ELLIS COUNTY TAX ABATEMENT AGREEMENT

STATE OF TEXAS §

COUNTY OF ELLIS §

This Tax Abatement Agreement (the "Agreement") executed by and between Ellis County ("County"), and Earth Root Holdings LLC, a Delaware limited liability company ("Owner"), to be effective on the 22th day of September 2020.

RECITALS

A. The Texas Property Redevelopment and Tax Abatement Act, Texas Tax Code, Chapter 312 (the "Act"), in Section 312.201, provides that the governing body of an incorporated city has the power to create one or more reinvestment zones for the abatement of ad valorem taxes assessed against real property and/or personal property located on the real property in such zone provided that certain conditions as detailed in the Act are met. The County may utilize a reinvestment zone adopted by a municipality within the county pursuant to Section 312.206 of the Act.

B. The County has established guidelines and criteria governing tax abatement agreements and has adopted a resolution stating that the County elects to be eligible to participate in tax abatement, as required by Section 312.002(a) of the Act. The tax abatement policy of the County reflects a balance between the revenue needs of local government and the desire to provide incentives for the expansion and relocation of industry. At the time of this Agreement the Property (as defined below) is unimproved land.

C. The City of Midlothian ("City") has created the Midlothian Technology Commercial-Industrial Tax Abatement Reinvestment Zone Number 15, City of Midlothian, Texas (the "Zone") by Ordinance No. 2020-45, which is attached as **Exhibit "A"** and describes and depicts the location of the Zone and the acreage therein (the "Property"), which is located entirely in the County's corporate limits.

D. By virtue of the County following the requirements of the Act in creating the Zone, the County and Owner now exercise their rights to enter into this Agreement, the terms and conditions of which are detailed below and, together with the Exhibits, constitute the full and complete agreement between the County and Owner concerning the partial abatement of the ad valorem taxes assessed by the County against the Real Property (as defined below) in excess of the Base Value (as defined below) and certain Eligible Personal Property (as defined below) within the Zone and otherwise payable to the County. The Commissioners Court of the County finds that the terms of this Agreement and the Property subject to this Agreement meet the applicable guidelines and criteria adopted by the County pursuant to the Act. The Commissioners Court has also found that development of the Property will (i) further the objectives of the County, (ii) benefit the County and its inhabitants, and (iii)

promote local economic development and stimulate business and commercial activity in the County.

E. Owner owns all the Property. Owner intends to develop the Property in phases, and each phase may be developed on the same platted lot or on separately platted lots. Subject to the terms of this Agreement, the County agrees to grant certain annual tax abatements for the Facilities (as defined below) for a ten-year period, as provided herein.

NOW THEREFORE, in consideration of the foregoing, and on the terms and conditions hereinafter set forth, and other valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Development of the Property.
    a. Owner plans to develop the Property primarily for industrial uses and/or other purposes permitted under applicable laws, which, if developed, shall include Real Property and Eligible Personal Property within the Zone (together, the "Facilities"). For purposes of this Agreement (i) "Eligible Personal Property" shall mean taxable business personal property including, but not limited to, machinery and equipment, office equipment, or other property designated as personal property by the Ellis County Central Appraisal District and owned by the Owner and its Affiliates and located on the Property, excluding inventory and supplies as defined by the International Association of Assessing Officers Standard of Valuation of Personal Property, and (ii) "Real Property" shall mean the land and improvements designated as real property by the Ellis Central Appraisal District and owned by the Owner and its Affiliates.
    b. Owner plans to develop the Property in two phases. The first phase will consist of a 600,000+ square foot building on the Property that will be primarily used for industrial purposes and/or other purposes permitted under applicable laws and, subject to Section 9, will always be occupied by the Owner and its Affiliates during the term of this Agreement ("Phase 1 Building"). The second phase will consist of an additional minimum 300,000 square foot building that will be used primarily for warehousing, distribution uses, and/or other purposes permitted under applicable laws, which may be an expansion to Phase 1 Building and may be leased to, or otherwise used and occupied by, tenants and other occupants ("Phase 2 Building", (the "Phase 1 Building" and "Phase 2 Building" are hereinafter collectively referred to as "Buildings"). Phase 1 Building and Phase 2 Building may be located on one or two parcels at the direction of the Owner; however, Phase 1 Building and Phase 2 Building must be located within Zone. The annual abatement period shall be for ten (10) consecutive calendar years (the "Abatement Period") if all the terms and conditions of this Agreement are met. The Owner shall designate the start of the Abatement Period with the submission of the first Annual Report (as defined below); however, the first year of the Abatement Period shall begin no later than January 1, 2023 and is conditioned upon the Owner's compliance with this Agreement through such date. Annual abatements for each successive year will be conditioned upon the Owner's compliance with this Agreement for the preceding calendar year. Failure of the Owner to meet the

