

THE STATE OF TEXAS §

Tax Abatement Agreement

COUNTY OF TARRANT §

THIS Agreement is executed by and between **MP MAGNETICS LLC**, a Delaware limited liability company (hereafter referred to as "**COMPANY**"), and **TARRANT COUNTY, TEXAS**, acting by and through its County Judge or his designee, (hereafter referred to as "**COUNTY**").

WITNESSETH:

WHEREAS, the Tarrant County Commissioners Court has resolved that the COUNTY may elect to participate in tax abatement; and

WHEREAS, the Commissioners Court has adopted a Policy Statement for Tax Abatement, herein contained as **Exhibit "D"**, which constitutes appropriate guidelines and criteria governing tax abatement agreements to be entered into by the COUNTY; and

WHEREAS, the Premises (as hereafter defined) is, and the Eligible Property (as hereafter defined) will be, located in Reinvestment Zone No. 103 in the City of Fort Worth, Texas, established by Ordinance No. 25301-01-2022 (the "Ordinance") adopted on January 25, 2022, and further described in **Exhibit "A"**, being a commercial reinvestment zone for the purpose of tax abatement as authorized by Chapter 312 of the Texas Tax Code, as amended (the "Zone"); and

WHEREAS, the City Council of the City of Fort Worth has approved and authorized the execution and delivery of a Tax Abatement Agreement as to the Eligible Property thereon, attached hereto as **Exhibit "B"**; and

WHEREAS, COMPANY submitted an application for tax abatement to the County concerning the contemplated improvements to the Premises (the "Application for Tax Abatement"), attached hereto and incorporated herein as **Exhibit "C"**; and

WHEREAS, COMPANY which manufactures rare earth materials, owns property located at 13840 Independence Parkway, which is located within the Zone, more specifically described in **Exhibit "A"** (the "Land"), on which it plans to construct and install certain improvements in order to establish a manufacturing facility planned to be approximately 200,000 square feet; and

WHEREAS, under this Agreement, COMPANY is committed to invest a total of at least \$100 million as follows: at least \$40 million in Construction Costs for the Real Property Improvements and at least \$60 million in Personal Property Improvements to be installed on the Land in connection with manufacturing business operations within the Real Property Improvements

WHEREAS, the Commissioners Court finds that the contemplated use of the Premises, the Eligible Property and the terms of this Agreement are consistent with encouraging development within the Zone;

NOW THEREFORE, the COUNTY and COMPANY, for and in consideration of the mutual premises and promises contained herein, do hereby agree, covenant and contract as set forth below:

**I.
Definitions**

- A. "Abatement" means the abatement of a percentage (not to exceed fifty percent (50%) in any year of the Abatement Term) of the County's incremental ad valorem real property taxes on any improvements located on the Land (but not on the Land itself, which taxes will not be subject to Abatement hereunder) and the County's incremental ad valorem taxes on the Personal Property Improvements, all calculated in accordance with this agreement.
- B. "Abatement Term" means the term of seven (7) consecutive years, commencing on January 1 of the Second Operating Year and expiring on December 31 of the Eighth Operating Year thereafter, in which COMPANY will receive the abatement in accordance with this agreement.
- C. "Added Market Value" is defined as the market value of Eligible Property on the Premises above the Base Year Value.
- D. "Affiliate" means all entities, incorporated or otherwise, under common control with, controlled by, or controlling COMPANY. For purposes of this definition, "control" means fifty percent (50%) or more of the ownership determined by either value or vote.
- E. "Base Year Value" is defined as the tax year 2022 taxable value of real and personal property located on the Premises in City of Fort Worth Reinvestment Zone No. 103 on January 1, 2022, as finally determined by the Tarrant Appraisal District.
- F. "Completion Date" means the date as of which all occupiable space within the Real Property Improvements has received a permanent certificate of occupancy.
- G. "Construction Costs" are defined as site development and building costs, including, without limitation, actual site preparation and development and construction costs, signage costs, contractor fees, the costs of labor, supplies and materials, materials testing, engineering fees, architectural fees and other design, consulting, construction management and professional costs, and contractor, development and permitting fees expended directly in connection with the construction of the Real Property Improvements and landscape improvements.

- H. "DBE Companies" are defined as companies who are a Disadvantage Business Enterprise (DBE), and the term "DBE" shall mean:
- i. a corporation formed for the purpose of making a profit and at least 51 percent of all classes of the shares of stock or other equitable securities of which are owned by one or more persons who are socially or economically disadvantaged because of their identification as members of certain groups that have been subject to racial or ethnic prejudice or cultural bias without regard to their qualities as individuals or capabilities as a business, and whose ability to compete in the free enterprise system is impaired due to diminished opportunities to obtain capital and credit as compared to others in the same line of business who are not socially disadvantaged. "DBE" includes the State of Texas definition of historically underutilized businesses (HUBs) as defined in Section 2161.001 of the Texas Government Code, and as it may be updated.
 - ii. a sole proprietorship formed for the purpose of making a profit that is owned, operated, and controlled exclusively by one or more persons described in D.i. above.
 - iii. a partnership that is formed for the purpose of making a profit in which 51 percent of the assets and interest in the partnership is owned by one or more persons described by D.i. above, and in which minority or women partners have proportionate interest in the control, operation, and management of the partnership affairs.
 - iv. a limited liability company that is formed for the purpose of making a profit in which 51 percent of the assets and interest in the company is owned by one or more persons described by D.i. above.
- E. "Eighth Operating Year" means the eighth full calendar year following the year in which the Completion Date occurred.
- I. "Eligible Property" is defined as Real Property Improvements and Personal Property Improvements made for expansion of the facility, constructed, renovated, delivered to, installed or placed on the Premises as further described in the Application for Tax Abatement attached hereto as **Exhibit "C"**.
- J. "Job" is defined as a permanent, full-time employment position with COMPANY on the Premises that results in employment of at least forty-hours per week per position. Part-time positions shall not be included in this definition.
- K. "Personal Property Improvements" are defined as tangible personal property (except inventory or supplies) delivered to, installed or located on the Premises.
- L. "Premises" are defined as the real property (land and improvements) as described in **Exhibit "A"** which existed on January 1, 2022 within City of Fort Worth Reinvestment Zone No. 103, that are owned and/or operated by COMPANY.
- M. "Real Property Improvements" are defined as improvements to the Premises, and shall include structures or fixtures erected or affixed to the Premises.

