

APR 12 2022

BECKY LANDRUM
County Clerk, Hunt County, Texas

RESOLUTION 17,376 (1)

A RESOLUTION OF THE HUNT COUNTY COMMISSIONERS COURT, OF HUNT COUNTY, TEXAS, APPROVING A TAX ABATEMENT AGREEMENT WITH OEP, INC. (the "TAX ABATEMENT AGREEMENT") PURSUANT TO THE REQUIREMENTS OF CHAPTER 312 OF THE TEXAS TAX CODE AND THE GUIDELINES AND CRITERIA FOR TAX ABATEMENT IN A REINVESTMENT ZONE CREATED IN HUNT COUNTY AND SETTING AN EFFECTIVE DATE.

WHEREAS, in accordance with Chapter 312 of the Texas Tax Code, the Commissioners Court of Hunt County, Texas has conducted a public hearing on the abatement of taxes of certain real property within Hunt County, containing approximately 13.224 acres of land and known as 116 Maple Street, Commerce, Texas 75428, Hunt County Parcel ID No. 38662, Hunt County, Texas, with the property description contained in the Tax Abatement Agreement, which Tax Abatement Agreement is attached hereto and incorporated herein as Exhibit "A", and which property is contained in the reinvestment zone known as INDUSTRIAL PARK REINVESTMENT ZONE under the said chapter (the "Property"); and

WHEREAS, the Commissioners Court of Hunt County has found that the designation and tax abatement would contribute to the retention or expansion of primary employment or would attract major investment in the zone that would be a benefit to the Property and would contribute to the economic development of the County; and

WHEREAS, in accordance with Section 5 of the Guidelines and Criteria for Tax Abatement in a Reinvestment Zone created in Hunt County, the Commissioners Court of Hunt County has conducted a public hearing on the Tax Abatement Agreement, attached to this resolution as Exhibit "A," with respect to the Property and with the property description contained in the Tax Abatement Agreement; and

WHEREAS, the Commissioners Court of Hunt County has found that entering into the Tax Abatement Agreement would not have a substantial adverse effect on the provision of government service or tax base, the parties to the agreement have sufficient financial capacity, the planned or potential use of the property would not constitute a hazard to public safety, health or morals, or the planned or potential use of the property would not a violation of other codes or laws.

BE IT RESOLVED BY THE COMMISSIONERS COURT OF HUNT COUNTY, TEXAS:

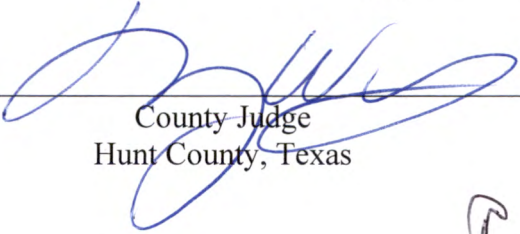
Section 1. Findings. The statements contained in the preamble to this Resolution are true and correct and are hereby adopted as findings of fact and as part of the operative provisions hereof.

Section 2. Tax Abatement Agreement. The Hunt County Commissioners Court, having held a public hearing and made the required findings pursuant to Section 5 of the Guidelines and Criteria for Tax Abatement in a Reinvestment Zone created in Hunt County, hereby resolves to enter into the Tax Abatement Agreement, attached to this resolution as Exhibit "A," accompanying


approximately 13.224 acres of land known as 116 Maple Street, Commerce, Texas 75428, Hunt County Parcel ID No. 38662, Hunt County, Texas, with the property description contained in the Tax Abatement Agreement

Section 4. Setting an Effective Date. This Resolution shall take effect immediately upon approval.

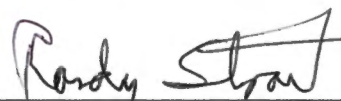
The foregoing Resolution was read and adopted on April 12, 2022.