Minimum Annual Performance Criteria (as defined below) for the immediately preceding calendar year during the Abatement Period shall result in loss of the annual abatement for such calendar year.

c. The Owner agrees that all construction and development shall be in accordance with all applicable laws, ordinances, codes, rules, requirements and regulations of the City and County and any subdivision, agency or authority thereof, and, prior to commencing construction or development, Owner shall secure all permits, licenses, and authorizations required. Subject to Force Majeure (as defined below), Owner must obtain a Certificate of Occupancy (as defined below) for Phase 1 Building by August 31, 2022 for the Abatement Period to begin, which deadline may only be extended by the actual number of days of any prevention, delay, nonperformance, or stoppage due to the Force Majeure event.

d. Simultaneously with the execution of this Agreement, Owner shall execute **Exhibit "C"** to certify no employment of undocumented workers, required by state law for economic development incentives.

e. Owner has advised the County that Owner (i) owns and intends to develop the Real Property, and (ii) anticipates that Owner's Affiliates will operate the Real Property, conduct their business thereon, and, in connection therewith, own and maintain certain Eligible Personal Property on the Real Property. Accordingly, the County agrees that (i) Owner's obligations under this Agreement may be individually or collectively performed by Owner and Owner's Affiliates, (ii) the aggregate of each and every requirement under this Agreement fulfilled by Owner and Owner's Affiliates (including, but not limited to, the aggregate Buildings constructed at the Property; the aggregate Taxable Value created by Owner and Owner's Affiliates at the Property; the aggregate Full-Time Jobs created by Owner and Owner's Affiliates at the Property; and the aggregate Annual Payroll paid by Owner and Owner's Affiliates) will count towards satisfying the Minimum Annual Performance Criteria (as defined below) under this Agreement; and (iii) the tax abatement provided by Section 3 of this Agreement shall apply to Owner and Owner's Affiliates to the extent each entity owns the Eligible Personal Property or Real Property. Owner's "Affiliate", as used herein, means any parent, sister, partner, or subsidiary entity of Owner, or any other entity that, directly or indirectly, controls, is controlled by, or is under common control with Owner and conducts its business at the Property in Ellis County.

2. Minimum Annual Performance Criteria. Throughout the term of this Agreement, Owner shall maintain the minimum number of Full-Time Jobs, Annual Payroll, and Taxable Value according to the table below (the "Minimum Annual Performance Criteria"). If the Owner fails to maintain the Full-Time Jobs, Annual Payroll, or Taxable Value, for a particular calendar year, then Owner shall not receive the tax abatement, as described herein, for such year. For purposes of this Agreement (i) "Full-Time Jobs" shall mean the number of Owner's employees (1) with a regular work schedule of at least 36 hours per week as reported on the Texas Employers Quarterly Wage Report from the Texas Workforce, (2) entitled to at least the customary employer-sponsored employee benefits package afforded by the Owner to its similarly situated employees at other locations, and (3) that work at the Buildings or in support of the Facilities and/or their operations (only including work performed in-person at the Building by Owner's employees, and work performed remotely in support of the Facilities

and/or their operations by Owner's employees living in the City, Ellis County, or other parts of the Dallas – Fort Worth Metropolitan Statistical Area, (ii) "Annual Payroll" shall mean the total wages and bonuses paid, exclusive of benefits, to the Full-Time Jobs, which average wage must exceed the Ellis County average wage as calculated in the City of Midlothian Tax Abatement Policy adopted by Resolution No. 2020-20, and (iii) "Taxable Value" shall mean the total Real Property and Eligible Personal Property ad valorem taxable value that are reported by the Ellis County Appraisal District for a given calendar year that are directly attributable to the Property, Phase 1 Building, Phase 2 Building, and any other Facilities located on the Property.