- N. "Second Operating Year" means the second full calendar year following the year in which the Completion Date occurred.
- O. "Supply and Service Expenditures" are defined as those local discretionary expenditures made by COMPANY directly for the operation and maintenance of the Premises and any improvements thereon, excluding utility service costs.
- P. "Tarrant County Companies" are defined as any corporation, partnership, limited liability company or sole proprietorship maintaining an addressed office location within Tarrant County from which such entity conducts all or a substantial part of its business operations within Tarrant County.
- Q. "Zone" as used herein is defined as the real property located in City of Fort Worth Reinvestment Zone No. 103 and described by City of Fort Worth Ordinance No. 25301-01-2022, substantially in the form included within **Exhibit "A"**.

II.

General Provisions

- A. The Premises are not in an improvement project financed by tax increment bonds.
- B. Neither the Premises nor any of the Improvements covered by this Agreement are owned or leased by any member of the Commissioners Court, or any member of the governing body of any taxing units joining in or adopting this Agreement.

III.

Improvement Conditions and Requirements

- A. COMPANY shall improve the Premises by completing the Eligible Property improvements in accordance with this Agreement.
- B. COMPANY shall provide for the completion of the Real Property Improvements no later than December 31, 2023, having a minimum Construction Cost upon completion of not less than Forty Million Dollars (\$40,000,000).
- C. COMPANY shall provide for the installation or location of the Personal Property Improvements no later than January 1, 2024, having a minimum initial cost of not less than Sixty Million Dollars (\$60,000,000). The value of the Personal Property Improvements is determined solely by the appraisal district having jurisdiction over the Land at the time and reflected in the certified appraisal roll received by the County from such appraisal district in such year.
- D. COMPANY shall expend or cause to be expended at least fifteen percent (15%) of all Construction Costs of the Real Property Improvements with DBE Companies.
- E. COMPANY shall expend or cause to be expended at least twenty-five percent (25%) of all Construction Costs of the Real Property Improvements with Tarrant County Companies.

- F. COMPANY shall expend or cause to be expended at least twenty-five percent (25%) in annual Supply and Service Expenditures with Tarrant County Companies.
- G. COMPANY shall expend or cause to be expended at least fifteen percent (15%) in annual Supply and Service Expenditures with DBE Companies.
- H. COMPANY will add and maintain employment of a minimum of thirty (30) Jobs on the Premises throughout the Abatement Term.
- I. COMPANY shall operate and maintain on the Premises the Eligible Property as a manufacturing facility for the duration of this Agreement.
- J. All proposed Eligible Property shall conform to the applicable building codes, zoning ordinances and all other ordinances and regulations of the City of Fort Worth and/or Tarrant County.
- K. The Premises and all improvements must conform to all applicable state and federal laws and regulations for air pollution and air quality.

IV. Abatement Allowed

- A. As set forth in this section, tax abatement allowed herein shall be for Tarrant County ad valorem real property and personal property taxes, relative to Added Market Value of the Eligible Property located on the Premises, subject to the following terms and conditions. Tarrant County Hospital District ad valorem taxes are not subject to the provisions of this Agreement.
- B. If the Improvement Conditions and Requirements set forth in Section III herein are met, COUNTY agrees to exempt from taxation the base amount of up to forty-five percent (45%) of the Added Market Value of the Eligible Property in accordance with the various requirements established by terms of this Agreement and to be calculated as set forth below. The abatement period shall be seven (7) consecutive years, beginning January 1 of the Second Operating Year and expiring on December 31 of the Eighth Operating Year.
 - 1. Base Abatement - If COMPANY (i.) improves the Premises and adds the required Eligible Property to the Premises as set forth in Section III A., B., and C., (ii.) maintains and adds the minimum employment level as set forth in Section III. H., (iii.) employs Tarrant County residents for a minimum twenty-five percent (25%) of all Jobs, (iv.) makes expenditures for Construction Costs and annual Supply and Service Expenditures as set forth in Section III. D., E., F. and G., then COUNTY shall exempt from taxation forty-five percent (45%) of the Added Market Value of the Eligible Property (the "Base Abatement").

Dollars spent with DBE Companies may also count as dollars spent with Tarrant County Companies, and vice versa, for the purposes of this Section if the DBE Company is also a Tarrant County Company as defined herein.

Failure to meet the minimum cost requirements set forth in Section III. B. and C. is a condition of default and shall result in the termination of this Agreement

in accordance with Section VII. Failure to meet the requirements for Jobs, Tarrant County resident employment, and use of DBE and Tarrant County Companies for Construction and Supply and Service Expenditures, as set forth in Section III, shall be cause for a reduction in the Base Abatement for any year in which the requirements are not met, as set forth in Section IV.B.2.

2. Reduction to Abatement

a. Employment and Spending Deficiencies

In any year that employment and spending levels do not meet the minimum requirements set forth in Section IV.B.1., the COUNTY shall reduce the Base Abatement percentage for that year as set forth below. Each reduction is separate and individual and may be cumulative in any year.