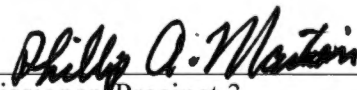
County Judge
Hunt County, Texas



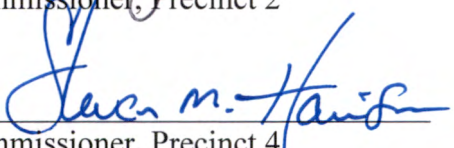
Commissioner, Precinct 1



Commissioner, Precinct 2

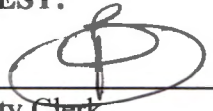


Commissioner, Precinct 3



Commissioner, Precinct 4

ATTEST:



County Clerk
Hunt County, Texas



EXHIBIT "A"

Tax Abatement Agreement

TAX ABATEMENT AGREEMENT

THE STATE OF TEXAS §
§
COUNTY OF HUNT §

This Tax Abatement Agreement (hereinafter referred to as “Agreement”) is made and entered into by and between HUNT COUNTY, TEXAS (“Governmental Unit”) and OEP, Inc. (a holding company of ZURN INDUSTRIES, LLC, a Delaware limited liability company) (hereinafter referred to as “Owner”), the owner of taxable real property in the City of Commerce and Hunt County, Texas (“Property”).

WHEREAS, City of Commerce, Texas has designated certain property as located in INDUSTRIAL PARK REINVESTMENT ZONE within its city limits and located at 116 Maple Street, Commerce, Texas 75428; and

WHEREAS, OEP, Inc. is the owner of certain real property located at 116 Maple Street, Commerce, Texas; and

WHEREAS, ZURN INDUSTRIES, LLC, is renovating and improving an existing facility to be used primarily for manufacturing, warehousing and distribution and related.

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

I. AUTHORIZATION

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

II. DEFINITIONS

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

1. “Abatement” means the full or partial exemption from ad valorem taxes of the Improvements on certain real property and personal property in a reinvestment zone designated by an affected jurisdiction for economic development purposes pursuant to the Act.
2. “Affected Jurisdiction” means Hunt County, Texas and any municipality or school district, the majority of which is located in Hunt County, that levies ad valorem taxes upon and provides services to property located within the proposed or existing reinvestment zone designated by Hunt County.

3. “Added Value” means the increase in the assessed value of the Eligible Property as a result of “expansion” or “modernization” of an existing facility or construction of a “new facility”. It does not mean or include “deferred maintenance”.
4. “Base Year Value” means the assessed value of the eligible property as certified by the Hunt County Appraisal District on January 1, 2020, preceding the execution of the Agreement, plus the agreed upon value of eligible property improvements made after January 1, 2020, but before the execution of this Agreement.
5. “Eligible Property” means the abatement may be extended to the value of buildings, structures, fixed machinery and equipment, aircraft and site improvements installed, constructed, or added between January 1, 2020 and January 1, 2022, plus that office space and related fixed improvements necessary to the operation and administration of the facility.
6. “Facility” means a Basic Manufacturing Facility, Petrochemical Facility, Regional Distribution Facility, or any other Authorized Facility as approved by the Governmental Unit(s), as set forth in the Guidelines and Criteria for Granting Tax Abatement adopted by the Governmental Unit(s).
7. “Improvements” means the buildings or portions thereof and other improvements used for commercial or industrial purposes on the Property.
8. “Ineligible Property” means the following types of property shall be fully taxable and ineligible for abatement: Land; inventories; supplies; personal property not defined as eligible property; tools; furnishings and other forms of movable equipment and machinery; vehicles; vessels; housing; hotel accommodations; retail facilities; deferred maintenance investments; property to be rented or leased, except as provided in Section 2(f) of the Guidelines and Criteria for Granting Tax Abatement adopted by the Governmental Unit(s); property owned or used by the State of Texas, or its political subdivisions, or by any organization owned, operated or directed by a political subdivision of the State of Texas.
9. “Community Entities” means Hunt County, Texas, the City of Commerce, Texas, Commerce Economic Development Corporation, and any other similar organization within Hunt County or the City of Commerce, Texas which extends to Owner one or more incentives pursuant to this or other agreements.

The Guidelines and Criteria for Granting Tax Abatement adopted by the Governmental Unit are incorporated by reference as a part of this Agreement. Except as the same may be modified herein, all definitions set forth therein are applicable to this Agreement.

