

I. AGREEMENT

This Agreement is entered into by and between the municipality of Fayette County, Texas, (hereinafter referred to as "COUNTY"), and Perdue Foods, LLC, (hereinafter referred to as "OWNER"), the owner of real property located in the Reinvestment Zone described in this Agreement. This Agreement shall become effective upon final signature by both parties (which date shall be the "Effective Date") and shall remain in effect until fulfillment of the obligations described in Section III, Paragraph 2(a), unless terminated earlier as provided herein.

II. DEFINITIONS

As used in this Agreement, the following terms shall have the meaning set forth below:

- A. "Abatement" means the full or partial exemption from ad valorem taxes on property in a Reinvestment Zone as provided herein.
- B. "Abatement Period" means the ten-year period described in Section III, Paragraph 2(a) of this Agreement during which the Abatement will apply.
- C. "Base Year" means the Calendar Year in which the Effective Date occurs.
- D. "Calendar Year" means each year beginning on January 1 and ending on December 31.
- E. "Certificate" means a letter, provided by the Owner (as defined below) to the County that certifies that the Project has achieved Commercial Operations, outlines the Improvements included in the Project (including those that are still under construction), and states the overall Nameplate Capacity of the Project. Upon receipt of a Certificate, the County may inspect the Site within the Reinvestment Zone in accordance with the terms of this Agreement in order to verify that the Improvements are as certified in such Certificate. If the Certificate indicates that certain ancillary facilities not required for Commercial Operations are still under construction on the date that the Certificate is delivered, Owner will deliver an amended Certificate to the County within thirty (30) days after all Project construction is complete.
- F. "Certified Appraised Value," means the final annual appraised value, for property tax purposes, of Owner's Eligible Property (including the Improvements) within the Reinvestment Zone as certified by the Fayette County Appraisal District ("County Appraisal District") for each tax year.
- G. "Default Notice" means a written notice delivered by one party to the other under Section III, Paragraph 8 of this Agreement. Default Notices must be delivered in accordance with the requirements of Section III, Paragraph 8 of this Agreement.
- H. "Eligible Property" means property eligible for Abatement under the Guidelines and

Criteria, including: new, expanded, or modernized buildings and structures; fixed machinery and equipment; site improvements; office space; other related fixed improvements; other tangible items necessary to the operation and administration of a project or facility; and all other real and tangible personal property permitted to receive tax abatement by Chapter 312 of the Texas Tax Code and the Guidelines and Criteria. Taxes on Eligible Property may be abated only to the extent the property's value for a given year exceeds its value for the Base Year. Tangible personal property located in the Reinvestment Zone at any time before the date the Agreement is signed is not eligible for Abatement.

- I. "Force Majeure" includes events not reasonably within the control of the party whose performance is sought to be excused thereby, including the following causes and events: acts of God and the public enemy, strikes, lockouts or other industrial disturbances, inability to obtain material or equipment or labor due to an event that meets the definition of a Force Majeure, wars, blockades, insurrections, riots, epidemics, pandemics, landslides, lightning, earthquakes, fires, storms, floods, high water washouts, inclement weather, arrests and restraint of rulers and people, interruptions by government or court orders, present or future orders of any regulatory body, civil disturbances, explosions, breakage or accident to machinery or lines, freezing of lines, any laws, rules, orders, acts or restraint of government or governmental body or court, or the partial or entire failure of fuel supply or any other event that is beyond the reasonable control of the party claiming Force Majeure.
- J. "Guidelines and Criteria" means the Guidelines and Criteria Governing Tax Abatement Agreements, adopted by the Fayette County Commissioners Court on February 27, 2020 (the "Guidelines and Criteria"), a copy of which is attached hereto as Attachment B to this Agreement.
- K. "Improvements" means Eligible Property meeting the definition for improvements provided by Chapter 1 of the Texas Tax Code and includes, but is not limited to, any building, structure, or fixture erected on or affixed to the land.
- L. "Notices" means all notices, demands, or other communications of any type given shall be given in accordance with this Section, including Default Notices.
- M. "Reinvestment Zone" means the reinvestment zone, as that term is defined in Chapter 312 of the Texas Tax Code, created by Fayette County by that certain Resolution Adopting and Designating a Reinvestment Zone in the Jurisdiction of Fayette County, Texas, adopted and approved by the Fayette County Commissioners' Court on February 19, 2021, a copy of which resolution is attached as Attachment C to this Agreement.
- N. "Term" means the period commencing on the Effective Date of this Agreement and ending on December 31 of the tenth Calendar Year after the commencement of the Abatement Period.