Minimum Annual Performance Criteria			
Year	Full Time Jobs	Annual Payroll	Taxable Value
Year 1	40	NA	NA
Year 2	90	$4,126,590	$51,000,000
Year 3	135	$6,313,683	$51,920,000
Year 4	175	$8,348,092	$51,846,400
Year 5	185	$9,001,628	$51,860,288
Year 6	190	$9,429,813	$51,956,297
Year 7	195	$9,871,526	$52,129,522
Year 8	200	$10,327,135	$52,375,483
Year 9	205	$10,797,019	$52,690,094
Year 10	210	$11,281,568	$53,069,629

3. Tax Abatement.
   a. Tax abatement of the County's ad valorem taxes for Facilities shall be granted annually by the County to Owner during the Abatement Period in the following amounts if Owner has: (1) complied with the Minimum Annual Performance Criteria for the preceding calendar year, AND (2) no Event of Default by Owner under this Agreement has occurred and is continuing after the expiration of the applicable notice and cure period, if any, under Section 15. For the purposes of this Agreement, "ADDED VALUE" means the value of the Real Property and Eligible Personal Property that is in excess of the Base Value (defined hereinafter).

Tax Abatement Values		
YEAR	% OF ADDED VALUE OF REAL PROPERTY TO BE ABATED	% OF ADDED VALUE OF ELIGIBLE PERSONAL PROPERTY TO BE ABATED
Year 1	55%	55%
Year 2	55%	55%
Year 3	55%	55%
Year 4	55%	55%
Year 5	55%	55%
Year 6	55%	55%

Year 7	55%	55%
Year 8	55%	55%
Year 9	55%	55%
Year 10	55%	55%

b. All valuations shall be determined by the Ellis Central Appraisal District as of January 1st of each year. All of Owner's Real Property and Eligible Personal Property in Ellis County will be timely rendered by Owner with Ellis Central Appraisal District pursuant to Chapter 22 of the Texas Tax Code. After the Abatement Period expires, the full value of the Real Property and Eligible Personal Property shall be included on the tax roll and assessed in accordance with applicable laws, and this Agreement shall terminate.

c. As required by Section 312.204(a) of the Act, it is the intent of the County and the Owner to abate the County's ad valorem taxes only on the value of Real Property and Eligible Personal Property that is in excess of the Base Value. The parties agree the Base Value to be $1,443,545 (the "Base Value") which was estimated using the 2020 Notice of Appraised Values by Ellis County Central Appraisal District. The parties further acknowledge that on January 1, 2020, the Facilities were not in the Zone or on the Property.

4. Facilities and Inspections. Employees and/or designated representatives of the County will have access to the Zone during the term of this Agreement to inspect the Facilities to ensure that the construction, maintenance, and operation of the Facilities are in accordance with the terms and conditions of this Agreement. All inspections: (a) will be made during normal business hours; (b) will be preceded by at least five business days' prior written notice to Owner; (c) will be conducted in such a manner as to not unreasonably interfere with the construction of the Facilities or the operation of the Facilities or Owner's business; and (d) the County's inspector shall follow Owner's written safety, confidentiality, and security policies. This Section 4 is not meant to alter or change the County's right to inspect for other reasons, including but not limited to building inspections done through the permitting process.

5. Annual Certification of Owner. Owner and any Affiliate of Owner fulfilling Owner's obligations hereunder shall submit an Annual Certification Report ("Annual Report") for the preceding calendar year to the Ellis County Judge each year not later than February 15th. The Annual Report shall report the Minimum Annual Performance Criteria for the preceding calendar year. Annual abatements for each calendar year will be conditioned upon the Owner's compliance with this Agreement and the Minimum Annual Performance Criteria for the preceding calendar year. The Annual Report should substantially conform to the Annual Report Form hereto attached as **Exhibit "B"**. With each Annual Report, Owner and any Affiliate of Owner fulfilling Owner's obligations hereunder shall also submit the Certification Regarding Employment of Undocumented Workers hereto attached as **Exhibit "C"**. The first Annual Report shall be filed by Owner no later than February 15, 2023.

6. Use and Rendering. The use of the Property and/or Facilities is limited to those uses consistent with the general purpose of encouraging development or redevelopment of the Zone during the Abatement Period. On or before **March 31st** of each year of the Abatement Period, the Owner

shall file an "Application for Property Tax Abatement Exemption" (the "Annual Application for Abatement") form with the Ellis Central Appraisal District declaring the Zone to be the tax situs of the Real Property and Eligible Personal Property, identified in the corresponding **Exhibit "A"**, and will render all of Owner's personal property in Ellis County with Ellis Central Appraisal District during each year of the Abatement Period for each Phase. The first Annual Application for Abatement shall be filed by Owner no later than March 31, 2023. Notwithstanding anything to the contrary stated herein, if there is any discrepancy between the Annual Application for Abatement and this Agreement, this Agreement shall control.