III. PROPERTY

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

The Hunt County Appraisal District has established the following value for the Property, including improvements thereon, as of the January 1, 2020, valuation date prior to the date of execution of this Agreement and which is the last valuation record known by the parties.

| | |
|-----------------------|----------------|
| Land and Improvement | \$3,132,120.00 |
| Machinery & Equipment | N/A |

The Parties incorporate such value into this Agreement but agree to adjust such value as may be necessary upon adoption of the tax rolls for January 1, 2022. This is the Base Year Value.

The Governmental Unit and the Owner agree that the approximate value of any additions to the Property made after January 1, 2020, and for which abatement is sought and not otherwise reflected on the above valuation Property, is referred to as "Eligible Property".

IV. TERM OF ABATEMENT AND AGREEMENT

Land and Improvement

The Governmental Unit agrees to abate the ad valorem taxes on the Eligible Property in accordance with the terms and conditions of this Agreement. The Abatement shall be effective with the January 1st valuation date effective January 1, 2022. The Abatement shall continue for ten (10) years, expiring as of December 31st of the 2031 tax year for eligible land and improvement value. The years of Abatement provided herein shall in each instance coincide with the tax year commencing on January 1st and expiring on December 31st, and in no event shall the Abatement extend beyond December 31st of the tenth (10th) tax year unless extended by agreement in compliance with local and state law.

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

herein.

Machinery and Equipment

N/A

V. TAXABILITY

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

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

VI. AMOUNT OF ABATEMENT

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

| <u>Abatement</u> | | | |
|------------------|-----|------------|-----|
| Year One | 50% | Year Six | 50% |
| Year Two | 50% | Year Seven | 50% |
| Year Three | 50% | Year Eight | 50% |
| Year Four | 50% | Year Nine | 50% |
| Year Five | 50% | Year Ten | 50% |

VII. CONTEMPLATED IMPROVEMENTS

Owner represents that it will renovate and improve the existing facility on the property to be used primarily for manufacturing, warehousing, distribution and related improvements. at the cost, for the purpose, and in the manner as set forth in the Project Description attached as Exhibit "B." During the Construction Phase, the Owner may make such change orders as to the project as are reasonably necessary, provided that no such change order may be made which will change the qualification of the project as a "Facility" under the Guidelines for Granting Tax Abatement

approved by the Governmental Unit. All improvements shall be completed in accordance with all applicable laws, ordinances, rules or regulations. During the term of this Agreement, use of the Property shall be limited to operation of the Facility described in the Project Description consistent with the general purpose of encouraging development or redevelopment of the zone during the period of this Agreement.

Upon completion of the Project, the Reinvestment Advisory Committee shall review the Added Value, as determined by the Hunt County Appraisal District, as well as the number of additional permanent employees added to the project site. If the Added Value is less than the Estimated Added Value that had been previously added, the Reinvestment Advisory Committee may recommend to the Governmental Unit that the amount of Abatement be immediately adjusted or extinguished.

VIII. EVENTS OF DEFAULT AND RECAPTURES

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

Agreement may be terminated and the taxes abated by virtue of the Agreement will be recaptured and paid as provided herein.

- C. Actual Added Value. Annually, the Chief of the Hunt County Appraisal District or his/her designee, shall assess the real and personal property comprising the reinvestment zone. Should the Hunt County Appraisal District determine that the total level of Added Value during any year of the term of this Agreement, after completion of the Construction Phase, is lower than the Estimated Added Value, such that a lower percentage of Abatement is applicable for each year during which an Abatement has been granted, then the difference between the tax abated and the tax which should have been abated, based upon the actual Added Value, shall be determined and each Governmental Unit owner shall be notified. The taxes shall be paid within sixty (60) days of notification to the Owner of such determination. Penalty and interest shall not begin to accrue upon such sum until the first day of the month following such sixty (60) days notice, at which time penalty and interest shall accrue in accord with the laws of the State of Texas.
- D. Continuation of Tax Lien. The amount of tax abated each year under the terms of this agreement shall be secured by a first and prior tax lien which shall continue in existence from year to year until such time as this Agreement between the Governmental Unit and Owner is fully performed by Owner, or until all taxes, whether assessed or recaptured, are paid in full.