- i. If the actual number of Jobs falls below the minimum Jobs requirements set forth in Section III.H., the Base Abatement percentage will be reduced by one percent (1%) for each one (1) Job deficiency, for that year.
- ii. If less than twenty-five percent (25%) of all Jobs are filled by Tarrant County residents, COMPANY will receive a ten percent (10%) reduction from the Base Abatement for that year.
- iii. If spending with DBE Companies is less than fifteen percent (15%) of total Construction Costs, as set forth in Section III.D., COMPANY will receive a reduction of one percent (1%) from the Base Abatement for each one percent (1%) spending deficiency, up to a maximum reduction of five percent (5%), for the life of the abatement.
- iv. If spending with Tarrant County Companies is less than twenty-five percent (25%) of total Construction Costs, as set forth in Section III.E., COMPANY will receive a reduction of one percent (1%) from the Base Abatement for each one percent (1%) spending deficiency, up to a maximum reduction of five percent (5%), for the life of the abatement.
- v. If spending with Tarrant County or DBE Companies for annual Supply and Services Expenditures is less than the minimum requirements set forth in Section III. F. and G., COMPANY will receive a one percent (1%) reduction in the Base Abatement percentage for each one percent (1%) deficiency, for a maximum of five percent (5%) from the minimum requirement, for that year.

3. Increase to Abatement. In any year that the actual number of Jobs exceeds the minimum Job level of thirty (30) Jobs as set forth in Section III.H., the Base Abatement percentage shall be increased by one percent (1%) for each additional ten (10) Jobs, up to a maximum of five percent (5%) for that year.

The total cumulative percentage of ad valorem tax abatement that may be received in any one year, pursuant to this agreement, shall not exceed fifty percent (50%) of the increased value.

V.
Reports, Audits and Inspections

- A. Annual Certification and Reports - Pursuant to state law, COMPANY shall certify annually to taxing units that COMPANY is in compliance with the terms of this Agreement, and shall provide taxing units with reports and records reasonably necessary to support each year of the Agreement, as follows:
1. Certification - COMPANY shall complete and certify a Tax Abatement Evaluation Report (a form of which is attached hereto as **Exhibit "E"**) for each year of the tax abatement agreement, to be due annually not later than April 30, commencing with April 30, 2023. This certification shall include information supporting job creation and retention requirements, reports on Eligible Property values, costs, and spending on construction and supply and services, a narrative description of the project's progress, and other submittals required by this Agreement.
 2. Eligible Property Reports - At a minimum, COMPANY shall make available upon request the following information annually on all Eligible Property for which COMPANY will seek tax abatement:
 - a. Property description;
 - b. Asset number/description;
 - c. Payment date for property located on Premises; and
 - d. Cost.
 3. Eligible Property Reports for Projects in Progress - COMPANY shall provide County, upon request, information on projects in progress for which fixed asset numbers have not been assigned. The report shall provide information in sufficient detail to identify the Eligible Property to be installed on the Premises. At a minimum, this information shall include:
 - a. Description of materials, machinery and equipment;
 - b. Vendor name, invoice date, invoice number and invoice amount; and
 - c. Payment date for property to be located on Premises.
 4. Reports on Equipment Replaced or Removed - Additionally, COMPANY agrees to provide COUNTY, upon request, information on Eligible Property for which COMPANY has received tax abatement and which has been replaced or removed from the Premises. At a minimum, this information shall include:
 - a. Property description;
 - b. Asset number/description; and
 - c. Approximate date of disposal.

5. Report Upon Project Completion - Within one-hundred eighty (180) days of completion of the Eligible Property, COMPANY shall provide COUNTY with a final Eligible Property Report in a form reasonably acceptable to the COUNTY that shall describe all Eligible Property for which the Company is granted tax abatement. The report may contemplate a reconciliation of the general ledger to the personal property rendition to satisfy this requirement.
 6. Additional Reports - Additionally, throughout the term of this agreement, COMPANY shall furnish COUNTY any additional records and information reasonably requested to support the reports required by this agreement.
- B. Right to Audit Books and Records - COUNTY shall have the right to audit the books and records related to the Eligible Property and supporting the Eligible Property reports. COUNTY shall notify COMPANY at least 15 business days in advance in writing of their intent to audit in order to allow COMPANY adequate time to make such books and records available.
- B. Inspection - At all times throughout the term of this Agreement, COUNTY and the Tarrant Appraisal District (TAD) shall have reasonable access to the Premises for the purpose of inspecting the Premises to ensure that the Eligible Property is constructed, installed, maintained and operated in accordance with the terms of this Agreement. All inspections shall be conducted in a manner as to not unreasonably interfere with the installation of the Eligible Property or the operation of the Premises. The inspections shall be conducted within a reasonable time period after notice by COUNTY or TAD to COMPANY, provided, however, that all inspections shall be made with one (1) or more representative(s) of COMPANY present and in accordance with the safety standards of COMPANY.

VI.

Use of Premises

The Premises at all times shall be used in a manner that is consistent with the City of Fort Worth zoning ordinances and consistent with the general purpose of encouraging development within the Zone. Both parties acknowledge that the use of the Premises for an office/manufacturing facility is in accordance with this Agreement is consistent with such purposes.

VII.

Breach and Recapture

- A. Breach - A breach of this Agreement may result in termination or modification of this Agreement and recapture by COUNTY of taxes which otherwise would have been paid since the execution of this Agreement to COUNTY without the benefit of the Abatement, as set forth in Sections VII.B. and VII.C. Penalty and interest on recaptured taxes will be charged at the statutory rate for delinquent taxes as determined by Section 33.01 of the Tax Code of the State of Texas, and such taxes shall become due sixty (60) days following notice of breach and after the expiration of any cure period as provided in Section VII.B. The following conditions shall constitute a breach of this Agreement:

1. COMPANY terminates the use of the Premises as a manufacturing facility and related activities at any time during the Abatement Term; or
 2. COMPANY fails to meet the requirements specified in Section III, A., B., C., or I., herein; or
 3. COMPANY allows its ad valorem taxes on any property located within Tarrant County owed to COUNTY to become delinquent.
- B. Notice of Breach - In the event that COUNTY makes a reasonable determination that COMPANY has breached this Agreement, then COUNTY shall give COMPANY written notice of such default. COMPANY has sixty (60) days following receipt of said written notice to reasonably cure such breach, or this Agreement may be terminated by COUNTY, and recapture of abated taxes may occur. Notice of default shall be in writing and shall be delivered by personal delivery or certified mail to COMPANY at its address provided in Section IX of this Agreement. It shall be the duty of COUNTY to determine whether to require recapture and payment of abated taxes and to demand payment of such.
- C. Recapture - Should COMPANY commit a breach of this Agreement according to items A.1, 2, or 3 of this Section VII, and COMPANY does not cure as provided in VII.B. above during the cure period, COUNTY may terminate this Agreement and recapture taxes abated for all years during which the breach is committed.
- D. Tax Lien Not Impaired - It is expressly agreed and acknowledged between the parties to this Agreement that nothing in this Agreement shall be deemed or construed to affect the lien for taxes against the property established by Section 32.01 of the Tax Code of the State of Texas. Such lien shall secure the payment of all taxes, penalties and interest ultimately imposed on the property, including any taxes abated and subject to recapture under this Agreement. Any such lien may be fully enforced pursuant to the provisions of the Code. For purposes of this Subsection, "property" refers to the Premises and Eligible Property described herein.

VIII.

Assignment and Effect of Sale or Lease of Property

COMPANY may assign this Agreement and all or any portion of the benefits provided hereunder to an Affiliate, without the consent of COUNTY, provided that COMPANY provides COUNTY with written notice of such assignment, which notice shall include (a) the name and full contact information for the Affiliate, and (b) written agreement from an Affiliate assuming all terms and conditions of COMPANY under this Agreement. Except as provided herein, the abatement granted by this Agreement shall not be otherwise assignable to any new owner or new lessee of all or a portion of the Premises or Eligible Property unless such assignment is approved in writing by the COUNTY.

IX.
Notice

All notices called for or required by this Agreement shall be addressed to the following, or such other party or address as either party designates in writing, by certified mail postage prepaid or by hand delivery:

COMPANY: MP Magnetics LLC
Attn: Elliot D. Hoops
General Counsel and Secretary
6720 Via Austi Parkway, Suite 450
Las Vegas, NV 89119

COUNTY: Tarrant County
Attn: Maegan South
County Administrator's Office
100 E. Weatherford
Fort Worth, Texas 76196

X.
Commissioners Court Authorization

This Agreement was authorized by resolution of the Commissioners Court authorizing the County Judge or his designee to execute this Agreement on behalf of the COUNTY.

XI.
Severability

In the event any section, subsection, paragraph, sentence, phrase or word is held invalid, illegal or unconstitutional, the balance of this Agreement shall stand, shall be enforceable and shall be read as if the parties intended at all times to delete said invalid section, subsection, paragraph, sentence, phrase or word.

XII.
Estoppel Certificate

Any party hereto may request an estoppel certificate from another party hereto, so long as the certificate is requested in connection with a bona fide business purpose. The certificate, which if requested will be addressed to a subsequent purchaser or assignee of COMPANY, shall include, but not necessarily be limited to statements that this Agreement is in full force and effect without default (or if default exists the nature of same), the remaining term of this Agreement, the levels and remaining term of the abatement in effect and such other matters reasonably requested by the party(ies) to receive the certificates.

XIII.
Company's Standing

COMPANY, as a party to this Agreement, shall be deemed a proper and necessary party in any litigation questioning or challenging the validity of this Agreement or any of the underlying ordinances, resolutions or City Council actions authorizing same, and COMPANY shall be entitled to intervene in said litigation.

XIV.
Applicable Law

This Agreement shall be construed under the laws of the State of Texas. Venue for any action under this Agreement shall be the State's District Court of Tarrant County, Texas for a claim arising under state law or the Northern District of Texas, Fort Worth division for a claim arising under federal law. This Agreement is performable in Tarrant County, Texas.

XV.
Indemnification

It is understood and agreed between the parties that the COMPANY, in performing its obligations hereunder, is acting independently, and COUNTY assumes no responsibility or liability to third parties in connection therewith, and COMPANY agrees to indemnify and hold harmless COUNTY from any such responsibility or liability. It is further understood and agreed among the parties that COUNTY, in performing its obligations hereunder, is acting independently, and the COMPANY assumes no responsibility or liability to third parties in connection therewith, and COUNTY agrees to the extent allowed by law to indemnify and hold harmless COMPANY from any such responsibility or liability.

XVI.
Force Majeure

It is expressly understood and agreed by the parties to this Agreement that the parties shall not be found in default of this Agreement if any party's failure to meet the requirements of this Agreement is delayed by reason of war, Act of God, fire or other casualty of a similar nature.

XVII.
Knowing Employment of Undocumented Workers

COMPANY acknowledges that the COUNTY is required to comply with Chapter 2264 of the Texas Government Code, enacted by House Bill 1196 (80th Texas Legislature), which relates to restrictions on the use of certain public subsidies. COMPANY hereby certifies that COMPANY, and any branches, divisions, or departments of COMPANY, does not and will not knowingly employ an undocumented worker, as that term is defined by Section 2264.001(4) of the Texas Government Code. In the event that COMPANY, or any branch, division, or department of COMPANY, is convicted of a violation under 8 U.S.C. Section 1324a(f) (relating to federal criminal penalties and injunctions for a pattern or practice of employing unauthorized aliens), subject to any appellate rights that may lawfully be available to and exercised by COMPANY, COMPANY shall repay, within one hundred twenty (120) calendar days following receipt of written demand from the COUNTY, the aggregate amount

of the value of the abatement received by COMPANY hereunder, if any, plus Simple Interest at a rate of four percent (4%) per annum. COMPANY shall not be considered in violation of this section for any actions of a subsidiary, Affiliate, franchisee of COMPANY or a person or entity with whom COMPANY contracts.

XVIII.
No Other Agreement

This Agreement embodies all of the agreements of the parties relating to its subject matter as specifically set out herein, supersedes all prior understandings and agreements regarding such subject matter, and may be amended, modified or supplemented only by an instrument or instruments in writing executed by the parties.