III. WITNESSETH:

WHEREAS, the COUNTY finds that the administration of a program of a tax abatement to OWNER for a limited time in amounts equal to a portion of COUNTY taxes paid on real and personal property, hereafter referred to as the ABATEMENT, would promote local economic development and stimulate business and commercial activity within the municipality and would directly establish a public purpose through the creation of new jobs and capital investment in the COUNTY; and,

WHEREAS, the COUNTY has determined that the said ABATEMENT contains sufficient controls to ensure that the above-mentioned public purposes are carried out in all transactions involving the use of public funds and resources in the establishment and administration of the ABATEMENT; and,

WHEREAS, Vernon's Texas Civil Codes Annotated, Local Government Code Chapter 381 provides statutory authority for establishing and administering the said PROGRAM in conformance with Texas Tax Code Chapter 312, including making loans and grants of money, and granting of tax abatements.

NOW THEREFORE, the parties do mutually agree as follows:

1. From the execution of this AGREEMENT to the end of the AGREEMENT period, COUNTY of Fayette real and personal property taxes shall be payable as follows:
 - a. The real property to be the subject of this AGREEMENT shall be confined to the property known as 1315 Russek St., Schulenburg, Texas 78956 (as described in the attached property description marked EXHIBIT A), hereinafter referred to as PREMISES.
 - b. BASE YEAR VALUE shall mean the assessed value of the real and personal property on PREMISES on January 1 of the year 2020;
 - c. Property not eligible for Abatement, if any, shall be fully taxable at all times;
 - d. The Certified Appraised Value of property existing in the Reinvestment Zone prior to execution of this Agreement shall be fully taxable at all times except as it is removed from use as the property becomes obsolete as is customary;
 - e. Value of ineligible property shall be fully taxable, additionally the additional value of new eligible IMPROVEMENTS shall be fully taxed at all times according to the abatement chart in Paragraph 2(a);
 - f. During the Abatement Period, all categories of county property taxes on the Certified Appraised Value of the Eligible Property shall be abated for the periods and in the amounts as provided for by Paragraph 2(a) below; and

g. After expiration of the Abatement Period, 100% the Certified Appraised Value of real and personal property owned by Owner located in the Reinvestment Zone shall be fully taxable at all times.

2. The County and Owner specifically agree and acknowledge that this Agreement shall provide for a tax abatement, under the conditions set forth herein, of all categories of county property taxes assessed on the Eligible Property in the Reinvestment Zone as follows:

a. Subject to the terms and conditions of this AGREEMENT, and subject to the rights of holders of any outstanding bonds of the COUNTY, beginning on January 1, 2021 and ending upon the conclusion of ten full Calendar Years thereafter (which 10-year period shall constitute the Abatement Period), the Abatement percentage shall be the following percentage for the Calendar Year indicated in the table below.

Calendar Year	Abatement percentage
Year 1	100%
Year 2	100%
Year 3	100%
Year 4	100%
Year 5	90%
Year 6	90%
Year 7	90%
Year 8	80%
Year 9	80%
Year 10	80%

2. OWNER shall thereafter, from the date of execution of this AGREEMENT until the expiration of the abatement agreement, make such IMPROVEMENTS, including but not limited to \$3.0 Million in real and personal property improvements expenditures on the PREMISES, and continuously operate, occupy, and maintain the PREMISES for the following described purpose, hereinafter referred to as the following PURPOSES: office/warehouse/manufacturing operations. OWNER agrees to have completed the IMPROVEMENTS under this section by December 31, 2021.