If the Governmental Unit terminates this Agreement pursuant to this paragraph VIII, it shall provide Owner with written notice of such termination. If Owner believes that such termination was improper, Owner may file suit in the Hunt County district courts appealing such termination within sixty (60) days of the written termination notice by the Governmental Unit. If an appeal suit is filed, Owner shall remit to the Governmental Unit(s), within sixty (60) days after the notice of termination, additional and/or recaptured taxes as may be payable during the pendency of the litigation pursuant to the payment provision of Section 42.08, Texas Tax Code. If the final determination of the appeal increases Owner's tax liability above the amount of tax paid, Owner shall remit the additional tax to the Governmental unit(s) pursuant to Section 42.42, Texas Tax Code. If the final determination of the appeal decreases Owner's tax liability, the Governmental Unit(s) shall refund the Owner the difference between the amount of tax paid and the amount of tax for which owner is liable pursuant to Section 42.43, Texas Tax Code.

IX. ADMINISTRATION

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

inspections will be made with one or more representatives of the Owner and in accordance with Owner's safety standards.

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

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

X. ASSIGNMENT

The Owner may assign this Agreement to a new owner or lessee of the same Facility upon the approval by resolution of this Governmental Unit, subject to the financial capacity of the assignee, and provided that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the assignor upon the same terms and conditions as set out in this Agreement, guaranteed by the execution of a new contractual agreement with the affected jurisdiction. Any assignment of this Agreement shall be to an entity that will provide substantially the same improvements to the Property, except to the extent such improvements have been completed. No assignment shall be approved if the Owner or any assignee are indebted to the Governmental Unit for ad valorem taxes or other obligations. Approval shall not be unreasonably withheld.

XI. NOTICE

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

To the Owner:

OEP, INC.
Attn: Mr. Scott Burnett

1801 Pittsburgh Avenue
Erie, PA 16502

With a copy to:

ZURN INDUSTRIES
Attn: Mr. Glen Russell
116 Maple Street
Commerce, TX 75428

To the Governmental Unit(s)

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

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

(Signatures on following pages)

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

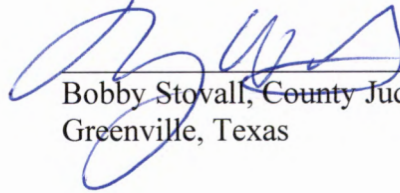
Executed this the 12th day of April, 2022.

WITNESS:



Becky Landrum, County Clerk
Greenville, Texas

GOVERNMENTAL UNIT:



Bobby Stovall, County Judge
Greenville, Texas

APPROVED AS TO FORM:

Daniel Ray, County Attorney
Hunt County
Greenville, Texas

WITNESS:

By: _____
Name: _____
Title: _____

OWNER:
OEP, Inc.

Scott Burnett,
GM, Rough Plumbing & Site Works

Exhibit "A"
Property Description

Property ID: #38662

Legal Description: A1276 SAYLE N A, TRACT 29, ACRES 13.224

Property ID: #36086

Legal Description: A 1022 SWARTHOUT S (RICHARD BYRD), TRACT 31, ACRES 14.873

Address: 116 Maple Street, Commerce, Texas 75428

Exhibit "B"
Project Description

Renovation and improvement an existing facility to be used primarily for manufacturing, warehousing, and distribution. Some improvements may include, but are not limited to: repair of silos; addition of new chiller, ovens, and boilers; air conditioning system; lab equipment; LED lighting; painting; new roof; repairs to flooring; wiring, etc.