XIX.
Recordation of Agreement

A certified copy of this Agreement in recordable form shall be recorded in the Deed Records of Tarrant County, Texas.

XX.
Signatories

This Agreement is effective and binding on those parties that have duly signed below.

XXI.
Headings

The headings of this Agreement are for the convenience of reference only and shall not affect in any manner any of the terms and conditions hereof.

XXII.
Successors and Assigns

The parties to this Agreement each bind themselves and their successors, executors, administrators and assigns to the other party of this Agreement and to the successors, executors, administrators and assigns of such other party in respect to all covenants of this Agreement.

XXIII.
Termination

This Agreement shall terminate, in accordance with the terms of this Agreement, unless extended by written agreement of the parties or a written instrument signed by all parties evidencing a delay by force majeure; provided however, that the period of abatement may not extend beyond ten (10) years.

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

MP MAGNETICS LLC

By: _____
Name: Elliot D. Hoops
Title: General Counsel and Secretary

Date: _____

TARRANT COUNTY, TEXAS

By: _____
B. Glen Whitley, County Judge

Date: _____

ATTEST:

APPROVED AS TO FORM*:

Deputy County Clerk

Asst. Criminal District Attorney

**By law, the Criminal District Attorney's Office may only approve contracts for its clients. We reviewed this document from our client's legal perspective. Other parties may not rely on this approval. Instead those parties should seek contract review from independent counsel.*

THE STATE OF TEXAS §
COUNTY OF TARRANT §

MP Magnetics LLC
Acknowledgment

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, 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 same for and as the act and deed of **MP Magnetics LLC** and as the _____ thereof, and for the purposes and consideration therein expressed, and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the _____ day of _____, 2022.

Notary Public in and for
The State of _____

My Commission Expires

Notary's Printed Name

THE STATE OF TEXAS §
COUNTY OF TARRANT §

Tarrant County, Texas
Acknowledgment

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared **B. GLEN WHITLEY**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same for and as the act and deed of **TARRANT COUNTY, TEXAS**, as the **County Judge** thereof, and for the purposes and consideration therein expressed, and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the _____ day of _____, 2022.

Notary Public in and for
The State of Texas

My Commission Expires

Notary's Printed Name

EXHIBIT "A"

**DESCRIPTION OF PREMISES AND
REINVESTMENT ZONE NO. 103**

EXHIBIT A
DESCRIPTION AND MAP DEPICTING THE LAND

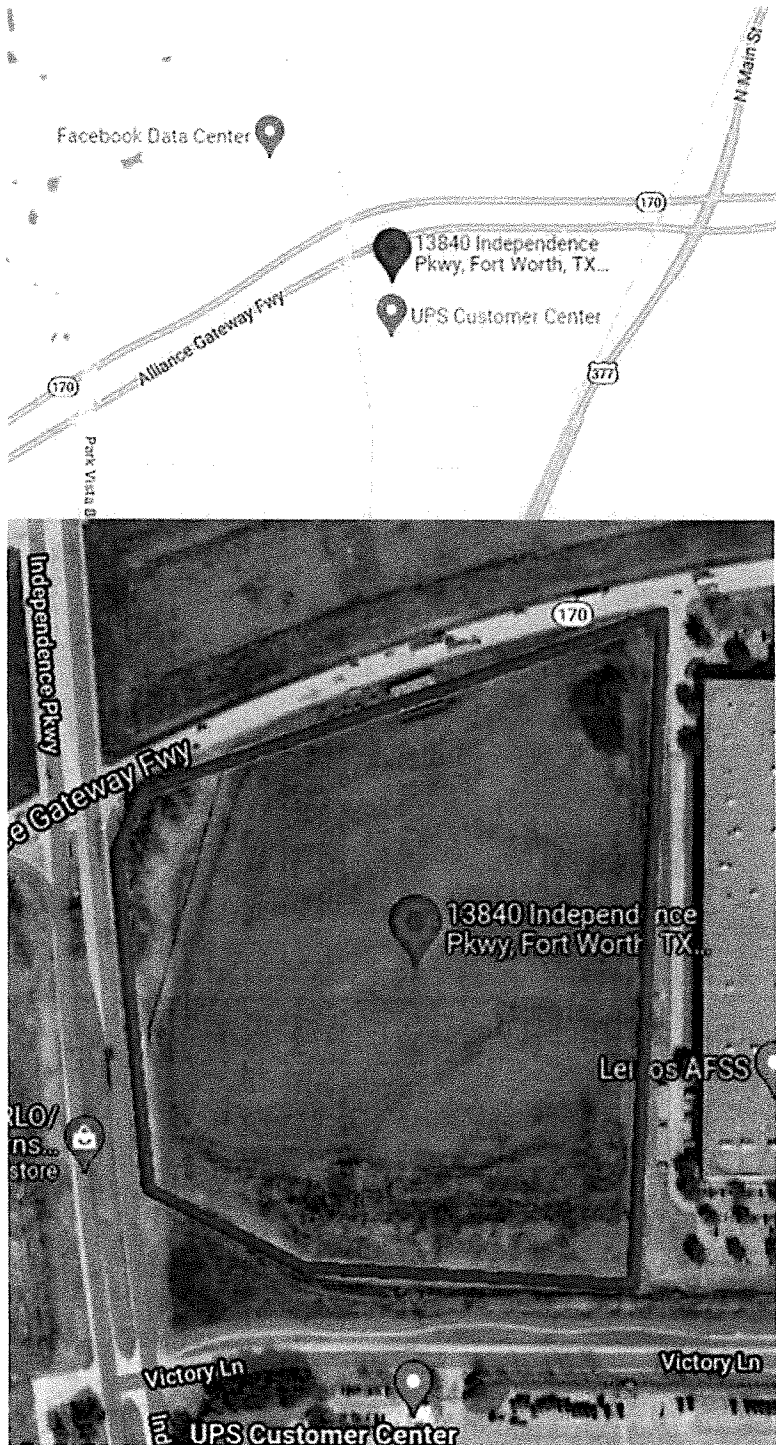


EXHIBIT "B"

CITY OF FORT WORTH TAX ABATEMENT AGREEMENT

STATE OF TEXAS §

COUNTY OF TARRANT §

TAX ABATEMENT AGREEMENT

This **TAX ABATEMENT AGREEMENT** ("**Agreement**") is entered into by and between the **CITY OF FORT WORTH, TEXAS** ("**City**"), a home-rule municipality organized under the laws of the State of Texas, and **MP MAGNETICS LLC**, a Delaware limited liability company ("**Company**").