3. OWNER or an affiliated entity shall create at least 28 new jobs in addition to the BASELINE EMPLOYMENT by no later than December 31, 2022. The BASELINE

EMPLOYMENT shall be the number of full-time employees at the facility on 12/31/2020. The OWNER shall make best efforts to hire employees from Fayette County as evidenced by steps such as, but not limited to, local hiring fairs, job postings with the local learning institutions/billboards and local employment council recruitment efforts. On February 1st, 2022 and annually thereafter, the Owner shall certify to the COUNTY:

- a. a) the average number of new full-time employees on the PREMISES over the BASELINE EMPLOYMENT (including positions which have been created but may not have been filled for the entire year) and;
- b. b) the total cumulative additional payroll for such jobs. If 28 new full-time employees, as outlined above, are not maintained for a abatement year the following provisions will apply.
 - i. 90% compliance but less than 100%. 25-27 employees. There shall be no financial penalty.
 - ii. Less than 90% compliance but greater than 50%. 20-14 employees. A prorated reduction in the abatement equal to the percentage shortfall of new hires. For example, 21 employees is 25% under the hiring target of 28, thus the abatement amount for that year would be reduced by 25%.
 - iii. Less than 50%. No abatement would be paid for that year. The Owner shall be allowed to fall under 50% compliance for one year during the life of the AGREEMENT if the plant is still operational and efforts are being made to achieve compliance without triggering a Section 4 Default.

4. **Default.** In the event that (1) OWNER allows its real and/or personal property taxes owed the COUNTY for the PREMISES to become delinquent, or (2) except as provided for in Section 3 above, OWNER breaches any of the terms or conditions of the AGREEMENT, then the OWNER shall be in default of this AGREEMENT. If OWNER believes that any alleged termination by COUNTY is improper, Owner may file suit in the proper court challenging such termination. OWNER'S SOLE REMEDY WILL BE REINSTATEMENT OF THIS AGREEMENT AND SPECIFIC PERFORMANCE BY THE COUNTY, PLUS RECOVERY OF ATTORNEYS' FEES AND COURT COSTS IF PERMITTED BY LAW. In the event that the OWNER defaults in its performance of (1), (2) or (3) above, allowing for the exceptions as outlined, then the COUNTY shall give the OWNER written notice in accordance with paragraph 8 below of such default. If OWNER has not cured such default within a thirty (30) day period owing to causes beyond the control of the OWNER, this AGREEMENT may be terminated by the COUNTY. Notice of termination shall be in writing as provided in paragraph 8 below. In the event of termination pursuant to the provisions of the paragraph, the COUNTY will not provide any further tax abatement to the OWNER, pursuant to this AGREEMENT, for the calendar year during which the default occurred or any years thereafter. If the facility is closed and/or substantially all of the equipment is removed from the building without replacement than as required by section 312.205 of the Texas Tax Code, if an

Owner default remains uncured after all applicable notice and cure periods, the County shall be entitled to cancel the Agreement and recover the property tax revenue abated under this Agreement through the cancellation date. Owner agrees to pay such amounts within sixty (60) days after the cancellation of this Agreement.

5. The terms and conditions of this AGREEMENT are binding upon the successors and assigns of all parties hereto. This AGREEMENT cannot be assigned by OWNER unless written permission is first granted by the Fayette County Commissioners Court provided, however, Owner may assign its rights under this Agreement to any affiliate of Owner without needing any prior consent from the COUNTY. COUNTY's consent to assignment of the AGREEMENT shall not be unreasonably withheld, so long as OWNER 's lessee, tenant or a subsequent purchaser agrees in writing to be bound by all terms and conditions of this AGREEMENT. The provisions of this AGREEMENT may only be modified or amended in writing by any mutual agreement or agreements entered into between the parties.

6. **Indemnity Clause.** It is understood and agreed between the parties that the OWNER, in performing its obligations thereunder, is acting independently, and the COUNTY assumes no responsibilities or liabilities in connection therewith to third parties, and OWNER agrees to indemnify and hold COUNTY harmless therefrom; it is further understood and agreed among parties that the COUNTY, in performing its obligations hereunder, is acting independently, and the COUNTY assumes no responsibilities in connection therewith to third parties.