APR 12 2022

BECKY LANDRUM
County Clerk, Hunt County, Tex.
By [Signature]

RESOLUTION 17,376 (2)

A RESOLUTION OF THE HUNT COUNTY COMMISSIONERS COURT, OF HUNT COUNTY, TEXAS, APPROVING A TAX ABATEMENT AGREEMENT WITH HUARU GROUP HOLDING, INC. (the "TAX ABATEMENT AGREEMENT") PURSUANT TO THE REQUIREMENTS OF CHAPTER 312 OF THE TEXAS TAX CODE AND THE GUIDELINES AND CRITERIA FOR TAX ABATEMENT IN A REINVESTMENT ZONE CREATED IN HUNT COUNTY AND SETTING AN EFFECTIVE DATE.

WHEREAS, in accordance with Chapter 312 of the Texas Tax Code, the Commissioners Court of Hunt County, Texas has conducted a public hearing on the abatement of taxes on certain business personal property, which business personal property is located within Hunt County on approximately 13.224 acres of land and known as 116 Maple Street, Commerce, Texas 75428, Hunt County Parcel ID No. 38662, Hunt County, Texas, with the property description contained in the Tax Abatement Agreement, which Tax Abatement Agreement is attached hereto and incorporated herein as Exhibit "A", and which property is contained in the reinvestment zone known as INDUSTRIAL PARK REINVESTMENT ZONE under the said chapter (the "Property"); and

WHEREAS, the Commissioners Court of Hunt County has found that the designation and tax abatement would contribute to the retention or expansion of primary employment or would attract major investment in the zone that would be a benefit to the Property and would contribute to the economic development of the County; and

WHEREAS, in accordance with Section 5 of the Guidelines and Criteria for Tax Abatement in a Reinvestment Zone created in Hunt County, the Commissioners Court of Hunt County has conducted a public hearing on the Tax Abatement Agreement, attached to this resolution as Exhibit "A," with respect to the Property and with the property description contained in the Tax Abatement Agreement; and

WHEREAS, the Commissioners Court of Hunt County has found that entering into the Tax Abatement Agreement would not have a substantial adverse effect on the provision of government service or tax base, the parties to the agreement have sufficient financial capacity, the planned or potential use of the property would not constitute a hazard to public safety, health or morals, or the planned or potential use of the property would not a violation of other codes or laws.

BE IT RESOLVED BY THE COMMISSIONERS COURT OF HUNT COUNTY, TEXAS:

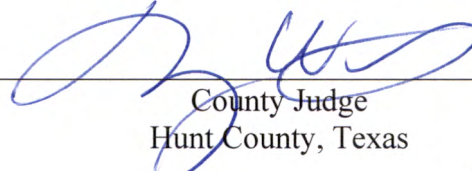
Section 1. Findings. The statements contained in the preamble to this Resolution are true and correct and are hereby adopted as findings of fact and as part of the operative provisions hereof.

Section 2. Tax Abatement Agreement. The Hunt County Commissioners Court, having held a public hearing and made the required findings pursuant to Section 5 of the Guidelines and Criteria for Tax Abatement in a Reinvestment Zone created in Hunt County, hereby resolves to

enter into the Tax Abatement Agreement, attached to this resolution as Exhibit "A," accompanying approximately business personal property located on 13.224 acres of land known as 116 Maple Street, Commerce, Texas 75428, Hunt County Parcel ID No. 38662, Hunt County, Texas, with the property description contained in the Tax Abatement Agreement

Section 4. Setting an Effective Date. This Resolution shall take effect immediately upon approval.


The foregoing Resolution was read and adopted on April 12, 2022.



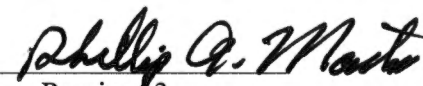
County Judge
Hunt County, Texas



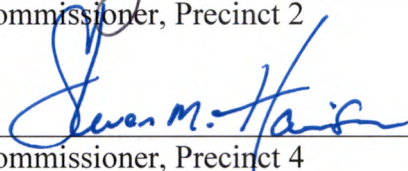
Commissioner, Precinct 1



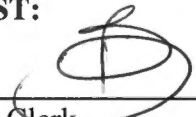
Commissioner, Precinct 2



Commissioner, Precinct 3



Commissioner, Precinct 4

ATTEST:


County Clerk
Hunt County, Texas



EXHIBIT "A"