RECITALS

A. On January 29, 2021, the City Council adopted Resolution No. 5337-01-2021, stating that the City elects to be eligible to participate in tax abatement and setting forth guidelines and criteria governing tax abatement agreements entered into between the City and various parties, entitled "General Tax Abatement Policy" ("**Policy**"), which is incorporated herein by reference and hereby made a part of this Agreement for all purposes.

B. The Policy contains appropriate guidelines and criteria governing tax abatement agreements to be entered into by the City as contemplated by Chapter 312 of the Texas Tax Code, as amended ("**Code**").

C. On January 25, 2022, ("**Approval Date**") the City Council adopted Ordinance No. 25301-01-2022 ("**Ordinance**") establishing Tax Abatement Reinvestment Zone No. 103, City of Fort Worth, Texas ("**Zone**").

D. Company, which manufactures rare earth materials, owns property located at 13840 Independence Parkway, which is located within the Zone and is more specifically described in Exhibit "A" ("**Land**"), attached hereto and hereby made a part of this Agreement for all purposes.

E. Contingent upon the receipt of a tax abatement, Company intends to construct a facility of at least 200,000 square feet on the Land for its manufacturing operations.

F. As of November 18, 2021, Company submitted applications for tax abatement ("**Applications**") to the City concerning plans for development of the Land, including construction of the Required Improvements, which Applications are attached hereto as Exhibit "B" and hereby made a part of this Agreement for all purposes.

G. The contemplated use of the Land and the terms of this Agreement are consistent with encouraging development of the Zone and generating economic development and increased employment opportunities in the City, in accordance with the purposes for creation of the Zone, and are in compliance with the Policy, the Ordinance and other applicable laws, ordinances, rules and regulations.

H. Under this Agreement, Company is committed to invest a total of at least \$100 million as follows: at least \$40 million in Construction Costs for the Real Property Improvements and at least \$60 million in New Taxable Tangible Personal Property to be installed on the Land in connection with manufacturing business operations within the Real Property Improvements (the

“Required Improvements”). Company is also committing to provide at least 30 new Full-time Jobs whose average annual Salaries will equal at least \$80,390.00. Therefore, the provisions of this Agreement, as well as the proposed use of the Land and nature of the proposed Required Improvements, as defined herein, satisfy the eligibility criteria for commercial/industrial tax abatement pursuant to Section 4 of the Policy.

I. Written notice that the City intends to enter into this Agreement, along with a copy of this Agreement, have been furnished in the manner prescribed by the Code to the presiding officers of the governing bodies of each of the taxing units that have jurisdiction over the Land.

NOW, THEREFORE, in consideration of the mutual benefits and promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

AGREEMENT

1. INCORPORATION OF RECITALS.

The City Council has found, and the City and Company agree, that the recitals set forth above are true and correct and form the basis upon which the parties have entered into this Agreement.

2. DEFINITIONS.

In addition to terms defined in the body of this Agreement, the following terms have the definitions ascribed to them as follows:

Abatement means the abatement of a percentage (not to exceed sixty percent (60%) in any year of the Abatement Term) of the City’s incremental ad valorem real property taxes on any improvements located on the Land (but not on the Land itself, which taxes will not be subject to Abatement hereunder) and of the City’s incremental ad valorem taxes on New Taxable Tangible Personal Property, all calculated in accordance with this Agreement.

Abatement Term means the term of seven (7) consecutive years, commencing on January 1 of the Second Operating Year and expiring on December 31 of the Eighth Operating Year thereafter, in which Company will receive the Abatement in accordance with this Agreement.

Affiliate means all entities, incorporated or otherwise, under common control with, controlled by, or controlling Company. For purposes of this definition, “control” means fifty percent (50%) or more of the ownership determined by either value or vote.

Annual Salary Commitment has the meaning ascribed to it in Section 4.6.

Annual Salary Percentage has the meaning ascribed to it in Section 6.5.

Applications has the meaning ascribed to it in Recital F.

Approval Date has the meaning ascribed to it in Recital C.

Business Equity Firm(s) (“BEFs”) has the meaning assigned to it in the City of Fort Worth’s Business Equity Ordinance, as amended (Chapter 20, Article X of the City Code).

BEF Construction Commitment has the meaning ascribed to it in Section 4.4.

BEF Construction Percentage has the meaning ascribed to it in Section 6.3.

Certificate of Completion has the meaning ascribed to it in Section 5.

Code has the meaning ascribed to it in Recital B.

Completion Date means the date as of which all occupiable space within the Required Improvements have received a permanent certificate of occupancy.

Completion Deadline means December 31, 2023.

Compliance Auditing Term means the term of seven (7) consecutive years, commencing on January 1 of the First Operating Year and expiring on December 31 of the seventh (7th) year thereafter, in which the City will verify and audit Company's compliance with the various commitments set forth in Section 4 that form the basis for calculation of the amount of each annual Abatement percentage hereunder.

Construction Costs means the following costs expended on or after the Approval Date directly for the Required Improvements: actual site development and construction costs, site work, infrastructure improvements, facility modernization, utility installation and including directly-related contractor fees, labor costs, plus costs of supplies and materials, engineering fees, architectural and design fees, and permit fees. Construction Costs specifically excludes any real property acquisition costs or rent payments or other costs required by a lease.