7. Covenants of Owner. Owner covenants and agrees with County that, while this Agreement is in effect, Owner will comply with the following terms and conditions, which are material terms to this Agreement:

    a. Owner shall timely perform and comply in all material respects with all terms, conditions, and provisions set forth in this Agreement to be performed and/or complied with by Owner, including, without limitation, any such terms and conditions governing timely completion of the Buildings and/or renditions as provided by this Agreement;

    b. Owner shall pay all ad valorem real or personal property taxes owed by Owner, and not abated hereunder, to the County, City or Midlothian Independent School District prior to delinquency, subject to Owner's right to protest or appeal taxes as permitted by law; and

    c. Owner shall provide accurate and truthful information in all documentation provided to the County, including but not limited to **Exhibits "B"** and **"C"**.

8. County's Remedies. For each year of the Abatement Period that Owner or an Affiliate of Owner fulfilling Owner's obligations hereunder: (a) owes ad valorem taxes to the County, City or Midlothian Independent School District that are delinquent and not subject to timely filed and maintained protest or appeal; or (b) fails to meet the Minimum Annual Performance Criteria during a calendar year, then the tax abatement provided in Section 3 shall be forfeited by Owner and any Affiliates for the subsequent calendar year, and County shall not be required to send a Notice of Default (as defined below). If Owner or an Affiliate of Owner fulfilling Owner's obligations hereunder is convicted of a violation of 8 U.S.C. Section 1324(a)(f) as described in **Exhibit "C"**, this Agreement shall be terminated, and upon such termination, Owner shall immediately pay to the County the amount of County property tax abated in the prior year within thirty (30) days of receiving an invoice from the County of the amount due. Failure of Owner to timely pay the amount due under this Section 8 will result in interest compounding monthly at a rate of four percent (4%) until paid. If this Agreement is terminated as provided in this Section 8 or Section 9, then the Owner shall not receive further abatement under this Agreement.

9. Termination for Nonuse. Subject to Force Majeure (as defined hereinafter) and except for temporary closures of ninety (90) days or less for remodeling, repairs, renovations, and expansions, in the event that the Buildings are completed and Owner subsequently discontinues

operations for any other reason for a period of ninety (90) days during the Abatement Period, then the same will constitute an Event of Default by Owner under this Agreement. If Owner fails to cure such Event of Default after receipt of written notice thereof from the County and the expiration of the cure period described in Section 15, the County may, at its option, terminate this Agreement by providing written notice of termination to Owner. "Force Majeure" means an event, circumstance, or condition that is outside the reasonable control of the party obligated to perform, including, without limitation, labor disputes, strikes, lock-outs, or other industrial disturbances; civil disturbances; war; military or usurped power; sabotage; weather events; fires, earthquakes, tornadoes, floods, explosions, landslides, lightning, hurricanes, washouts, or other casualty; acts of God; inability to procure or general shortage of labor, equipment, facilities, materials, or supplies in the open market; terrorism; invasion; epidemics; governmental orders issued in response to pandemics, including, without limitation, the pandemic known as "corona virus" or "COVID-19"; states of emergency declared by federal, state, or local governments; insurrection; riot; mob violence; acts of public enemies; civil commotion; failure of power; failure of transportation or unusual delay in transportation; condemnation; orders of any kind of governmental authorities or any civil or military authority; requisition; action or inaction by governmental authorities; governmental restrictions or regulations; closures of governmental offices; unforeseen subsurface conditions; explosions, breakage, or accidents to machinery, pipelines, or canals; or partial or entire failure of power or water supply.

10. Conflicts. This Agreement is made subject to all conditions, prohibitions, obligations, acts of default, termination, reimbursement and recapture contained in the Act. In case of conflict between this Agreement and the Act, the Act shall control.

11. Recitals. The recitals to this Agreement are incorporated as if fully set forth herein and were relied on by the parties when entering into this Agreement.