Tax Abatement Agreement

TAX ABATEMENT AGREEMENT

THE STATE OF TEXAS §
§
COUNTY OF HUNT §

This Tax Abatement Agreement (hereinafter referred to as the “Agreement”) is made and entered into by and between the HUNT COUNTY, TEXAS (“Governmental Unit”) and HUARU GROUP HOLDING, INC. (hereinafter referred to as “Owner” or HUARU”) the owner of taxable business and personal property, machinery and equipment and lessee of space in the City of Commerce and Hunt County, Texas (the “Property”) from OEP, Inc., a wholly owned subsidiary of Zurn Industries, LLC (“OEP”); and

WHEREAS, The City of Commerce, Texas has designated certain property as located in INDUSTRIAL PARK REINVESTMENT ZONE within its city limits and located at 116 Maple Street, Commerce, Texas 75428 (the “Project Site”); and

WHEREAS, OEP is the owner of the Project Site and certain real property improvements located thereon; and

WHEREAS, HUARU is the lessee of approximately 65,000 square feet of the Project Site pursuant to that certain Lease Agreement dated January 20, 2020 by and between OEP and HUARU and the owner of certain taxable business and personal property, machinery and equipment located on the Project Site;

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

I. AUTHORIZATION

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

II. DEFINITIONS

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

1. “Abatement” means the full or partial exemption from ad valorem taxes of the Improvements on certain real property and personal property in a reinvestment zone designated by an affected jurisdiction for economic development purposes pursuant to the Act.
2. “Affected Jurisdiction” means Hunt County, Texas and any municipality or

school district, the majority of which is located in Hunt County, that levies ad valorem taxes upon and provides services to property located within the proposed or existing reinvestment zone designated by Hunt County.

3. “Added Value” means the increase in the assessed value of the Eligible Property as a result of “expansion” or “modernization” of an existing facility or construction of a “new facility”. It does not mean or include “deferred maintenance”.
4. “Base Year Value” means the assessed value of the eligible property as certified by the Hunt County Appraisal District on January 1, 2021, preceding the execution of the Agreement, plus the agreed upon value of eligible property improvements made after January 1, 2021, but before the execution of this Agreement.
5. “Eligible Property” means the abatement may be extended to the value of buildings, structures, fixed machinery and equipment, aircraft and site improvements installed, constructed, or added between January 1, 2021 and January 1, 2022, plus that office space and related fixed improvements necessary to the operation and administration of the facility.
6. “Facility” means a Basic Manufacturing Facility, Petrochemical Facility, Regional Distribution Facility, or any other Authorized Facility as approved by the Governmental Unit(s), as set forth in the Guidelines and Criteria for Granting Tax Abatement adopted by the Governmental Unit(s).
7. “Improvements” means the buildings or portions thereof and other improvements used for commercial or industrial purposes on the Property.
8. “Ineligible Property” means the following types of property shall be fully taxable and ineligible for abatement: Land; inventories; supplies; personal property not defined as eligible property; tools; furnishings and other forms of movable equipment and machinery; vehicles; vessels; housing; hotel accommodations; retail facilities; deferred maintenance investments; property to be rented or leased, except as provided in Section 2(f) of the Guidelines and Criteria for Granting Tax Abatement adopted by the Governmental Unit(s); property owned or used by the State of Texas, or its political subdivisions, or by any organization owned, operated or directed by a political subdivision of the State of Texas.
9. “Community Entities” means Hunt County, Texas, the City of Commerce, Texas and the Commerce Economic Development Corporation of Commerce, Texas which extends to Owner one or more incentives pursuant

to this or other agreements.

The Guidelines and Criteria for Granting Tax Abatement adopted by the Governmental Unit are incorporated by reference as a part of this Agreement. Except as the same may be modified herein, all definitions set forth therein are applicable to this Agreement.

III. PROPERTY

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

The Hunt County Appraisal District has established the following value for the Business and Personal Property, Machinery and Equipment as of the January 1, 2021, valuation date prior to the date of execution of this Agreement and which is the last valuation record known by the parties.

| | |
|-------------------------|----------------|
| Land and Improvement | N/A |
| Machinery and Equipment | \$3,225,770.00 |

The Parties incorporate such value into this Agreement based on the adopted tax rolls for the fiscal year beginning January 1, 2021.