Director means the director of the City's Economic Development Department.

Effective Date has the meaning ascribed to it in Section 3.

Eighth Operating Year means the eighth full calendar year following the year in which the Completion Date occurred.

Event of Default means a breach of this Agreement by a party, either by act or omission, as more specifically set forth in Section 7 of this Agreement.

First Operating Year means the first full calendar year following the year in which the Completion Date occurred.

Full-time Job means a job provided to one (1) individual by Company on the Land for at least forty (40) hours per week.

Land has the meaning ascribed to it in Recital D.

Legal Requirements means federal, state and local laws, ordinances, rules and regulations, including, but not limited to, all provisions of the City's charter and ordinances, as amended.

New Job has the meaning ascribed to it in Section 4.5.1.

New Taxable Tangible Personal Property means any personal property other than inventory or supplies that (i) is subject to ad valorem taxation by the City; (ii) is located on the Land; (iii) is owned or leased by Company and used by Company for the business purposes outlined in this Agreement; and (iv) was not located in the City prior to the date of full execution of this Agreement.

Ordinance has the meaning ascribed to it in Recital C.

Overall Employment Commitment has the meaning ascribed to it in Section 4.5.1.

Overall Employment Percentage has the meanings ascribed to it in Section 6.4.1, 6.4.2, and 6.4.3, as applicable.

Overall Improvement Percentage has the meaning ascribed to it in Section 6.2.

Personal Property Improvement Commitment has the meaning ascribed to it in Section 4.2.

Policy has the meaning ascribed to it in Recital A.

Real Property Improvement Commitment has the meaning ascribed to it in Section 4.1.

Real Property Improvements means a manufacturing facility constructed on the Land consisting of at least 200,000 square feet, as verified in the Certificate of Completion issued by the Director in accordance with this Agreement.

Records has the meaning ascribed to it in Section 4.9.

Required Improvements has the meaning ascribed to it in Recital E.

Salary means the cash payment or remuneration made to a person holding a Full-time Job, including paid time off, commissions, and non-discretionary bonuses. A Salary does not include any benefits, such as health insurance or retirement contributions, or reimbursements for employee expenses, or any discretionary bonuses.

Second Operating Year means the second full calendar year following the year in which the Completion Date occurred.

Term has the meaning ascribed to it in Section 3.

Zone has the meaning ascribed to it in Recital C.

3. TERM.

This Agreement takes effect on the date as of which the City and Company have all executed this Agreement ("**Effective Date**") and, unless terminated earlier in accordance with its terms and conditions, expires simultaneously upon expiration of the Abatement Term ("**Term**").

4. OBLIGATIONS AND COMMITMENTS RELATED TO ABATEMENT.

4.1. Real Property Improvements.

4.1.1. Company must expend or cause to be expended at least Forty Million Dollars and Zero Cents (\$40,000,000.00) in Construction Costs for the Real Property Improvements by the Completion Date, and the Completion Date for the Real Property Improvements must occur on or before the Completion Deadline ("**Real Property Improvement Commitment**"). Failure to meet the meet this obligation constitutes an Event of Default.

4.2. Personal Property Improvements.

4.2.1. New Taxable Tangible Personal Property having a value of at least Sixty Million Dollars and Zero Cents (\$60,000,000.00) ("**Personal Property Improvement Commitment**") must be in place on the Land by January 1, 2024. Failure to meet the meet this obligation constitutes an Event of Default.

4.2.2. The value of the New Taxable Tangible Person Property is determined solely by the appraisal district having jurisdiction over the Land at the time and reflected in the certified appraisal roll received by the City from such appraisal district in such year.

4.4. Construction Spending Commitment for BEFs.

By the Completion Date, Company must expend or caused to be expended at least fifteen percent (15%) of all Construction Costs for the Real Property Improvements with BEFs, regardless of the total amount of such Construction Costs ("**BEF Construction Commitment**").

4.5. Employment Commitment.

4.5.1. Company must employ and retain the following number of new Full-Time Jobs on the Land by the dates set forth below ("**Overall Employment Commitment**"). Company must retain all new Full-Time Jobs on the Land from and after the dates set forth below through the Term of this Agreement (each a "**New Job**"). A Full-Time Job will be considered new if the individual was hired on or after the Approval Date.

- a. Company must employ and retain a minimum of 30 new Full-Time Jobs on or before December 31, 2023.
- b. Company must employ and retain a minimum of 60 new Full-Time Jobs on or before December 31, 2024.
- c. Company must employ and retain a minimum of 90 new Full-Time Jobs on or before December 31, 2025.

4.5.2. Determination each year of compliance with the following Employment Commitment will be based on the employment data provided by Company to the City for the year under evaluation.

4.6 Average Annual Salary.

4.6.1 In each year of the Compliance Auditing Term, the average annual Salary, measured on a calendar year basis, for all new Full-Time Jobs provided and filled on the Land, regardless of the total number of such Full-time Jobs, must equal at least Eighty Thousand, Three Hundred Ninety Dollars and Zero Cents (\$80,390.00) ("**Annual Salary Commitment**").

4.6.2. Determination each year of compliance with the following Annual Salary Commitment will be based on the employment data provided by Company to the City for the year under evaluation.

4.7. Reports and Filings.

4.7.1. Final Construction Report.

Within sixty (60) calendar days following the Completion Date, in order for the City to assess whether Company expended or caused to be expended at least Forty Million Dollars and Zero Cents (\$40,000,000.00) in Construction Costs for the Real Property Improvements, and the extent to which the BEF Construction Commitment was met, Company must provide the Director with a report in a form reasonably acceptable to the City that specifically outlines the total Construction Costs expended for the Real Property Improvements and the total Construction Costs expended with BEFs for the Real Property Improvements, together with supporting invoices and other documents necessary to demonstrate that such amounts were actually paid, including, without limitation, final lien waivers signed by the general contractor for the Real Property Improvements.