12. Term of Agreement. This Agreement shall terminate on the February 15th that follows December 31st of the tenth (10th) year of the Abatement Period, unless terminated earlier as expressly allowed by this Agreement; provided, however, this Agreement shall be void ab initio and shall have no force and effect if, subject to Force Majeure, Owner has not received a certificate of occupancy or a temporary certificate of occupancy (each, a "Certificate of Occupancy") for Phase 1 Building from the City by August 31, 2022, which deadline may only be extended by the actual number of days of any prevention, delay, nonperformance, or stoppage due to the Force Majeure event.

13. Notices. All notices required or contemplated by this Agreement must be in writing and sent to the party to which it is addressed at the address set forth below or at such other address as such party may hereafter specify by at least five (5) calendar days prior written notice:

If to Owner, then to: Earth Root Holdings LLC
725 Decker Prairie Drive
Austin, Texas 78748

With a copy to Earthrootholdingsllc@gmail.com

If to the County, then to: County Judge
101 W. Main Street
Historic Courthouse
Waxahachie, Texas 75165

All notices required or permitted to be given hereunder shall be deemed to be duly given: (a) at the time of delivery, if such notice is personally delivered; or (b) on the third business day after mailing, if such notice is deposited with the United States Postal Service, postage prepaid, for mailing via certified mail, return receipt requested; or (c) on the next business day, if such notice is sent by a nationally recognized overnight courier which maintains evidence of receipt; or (d) upon receipt of delivery, if such notice is sent by electronic mail transmission before 5:00 p.m. C.S.T. with a confirmation copy delivered the following day by a nationally recognized overnight courier which maintains evidence of receipt. If any notice is not received or cannot be delivered due to a change in address of the receiving party, of which notice was not properly given to the sending party, or due to a refusal to accept by the receiving party, such notice shall be effective on the date delivery is attempted.

14. Assignment. Owner shall not have the right to assign its rights or obligations under this Agreement to any third party without the prior written consent of the County, which consent will not be unreasonably withheld, conditioned or delayed so long as the assignee expressly assumes all of the obligations of Owner under this Agreement for the balance of the term of this Agreement. Notwithstanding anything to the contrary set forth in this Agreement, Owner may, without the consent of the County, collaterally assign its rights, title, and interests under this Agreement for the purpose of securing financing for constructing, operating, remodeling, repairing, renovating, expanding, and maintaining Phase 1 Building, Phase 2 Building, and/or the Property.

15. Event of Default. It shall be an "Event of Default" that cannot be cured if Company and any Affiliate of Company fulfilling Company's obligations hereunder (a) fails to meet the Minimum Annual Performance Criteria for a calendar year during the Abatement Period; (b) is unable to truthfully complete the annual Certification Regarding Employment of Undocumented Workers attached as Exhibit "C"; (c) fails to timely pay all ad valorem real or personal property taxes owed by Company and any Affiliate of Company fulfilling Company's obligation hereunder, and not abated hereunder, to the City, Ellis County or Midlothian Independent School District, subject to Company's right to protest or appeal taxes as permitted by law; or (d) subject to Force Majeure, fails to obtain a Certificate of Occupancy by August 31, 2022. Any failure by a party to perform any other material term or provision of this Agreement shall, subject to the provisions of this Agreement to the contrary, also constitute an "Event of Default", if: (e) such defaulting party does not cure such failure within thirty (30) days following delivery of a notice of default from the other party ("Notice of Default"), where such failure is of a nature that can be cured by commercially reasonable efforts within such thirty (30) business day period; or (f) where such failure is not of a nature which can be cured by commercially reasonable efforts within such thirty (30) day period, the defaulting party does not within such thirty (30) day period provide written notice to the other party of the time

reasonably needed to cure, why such additional time is needed and the detailed timeline of the steps to be taken and when, and then commence reasonable substantial efforts to cure such failure, or thereafter does not within a reasonable time prosecute to completion with diligence, continuity, and at the times reflected in the provided timeline the curing of such failure and cure such failure within a maximum of ninety (90) days. The failure to pay money shall not constitute a default allowing cure under clause (f) above. An Event of Default under Section 9 shall not constitute a default allowing cure under clause (f) above. Any Notice of Default given hereunder shall specify in reasonable detail the nature of the failures in performance by the defaulting party and the manner, if any, in which such failures of performance may be satisfactorily cured in accordance with the terms and conditions of this Agreement.