The Governmental Unit and the Owner agree that the approximate value of any additions to the Business and Personal Property, Machinery and Equipment made after January 1, 2020, and for which abatement is sought and not otherwise reflected on the above valuation Property, is referred to as "Eligible Property".

IV. TERM OF ABATEMENT AND AGREEMENT

Land and Improvement

N/A

Business and Personal Property, Machinery and Equipment

The Governmental Unit agrees to abate the ad valorem taxes on the Eligible Property in accordance with the terms and conditions of this agreement. The Abatement shall be effective with the January 1st valuation date effective January 1, 2022. The Abatement shall continue for ten (10) years, expiring as of December 31st of the 2031 tax year for eligible business and personal property. The years of Abatement provided herein shall in each instance coincide with the tax year

commencing on January 1st and expiring on December 31st, and in no event shall the Abatement extend beyond December 31st of the tenth (10th) tax year unless extended by agreement in compliance with local and state law.

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

V. TAXABILITY

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

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

VI. AMOUNT OF ABATEMENT

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

| <u>Abatement</u> | | | |
|------------------|-----|------------|-----|
| Year One | 50% | Year Six | 50% |
| Year Two | 50% | Year Seven | 50% |
| Year Three | 50% | Year Eight | 50% |
| Year Four | 50% | Year Nine | 50% |
| Year Five | 50% | Year Ten | 50% |

VII. CONTEMPLATED IMPROVEMENTS

Owner represents that it will install new business and personal property, equipment and machinery at the facility to be used primarily for manufacturing, warehousing and distribution and related improvements and at the cost, for the purpose, and in the manner as set forth in the Project Description attached as Exhibit "B." During the Construction Phase, the Owner may make such change orders as to the project as are reasonably necessary, provided that no such change order

may be made which will change the qualification of the project as a "Facility" under the Guidelines for Granting Tax Abatement approved by the Governmental Unit. All improvements shall be completed in accordance with all applicable laws, ordinances, rules or regulations. During the term of this Agreement, use of the Property shall be limited to operation of the Facility described in the Project Description consistent with the general purpose of encouraging development or redevelopment of the zone during the period of this Agreement.

Upon completion of the Project, the Reinvestment Advisory Committee shall review the Added Value, as determined by the Hunt County Appraisal District, as well as the number of additional permanent employees added to the project site. If the Added Value is less than the Estimated Added Value that had been previously added, the Reinvestment Advisory Committee may recommend to the Governmental Unit that the amount of Abatement be immediately adjusted or extinguished.

VIII. EVENTS OF DEFAULT AND RECAPTURES

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

the Cure Period, the Agreement then may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within sixty (60) days of the termination.

- B. Notice of Default. Should the Governmental Unit determine that the Owner is in default according to the terms and conditions of this Agreement, it shall notify the Owner, in writing at the address stated in the agreement, that if such default is not cured within sixty (60) days from the date of such notice ("Cure Period"), then this Agreement may be terminated. In the event the Owner fails to cure said default during the Cure Period, the Agreement may be terminated and the taxes abated by virtue of the Agreement will be recaptured and paid as provided herein.
- C. Actual Added Value. Annually, the Chief of the Hunt County Appraisal District or his/her designee, shall assess the real and personal property comprising the reinvestment zone. Should the Hunt County Appraisal District determine that the total level of Added Value during any year of the term of this Agreement, after completion of the Construction Phase, is lower than the Estimated Added Value, such that a lower percentage of Abatement is applicable for each year during which an Abatement has been granted, then the difference between the tax abated and the tax which should have been abated, based upon the actual Added Value, shall be determined and each Governmental Unit owner shall be notified. The taxes shall be paid within sixty (60) days of notification to the Owner of such determination. Penalty and interest shall not begin to accrue upon such sum until the first day of the month following such sixty (60) days notice, at which time penalty and interest shall accrue in accord with the laws of the State of Texas.
- D. Continuation of Tax Lien. The amount of tax abated each year under the terms of this agreement shall be secured by a first and prior tax lien which shall continue in existence from year to year until such time as this Agreement between the Governmental Unit and Owner is fully performed by Owner, or until all taxes, whether assessed or recaptured, are paid in full.