7. The OWNER further agrees that the COUNTY, its agents and employees, shall have reasonable rights of access to the PREMISES, upon request, to inspect the property solely in order to ensure that the facility is in accordance with all applicable agreements with the COUNTY, including this AGREEMENT, and all applicable state and local laws and regulations, as well as the continuing right, subject to OWNER's reasonable security requirements, to inspect the PREMISES to ensure that the PREMISES are thereafter maintained, operated, and occupied in accordance with all applicable agreements with the COUNTY.

8. Notices required to be given to any party to this AGREEMENT shall be in writing and shall be duly served when it shall have been deposited, enclosed in a wrapper with proper postage prepaid thereon, addressed to the party at its address as set forth below, and shall be deemed to have been received three days after the date deposited in the United States Mail:

For COUNTY by notice to:

Fayette County, Texas
Attn: Fayette County Judge
151 North Washington St.,
Room 301

La Grange, TX 78945

For OWNER by notice to:

Herb Frerichs
General Counsel
Perdue Farms
NEED TO INSERT ADDRESS

With a copies to:
Dolly Klesel
Schulenburg Plant Manager
1315 Russek St.
Schulenburg, TX 78956

Benton Blaine
Vice President
McGuireWoods Consulting
201 N. Tryon St.
Suite 3000
Charlotte, NC 28202

Any party may change the address to which notices are to be sent by giving the other parties written notice in the manner provided in this paragraph.

9. On the first day of February, 2022, and annually thereafter on the first day of February, OWNER shall certify, in writing delivered by certified mail including OWNER'S compliance with paragraph 3, to the COUNTY its compliance with each applicable term of this AGREEMENT on that date and, if applicable, for the previous year.

10. This AGREEMENT was authorized by action of the Fayette County, Texas Commissioners Court, authorizing the Fayette County Judge to execute the AGREEMENT on behalf of the COUNTY. This action by the Council was at a meeting open to the public, and that public notice of the time, place and purpose of said meeting was given, all as required by Texas Open Meetings Act, V.T.C.A. Government Code, Chapter 551.

11. This shall constitute a valid and binding AGREEMENT between the COUNTY and Perdue Farms, LLC upon execution, and the terms and conditions are binding upon the successors and assigns of all parties hereto.

12. OWNER warrants to the best of its knowledge that the PREMISES do not include any property that is owned by a member of the COUNTY Commissioners Court, or other

governmental body approving or having responsibility for the approval of this AGREEMENT.

13. If any provision of this AGREEMENT or the application thereof to any person or circumstances shall be invalid or unenforceable to any extent, and such invalidity or unenforceability does not destroy the basis of the bargain between the parties, then the remainder of this AGREEMENT and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

14. Venue of any action to enforce any of the provisions hereof shall lie exclusively in the Fayette County, Texas 155th District Court. The laws of the State of Texas shall apply in all respects to interpretation of the AGREEMENT.

15. This AGREEMENT may be executed in any number of counterparts, and all of the counterparts taken together shall be deemed to constitute one and the same instrument.

EXECUTED the _____ day of _____, 2021.

ATTEST:

FAYETTE, TEXAS

Judge Joe Weber, County Judge

Brenda Fietsam, County Clerk

APPROVED AS TO FORM:

Blake Watson
Assistant Fayette County Attorney

Herb Frerichs
General Counsel
Perdue Farms, LLC
INSERT ADDRESS

STATE OF _____

COUNTY OF _____

This instrument was acknowledged before me on the ____ day of __, 2021 by Rae Liu, RDL Property, LP

Notary Public

Printed or Typed Name of
Notary Public

My commission expires:

Exhibit A

Fayette County Reinvestment Zone #2 – Perdue Foods

Property ID	Legal Description	Geographic ID	Listed Property Owner
45298	ABS A004 ANDERSON E LG,3.456 ACRES,STORAGE	66-0004-0190001-010	MONOGRAM SNACKS TEXAS LLC
45297	RUSSEK ADDN. (527) 3.4539 COMM - MONOGRAM PET TREATS	66-0156-0180000-040	MONOGRAM SNACKS TEXAS LLC
48928	CITY OF SCHULENBURG (497) .0895 30 X 130 = 3,900 SFT, NO BLDGS OR M H; (EASEMENT TO WAREHSE); SUIT FILED - CAUSE NO: 1597	66-0004-0021000-040	EILERS ENTERPRISES INC