16. Limited Liability. Unless expressly permitted by this Agreement, neither party shall in any circumstances be liable to the other party under, arising out of or in any way connected with this Agreement for any consequential loss or damage or special or punitive damages, whether arising in contract or tort, including negligence. The Owner acknowledges and agrees that this Agreement is not an agreement to provide goods or services to the County.

17. County's Authority. County represents that this Agreement was approved by the affirmative vote of a majority of the members of the governing body of the Commissioners Court of Ellis County at a regularly scheduled meeting, and Todd Little, County Judge, was authorized to sign on behalf of Ellis County.

18. Owner's Authority. Owner represents and warrants that: (1) it has sufficient legal authority to conduct business in the State of Texas; (2) it has full capacity and authority to grant all rights and assume all obligations that it has granted and assumed under this Agreement; and (3) that the person or persons executing this Agreement on its behalf has been duly authorized to do so.

19. Entire Agreement. This Agreement is the entire agreement between the parties with respect to tax abatements.

20. Governing Law. This Agreement shall be governed by the laws of the State of Texas, and venue for any action concerning this Agreement shall be in the State District Court of Ellis County, Texas. The parties agree to submit to the personal and subject matter jurisdiction of said Court.

21. Counterparts. This Agreement may be executed in counterparts. Each of the counterparts shall be deemed an original instrument, but all the counterparts shall constitute one and the same instrument. A facsimile or other electronic copy of a signature, and a counterpart transmitted electronically (e.g., by fax, email, text, or similar means), will be deemed to be, and will have the same force and effect as, an original signature for all purposes.

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

23. Confidentiality. Owner understands and acknowledges that the County is subject to, and will comply with, the Texas Public Information Act (Tex. Gov't. Code Ann Sec. 552.001 et seq.) or any equivalent or successor statute and information, including information about Owner, possessed by the County is subject to disclosure to the public thereunder. However, the County will, to the extent permissible under the Texas Public Information Act, maintain the confidentiality of the employee identification numbers and employment status provided by Owner. The County's right to verify the existence of Full-Time Jobs will be accomplished in a manner that does not breach any privacy policy of Owner or require access to Owner's client information. The foregoing confidentiality provisions are not intended to limit Owner's written reports required under this Agreement.

24. Exhibits. The following Exhibits are attached to this Agreement and are part of this Agreement:

Exhibit "A" Ordinance creating Zone with Zone Property Description

Exhibit "B" Annual Certification Report Form

Exhibit "C" Certification Regarding Employment of Undocumented Workers

IN WITNESS WHEREOF, the parties hereby have executed this Agreement as of the day and year first set forth above.

[signature pages follow]

Earth Root Holdings LLC

By: _____

Its: _____

Print Name: _____

THE STATE OF _____

COUNTY OF _____

Before me, the undersigned authority, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said Owner.

Given under my hand and seal of office on this ___day of _____2020.

_____

Notary Public, State of _____

ELLIS COUNTY

Todd Little, County Judge

THE STATE OF TEXAS

COUNTY OF ELLIS

Before me, the undersigned authority, on this day personally appeared Todd Little, County Judge of Ellis County, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said municipality.

Given under my hand and seal of office on this 22nd day of September 2020.

MEGAN SAUERS
Notary Public, State of Texas
Notary ID # 13136284-4
My Commission Expires
November 28, 2021

Notary Public, State of Texas

EXHIBIT "A"

CITY ORDINANCE CREATING ZONE WITH LEGAL DESCRIPTION OF ZONE BOUNDARIES

ORDINANCE NO. 2020-45

AN ORDINANCE DESIGNATING A CERTAIN AREA AS A REINVESTMENT ZONE FOR COMMERCIAL-INDUSTRIAL TAX ABATEMENT IN THE CITY OF MIDLOTHIAN, TEXAS TO BE KNOWN AS MIDLOTHIAN TECHNOLOGY COMMERCIAL-INDUSTRIAL TAX ABATEMENT REINVESTMENT ZONE NO. 15, CITY OF MIDLOTHIAN, TEXAS; ESTABLISHING THE BOUNDARIES THEREOF; ESTABLISHING A TERM FOR THE ZONE; MAKING FINDINGS; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of Midlothian, Texas (the "City") desires to promote the development or redevelopment of a certain contiguous geographic area within its jurisdiction by the creation of a reinvestment zone for commercial-industrial tax abatement, as authorized by the Property Redevelopment and Tax Abatement Act, as amended (V.T.C.A. Tax Code, Chapter 312); and