If the Governmental Unit terminates this Agreement pursuant to this paragraph VIII, it shall provide Owner with written notice of such termination. If Owner believes that such termination was improper, Owner may file suit in the Hunt County district courts appealing such termination within sixty (60) days of the written termination notice by the Governmental Unit. If an appeal suit is filed, Owner shall remit to the Governmental Unit(s), within sixty (60) days after the notice of termination, additional and/or recaptured taxes as may be payable during the pendency of the litigation pursuant to the payment provision of Section 42.08, Texas Tax Code. If the final determination of the appeal increases Owner's tax liability above the amount of tax paid, Owner shall remit the additional tax to the Governmental unit(s) pursuant to Section 42.42, Texas Tax Code. If the final determination of the appeal decreases Owner's tax liability, the Governmental Unit(s) shall refund the Owner the difference between the amount of tax paid and the

amount of tax for which owner is liable pursuant to Section 42.43, Texas Tax Code.

IX. ADMINISTRATION

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

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

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

X. ASSIGNMENT

The Owner may assign this Agreement to a new owner or lessee of the same Facility upon the approval by resolution of this Governmental Unit, subject to the financial capacity of the assignee, and provided that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the assignor upon the same terms and conditions as set out in this Agreement, guaranteed by the execution of a new contractual agreement with the affected jurisdiction. Any assignment of this Agreement shall be to an entity that will provide substantially the same improvements to the Property, except to the extent such improvements have been completed. No assignment shall be approved if the Owner or any assignee are indebted to the Governmental Unit for ad valorem taxes or other obligations. Approval shall not be unreasonably withheld.

XI. NOTICE

Any notice required to be given under the provisions of this Agreement shall be in writing

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

To the Owner:

HUARU GROUP HOLDING, INC.
Attention: Laura Stiles
Administrative Manager
116 Maple Street
Commerce, Texas 75428

To the Governmental Unit(s)

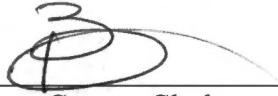
HUNT COUNTY, TEXAS
Attention: Judge Bobby Stovall
2507 Lee Street
Greenville, Texas 75401

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

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

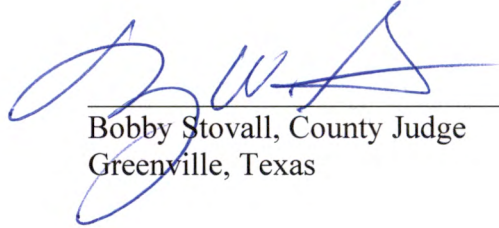
Executed this the 12th day of April, 2022.

WITNESS:



Becky Landrum, County Clerk
Greenville, Texas

GOVERNMENTAL UNIT:



Bobby Stovall, County Judge
Greenville, Texas

APPROVED AS TO FORM:

Daniel Ray, County Attorney
Hunt County
Greenville, Texas

WITNESS:

By: _____

Name: _____

Title: _____

OWNER:

Huaru Group Holding, Inc.

By: _____

Name: _____

Title: _____

Exhibit "A"
Property Description

Property ID # 38662

Legal Description: A1276 SAYLE N A, TRACT 29, ACRES 13.224

Property Address: 116 Maple Street, Commerce, Hunt County, Texas 75428

Exhibit “B”
Project Description

HUARU Group Holding, Inc. will lease from OEP, Inc. (a wholly owned subsidiary of Zurn Industries, LLC., a Delaware limited liability company, with corporate offices at 511 W. Freshwater Way, Milwaukee, WI 53214) approximately 65,000 sq. ft. of manufacturing space for the manufacture and production of plastic pipe to be used in the plumbing industry. HUARU intends to install, or have installed all of the necessary personal property, including furniture, fixture and equipment and machinery.