreement and not damages or specific performance or any other remedy). In the event that the Owner Parties cure 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 the Owner Parties.

2. Upon the occurrence of a court finding a violation of Section VI (1)(v), all taxes which otherwise would have been paid by the Owner Parties 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 Parties have 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 Parties may be entitled, and subject to the rights of the Owner Parties 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 Parties 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 Parties, the County is further entitled to recover damages, reasonable attorney's fees, and court costs from the Owner Parties. Any payment due to the County under this Agreement is 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 Parties each, respectively, including any Successor Entity, may assign

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their rights and responsibilities under this Agreement, in whole or in part, including the right to receive the Real Property Tax Abatement and/or the Business Personal Property Tax Abatement to a parent, subsidiary, or an affiliate entity of an Owner Party or Successor Entity, or any new entity created as a result of a merger, acquisition or other corporate restructure or reorganization of the Owner Party 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 Parties 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 Party or Successor Entity assign such rights and responsibilities under this Agreement, the Owner Party or Successor Entity shall give County prior written notice of such assignment at least sixty (60) calendar days prior to such assignment. Owner Parties agree 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) U.S. mail postage prepaid, by certified or registered mail, return receipt requested; (b) a nationally recognized overnight delivery service; or (c) 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.

WALMART:

Walmart Inc.
Attn: Industrial Real Estate
702 SW. 8th Street
Bentonville, AR 72716

WAL-MART STORES EAST LP

Attn: Industrial Real Estate
702 SW. 8th Street
Bentonville, AR 72716

COUNTY:

Director of Planning & Development
Dallas County Commissioners Court
411 Elm Street, 3rd Floor
Dallas, Texas 75202

Copies to:

Chief, Civil Division
Dallas County Criminal District Attorney's Office
411 Elm Street, 5th Floor
Dallas, Texas 75202

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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 the Owner Parties has been duly authorized by its 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 Parties represents, warrants, assures and guarantees that he, she or they have full legal authority to execute this Agreement on behalf of the Owner Parties and to bind the Owner Parties 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 Parties, 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.

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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

THE OWNER PARTIES, INCLUDING THEIR ASSIGNS, AFFILIATES AND SUCCESSORS, (COLLECTIVELY "INDEMNIFYING PARTY") AGREE 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.

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 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.

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SECTION XVIII.
ENTIRE AGREEMENT

This Agreement, including all Exhibits, Attachments, and Addendums, 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 Parties 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

The effective date of this Agreement will be the date on which the last of the two Parties signs this Agreement (the "Effective Date"). This Agreement may be signed and executed in counterparts.

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, epidemic pandemic, 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. The Owner Parties, 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 any Owner Party is convicted of a violation under 8 U.S.C. Section 1324a(f), the Owner Parties shall repay all taxes which otherwise would have been paid to the County by the Owner Parties, as applicable, 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.

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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.

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.

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[SIGNATURES APPEAR ON FOLLOWING PAGE]

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IN WITNESS WHEREOF, the parties hereto have executed this Project Peak Tax Abatement Agreement on the last date written below.

DALLAS COUNTY:

By: _____

Name: Clay Lewis Jenkins

Title: County Judge

Date: _____

WALMART INC:

By: DocuSigned by: Hunter Hart 9BBE5FD3C86C46C...

Name: Hunter Hart

Title: Vice President – Real Estate

Date: February 23, 2021

OWNER:

Wal-Mart Stores East, LP

By: DocuSigned by: Hunter Hart 9BBE5FD3C86C46C...

Name: Hunter Hart

Title: VP Realty

Date: February 23, 2021

RECOMMENDED BY:

Luis Tamayo February 23, 2021

Luis Tamayo Date

Director of Planning & Development

APPROVED AS TO FORM FOR DALLAS COUNTY:*

JOHN CREUZOT
DALLAS COUNTY CRIMINAL DISTRICT ATTORNEY

RUSSELL RODEN
CHIEF, CIVIL DIVISION

By: Tina R. Patel 2.23.21

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. 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).

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EXHIBIT A

(Dallas County Tax Abatement Policy)

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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

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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.

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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.

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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

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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,

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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

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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.

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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

PROJECT TYPE	FOR PRIORITY AND STRATEGIC AREAS		FOR ESTABLISHED AREA	
	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).

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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

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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

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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

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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	

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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.

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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.

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EXHIBIT B

(Legal Description of Project Peak Property)

BEING a 163.351 acre tract of land located in the Samuel Keller Survey, Abstract No. 720, in the City of Lancaster, Dallas County, Texas, being part of that called 255.320 acre parcel described in Special Warranty Deed with Vendor's Lien to 255 PRL LP, as recorded in Instrument No. 201700211697, Official Public Records Dallas County Texas (OPRDCT), said 163.351 acres being more particularly described by metes and bounds as follow:

COMMENCING at a found PK nail on the called southern right of way line for Pleasant Run Road (called 60' right of way as established by Volume 1963, Page 2, Deed Records Dallas County, Texas, same being the northeast corner of that called 23.082 acre tract described in Instrument No. 201200175128, OPRDCT, and being located N 89°24'35" E, 150.00 from the northeast corner of Eastside Acres, an Addition to the City of Lancaster as recorded in Volume 9, Page 85, Map Records Dallas County Texas, being the northwest corner of that called 3.905 acre parcel described in Dedication Right of Way Deed as recorded in Instrument No. 201800131364, OPRDCT;

THENCE S 00°33'34" E with the east line of said 23.082 acre tract, a distance of 69.40 feet to the POINT OF BEGINNING, on the south right of way line of Belt Line Road;

THENCE N 89°27'21" E with said south right of way line for Pleasant Run Road, a distance of 2,415.66 feet to the intersection of said right of way line and the centerline of Cornell Road (a prescriptive roadway);

THENCE S 00°22'09" E leaving the right of way line for Pleasant Run Road and with the center of Cornell Road, a distance of 3,001.24 feet to a found MAG NAIL for the intersection of said centerline and a north line of the aforesaid 23.082 acre tract, from which a found nail for the centerline intersection of Cornell Road and Green Road bears S 00°21'18" E, 100.0 feet;

THENCE west and north with the line common to said 23.082 acre tract and the herein described tract as follows:
S 89°25'46" W, a distance of 1,655.56 feet to a found 5/8-inch iron rod for the beginning of a curve;
Along the arc of said curve to the right, having a central angle of 90°00'39", a radius of 750.00 feet, an arc length of 1,178.24 feet, and a chord of N 45°33'53" W, 1,060.76 feet to a set 5/8-inch iron rod with yellow cap marked ADAMS SURVEYING COMPANY, LLC. (hereafter called CIRS) for the end of said curve;

N 00°33'34" W, a distance of 2,252.18 feet to the POINT OF BEGINNING and containing 163.351 acres of land, more or less.