WHEREAS, the City Council has adopted Resolution No. 2020-20 with the City's Guidelines and Criteria for Tax Abatements; and

WHEREAS, on September 8, 2020 a public hearing before the City Council was held, such date being at least thirty (30) days after the date of posting, seven (7) days after publication of the notice of such public hearing and the delivery of written notice to the respective presiding officers of each taxing entity which includes within its boundaries real property that is to be included in the proposed reinvestment zone; and

WHEREAS, at such public hearing, the City Council invited any interested person to appear and speak for or against the creation of the reinvestment zone and whether all or part of the territory described should be included in the proposed reinvestment zone; and

WHEREAS, the proponents of the reinvestment zone offered evidence, both oral and documentary, in favor of all of the foregoing matters relating to the creation of the reinvestment zone and opponents, if any, of the reinvestment zone appeared to contest the creation of the reinvestment zone; and

WHEREAS, based upon evidence and information presented to the City Council, the City Council hereby finds that the improvements sought are feasible and practical and would be a benefit to the land to be included in the reinvestment zone and to the City after expiration of any tax abatement agreement.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MIDLOTHIAN, TEXAS:

Section 1. That the facts and recitations contained in the preamble of this Ordinance are hereby found and declared to be true and correct, are legislative findings of the City Council and are incorporated as if fully set forth in the body of this Ordinance.

Section 2. That the City, after conducting such hearing and having heard such evidence and testimony, has made the following findings and determinations based on the evidence and testimony presented to it:

a) That the public hearing on designating property within the City as the Midlothian Technology Commercial-Industrial Tax Abatement Reinvestment Zone No. 15 was properly called, held and conducted and that notices of such hearings were published as required by law and were mailed to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed reinvestment zone; and

b) That the boundaries of the proposed Midlothian Technology Commercial-Industrial Tax Abatement Reinvestment Zone No. 15 should be the area as described in "Exhibit A", attached hereto; and

c) That creation of the proposed Midlothian Technology Commercial-Industrial Tax Abatement Reinvestment Zone No. 15 with boundaries as described in Exhibit "A" will result in benefits to the City and to land included therein and that based upon representations of the property owners therein, the improvements sought are feasible and practical; and

d) The proposed Midlothian Technology Commercial-Industrial Tax Abatement Reinvestment Zone No. 15 as defined in Exhibit "A" meets the criteria for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, in that it is reasonable likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract investment in the zone that would be a benefit to the property and that would contribute to the economic development of the City.

Section 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, the City hereby creates a reinvestment zone for commercial-industrial tax abatement encompassing only the area described by the legal description in Exhibit "A" and such reinvestment zone is hereby designated and shall hereafter be referred to as Midlothian Technology Commercial-Industrial Tax Abatement Reinvestment Zone No. 15, City of Midlothian, Texas (the "Zone").

Section 4. That the Zone shall take effect immediately and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of designation. Prior to or upon such date of expiration the City Council may renew such designation for additional period(s) not to exceed five (5) years.

Section 5. That if any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Ordinance.

Section 6. That it is hereby found, determined and declared that a sufficient notice of the date, hour, place and subject, of the meeting of the City Council at which this Ordinance was adopted was posted at a place convenient and readily accessible at all times as required by the Texas Open

Meetings Act, V.T.C.A., Government Code, Chapter 551. as amended, and that a public hearing was held prior to the designation of such reinvestment zone and that proper notice of the hearing was published in the official newspaper of the City and furthermore, such notice was in fact delivered to the presiding officer of any affected taxing entity as prescribed by the Property Redevelopment and Tax Abatement Act.

Section 7. That this Ordinance shall take effect immediately.

PASSED, APPROVED AND ADOPTED ON THIS 8th DAY OF SEPTEMBER, 2020.

CITY OF MIDLOTHIAN

Richard Reno, Mayor

ATTEST:

Tammy Varner, City Secretary

APPROVED AS TO FORM:

Joe Gorfida, City Attorney

EXHIBIT "A"

Legal Description

BEING, all of Lot 2, Block A, Midlothian Business Park, an addition to the City of Midlothian, Texas according to the plat recorded in Cabinet K, Slide 165, of the Plat Records of Ellis County, Texas and containing 70.537 acres.

EXHIBIT "B"

ANNUAL CERTIFICATION REPORT FORM

(See following two pages.)

