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TAX ABATEMENT AGREEMENT

FILED FOR RECORD
at 12:00 o'clock P M

JAN 14 2025

BECKY LANDRUM
County Clerk Hunt County, Tex.
By 

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 POLARIS SALES INC. (hereinafter referred to as "Owner" or "POLARIS"), the owner of taxable personal property and owner and lessee of real property in the extraterritorial jurisdiction of the City of Greenville and in Hunt County, Texas ("Property").

WHEREAS, HUNT COUNTY, Texas has designated certain property within its limits as HUNT COUNTY REINVESTMENT ZONE NO. 1; and located at 1679 Highway 380, Greenville, Texas 75401; and

WHEREAS, Owner is the owner of certain personal property and owner and lessee of real property located at 1679 Highway 380 Greenville, Texas, Hunt County (the "Property") which Property is located within Hunt County Reinvestment Zone No. 1; and

WHEREAS, POLARIS intends to build an approximately 400,000 s.f. distribution center with an estimated investment of \$60 million in real and business personal property on the Property; and

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. "Added Value" means the increase in the value of the Property as a result of "expansion" or "modernization" of an existing facility or construction of a "new facility," as measured by the amount actually incurred by POLARIS

or its affiliates to improve the Property. It does not mean or include "deferred maintenance."

3. "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.
4. "Base Year Value" means the assessed value of the Eligible Property as certified by the Hunt County Appraisal District on January 1, 2024, preceding the execution of the Agreement, plus the agreed upon value of eligible property improvements made after January 1, 2024, but before the execution of this Agreement.
5. "Eligible Property" means the leasehold interest, improvements, or tangible personal property located on the Property or added between January 1, 2025 and January 1, 2028, 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: any tangible personal property or real property not defined as eligible property, 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 Greenville, Texas, Greenville 4A Economic Development Corporation, the Board of Development of the City of Greenville, Texas, and any other similar organization within the City of Greenville, Texas which extends to Owner one or more incentives pursuant to this or other agreements.
10. "Development Agreement" means the Agreement by and between Greenville 4A Economic Development Corporation, the Board of Development of the City of Greenville, Texas and POLARIS containing agreements with

respect to the Property and the Facility, for the purpose of tax abatement.

The Guidelines and Criteria for Granting Tax Abatement adopted by the Governmental Unit dated February 13, 2024 (the "Guidelines") are incorporated by reference as a part of this Agreement. In the event of any conflict or inconsistency between the Guidelines and this Agreement, the terms of this Agreement shall prevail. 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 Hunt County, Texas located 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 Property, including improvements thereon, as of the January 1, 2024, valuation date prior to the date of execution of this Agreement and which is the last valuation record known by the parties.

Real Estate and Leasehold Estate	\$ 1,308,825
Tangible Personal Property	\$ 0.00 [NTD: Discuss scope of property to be included]

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, 2024. 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, 2024, 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, 2028. The Abatement shall continue for ten (10) years, expiring as of December 31st of the 2037 tax year for eligible land and improvement value (the "Abatement Period"). 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 taxable, subject to the terms of this Agreement;
- (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 existing tangible 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 over the existing Hunt County Tax Roll Value minimum 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:

A. REAL ESTATE AND LEASEHOLD ESTATE VALUE

<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%

B. TANGIBLE PERSONAL PROPERTY VALUE

The Abatement provided by this Agreement shall be based upon the added Value of Eligible Property related to this Project. Tax abatement schedule for ten (10) years of eligible appraised value of equipment value 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 construct a facility 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 Hunt County Appraisal District 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, or, if Owner has not commenced such cure pursuant to a written plan approved by the Hunt County Commissioners Court, 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, or commence the approved plan to cure for, 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 examine the real and personal property comprising the reinvestment zone. Should the Hunt County Appraisal District determine that the total level of Added Value (defined above) 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 subject to the further restrictions provided herein and such reasonable guidelines required by the Owner for visitors established from time to time. 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 Governmental Unit 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, which it shall not unreasonably withhold, condition or delay, 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, conditioned or delayed. Notwithstanding the foregoing, the Owner shall be entitled to assign this Agreement and its rights herein to any of the Owner's affiliates that have a direct or indirect interest in the Facility or to any person or entity obtaining an ownership interest in the Site and/or the Facility or to which the Facility is transferred, leased, or conveyed. In addition, the Governmental Unit consents to the granting of a security interest in and an assignment by the Owner of this Agreement and its rights herein to any bank or other lender, its successors, assigns, and designees (the "Lender") in connection with any financing or refinancing related to the development, construction, operation or maintenance of the Facility, subject to any restrictions under Texas law. In furtherance of the foregoing, the Governmental Unit acknowledges that the Lender may under certain circumstances assume the interests and rights of the Owner under this Agreement. The Governmental Unit acknowledges that the Lender may under certain circumstances foreclose upon and sell or cause the Owner to sell or lease the Facility and cause any new lessee or purchaser of the Facility to assume all of the interests, rights and obligations of the Owner arising under this Agreement. In such event, the Governmental Unit agrees to the assignment by the Owner or the Lender of this Agreement and its rights herein to such purchaser or lessee and, provided that all amounts due at that time under this Agreement are fully paid, shall release the Owner from all obligations hereunder upon any such assignment.

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:

POLARIS SALES INC.

2100 Highway 55
Medina, MN 55340
Attn: Paul Eickhoff, Vice President

With a copy to:

Polaris Sales Inc.
2100 Highway 55
Medina, MN 55340
Attn: Legal – Corporate, M&A

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.

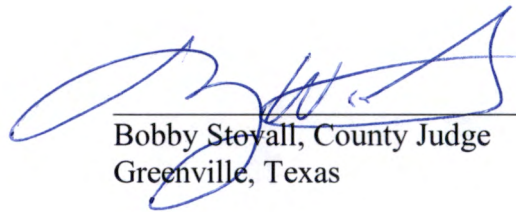
Executed this the 14th day of January, ~~2024~~²⁰²⁵.

WITNESS:

GOVERNMENTAL UNIT:



Becky Landrum, County Clerk
Greenville, Texas



Bobby Stovall, County Judge
Greenville, Texas

APPROVED AS TO FORM:

Daniel Ray, County Attorney
Hunt County
Greenville, Texas

WITNESS:

OWNER:

POLARIS SALES INC.

By: _____

By: _____

Name: _____

Title: _____

Name: _____

Title: _____

Exhibit "A"
Property Description

Legal Description: TBD

Exhibit “B”
Project Description

POLARIS SALES INC. is planning to build a new industrial facility of approximately 400, 000 s.f. to serve as a distribution center to service the Southwest region of the United States. The Company plans to invest approximately \$60 million in building and equipment and hire an estimated 67 new full-time employees.