Annual Certification Report
Reporting Period: January 1 to December 31, 20__

The Annual Certification Report for the Ellis County Tax Abatement Agreement (the "Agreement") between Ellis County and Earth Root Holdings LLC ("Owner") is due on February 15, 20___.

I. PROJECT INFORMATION

Owner's legal name: Earth Root Holdings LLC, a Delaware limited liability company

Project address subject to incentive: _____, Midlothian, Texas 76065

Primary contact: _____, Title: _____

Phone number: _____, E-mail address: _____

II. REPORTING INFORMATION

Employment and Wage Information:

Has the Owner employed undocumented workers? ☐ Yes ☐ No

Total number of Full-Time Employees located at the Facility during the Calendar Year? _____

Total Annual Payroll for the Facility during the Calendar Year? _____

Investment Information:

Ad valorem taxable value for Real Property for the Calendar Year? _____

Ad valorem taxable value for Personal Property for the Calendar Year? _____

Narrative:

Please attach a brief narrative explaining the current year's activities and/or comments relating to any potential defaults.

III. ADDITIONAL INFORMATION (VOLUNTARY)

Employment:

Number of new full-time positions added in past year: _____

Total number of employers local in Midlothian facility: _____

Total annual payroll exclusive of benefits: _____

Total annual payroll inclusive of benefits _____

Are you interested in being contacted about workforce training opportunities? ☐ Yes ☐ No

Are you interested in being contacted for assistance with City permits? ☐ Yes ☐ No

IV. CERTIFICATION

I certify that, to the best of my knowledge and belief, the information and attachments provided herein are true and accurate and in compliance with the terms of the Agreement.

I further certify that the representations and warranties contained within the Agreement remain true and correct as of the date of this Certification, and Owner remakes those representations and warranties as of the date hereof.

I further certify that the employment and wage information provided is true and accurate to the best of my knowledge and I can provide documentation from the Texas Workforce Commission to support my claim if so requested.

I understand that this Certificate is being relied upon by Ellis County in connection with the expenditure of public funds.

I have the legal and express authority to sign this Certificate on behalf of Owner.

_____	_____
Name of Certifying Officer	Certifying Officer's Title
_____	_____
Phone Number	E-Mail Address
_____	_____
Signature of Certifying Officer	Date

STATE OF _____ X
COUNTY OF _____ X

This information was acknowledged before me on this _____ day of _____, _____ by _____, _____ for Earth Root Holdings LLC, a Delaware limited liability company, on behalf of said limited liability company.

_____
Notary Public, State of _____

_____
Notary's typed or printed name

_____
My commission expires

The Annual Certification Report is to be completed, signed and returned on or before February 15th of each year. Please send an original to the following address:

Attention: County Judge
101 W. Main Street
Historic Courthouse
Waxahachie, Texas 75165

EXHIBIT "C"

Certification Regarding the Employment of Undocumented Workers

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) The business receiving any public subsidies provides pursuant to this Agreement, or a branch, division, or department of the business, does not and will not knowingly employ undocumented workers. For purposes of this Certification, "Public Subsidies" means grants, loans, loan guarantees, benefits relating to an enterprise or empowerment zone, fee waivers or rebates, land price subsidies, infrastructure development and improvements designed to principally benefit a single business or defined group of businesses, matching funds, tax refunds, tax rebates, or tax abatements. For purposes of this Certification, "undocumented worker" means an individual who, at the time of employment, is not:

(A) lawfully admitted for permanent residence to the United States; or

(B) authorized to work in the United States under the federal Immigration and Nationality Act or by the Department of Homeland Security.

(2) If, after receiving the Public Subsidies provide herein, the business entity or a branch, division, or department of the business, is convicted of a violation under 8 U.S.C. to be Section 1324a(f), the business shall repay the amount of the Public Subsidy with interest to 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, but without the addition of a penalty, according to the terms provided by this Agreement under V.T.C.A. Government Code § 2264.053, not later than the 120th day after the date the County notifies the business of the violation. As provided by Section 2264.101(c) of the Texas Government Code, Owner will not be liable for a violation by a subsidiary, affiliate, or franchisee of Owner or by a person with whom Owner contracts.

This certification is a material representation of fact upon which reliance was placed when this Agreement was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by V.T.C.A. Government Code § 2264.

EARTH ROOT HOLDINGS LLC

By: _____

Manager

(Type name and title)