4.7.2. Annual Employment Report.

On or before February 1 of the Second Operating Year, and of each year thereafter for the remainder of the Compliance Auditing Term, in order for the City to assess the degree to which Company met in the previous year the Overall Employment Commitment and the Annual Salary Commitment, Company must provide the Director with a report in a form reasonably acceptable to the City that sets forth the total number of individuals who held new Full-Time Jobs on the Land, as well as the Salary of each, all as of December 31 (or such other date requested by Company and reasonably acceptable to the City) of the previous calendar year, together with reasonable supporting documentation.

4.7.3. General.

Company will supply any additional information reasonably requested by the City that is pertinent to the City's evaluation of compliance with each of the terms and conditions of this Agreement.

4.8. Inspections of Land and Improvements

4.8.1. At any time during Company's normal business hours throughout the Term, the City will have the right to inspect and evaluate the Land, and any improvements thereon, and Company will provide full access to the same, in order for the City to monitor

compliance with the terms and conditions of this Agreement. Company will use reasonable efforts to cooperate fully with the City during any such inspection and evaluation.

4.8.2. Notwithstanding the foregoing, Company may require that any representative of the City be escorted by a Company representative or security personnel during any such inspection and evaluation and abide by any site policies and protocols regarding health, safety, and treatment of Company's confidential information. In addition, upon request of the City at any time during the Term and the year following the Term, and following at least 15 business days advance notice.

4.9. Audits.

The City has the right throughout the Term to audit the financial and business records of Company that relate to the Real Property Improvements, Personal Property, and the Land and any other documents necessary to evaluate Company's compliance with this Agreement or with the commitments set forth in this Agreement, including, but not limited to construction documents and invoices (collectively, "**Records**"). The City shall provide Company with notice at least 15 business days prior to any audit under this Section 4.9. Company must make all Records available to the City on the Land or at another location in the City acceptable to both parties following prior notice and will otherwise use reasonable efforts to cooperate fully with the City during any audit.

4.10. Use of Land.

The Land and any improvements thereon, including, but not limited to, the Real Property Improvements, must be used at all times during the Term of this Agreement for Company's lawful business operations, as set forth in this Agreement, and otherwise in a manner that is consistent with the general purposes of encouraging development or redevelopment of the Zone.

4.11. Abatement Application Fee.

4.11.1. The City acknowledges receipt from Company of the required Application fee of Five Thousand Dollars (\$5,000.00). Of such amount, Two Thousand Dollars (\$2,000.00) is strictly nonrefundable and will be used by the City for the purposes set forth in the Policy.

4.11.2. If construction work on the Real Property Improvements begins within one (1) year from the date the Applications were filed (i.e., November 18, 2021), the remaining Three Thousand Dollars (\$3,000.00) of such fee will be credited to Company's benefit against any permit, impact, inspection or other lawful fee required by the City in connection with the Required Improvements.

4.11.3. If construction work for the Real Property Improvements does not begin within one (1) year from the date the Applications were filed, Company will not receive a credit or refund of any portion of the fee.

4.11.4 If there is a balance of any of the remaining Application fee funds after the date on which the Director issues a Certificate of Completion, Company will be entitled to a refund of such remaining Application fee funds, but only if Company submits a letter to

the Director requesting such refund within ninety (90) calendar days following the date of issuance of the Certificate of Completion.

5. **CERTIFICATE OF COMPLETION.**

Within ninety (90) calendar days following receipt by the City of the final construction spending report for the Real Property Improvements submitted in accordance with this Agreement, and assessment by the City of the information contained therein, if the City is able to verify that the Company met all requirements for the Real Property Improvement, the Director will issue Company a certificate stating the amount of Construction Costs expended for the Real Property Improvements, as well as the amount of Construction Costs expended for the Real Property Improvements specifically with BEFs ("**Certificate of Completion**"). The Certificate of Completion will serve as the basis for determining whether the BEF Construction Commitment was met.

6. **TAX ABATEMENT.**

6.1. **Generally.**

6.1.2. Subject to the terms and conditions of this Agreement, provided that the Company met both the Real Property Improvement Commitment and Personal Property Improvement Commitment, the City will grant an Abatement to the Company in each year of the Abatement Term.

6.1.3. The amount of each Abatement that the City grants during such years will be a percentage of the City's ad valorem taxes on any improvements located on the Land (but not on the Land itself, which taxes will not be subject to Abatement hereunder) and on New Taxable Tangible Personal Property attributable to increases in the value of such improvements and New Taxable Tangible Personal Property, which percentage will equal the sum of the Overall Improvement Percentage, the BEF Construction Percentage, the applicable Overall Employment Percentage, and the Annual Salary Percentage, as set forth below (not to exceed sixty percent (60%)).

6.2. **Real Property Improvement and Personal Property Commitments (5%).**

City will grant an abatement to Company equal to five percent (5%) of the overall Abatement ("**Overall Improvement Percentage**") if Company meets both the Real Property Improvement Commitment and Personal Property Improvement Commitment.

6.3. **BEF Construction Cost Spending (10%).**

A percentage of the Abatement will be based on the whether the Company met the BEF Construction Commitment ("**BEF Construction Percentage**"). If Company meets the BEF Construction Commitment, the BEF Construction Percentage for each Abatement hereunder will be ten percent (10%). If the Company does not meet the BEF Construction Commitment, the BEF Construction Percentage for each Abatement hereunder will be zero percent (0%).

6.4. **Overall Employment**

6.4.1. Overall Employment 30-59 Employees (Up to 2.5%)

a. A percentage of the Abatement will be based on the extent to which the Company meets the Overall Employment Commitment of between 30-59 new Full-Time Employees in every year of the Abatement Term. The Overall Employment Percentage for 30-59 new Full-Time Jobs in a given year will equal the product of two and one-half percent (2.5%) multiplied by the percentage by which the Company met the commitment in the previous calendar year, which will be calculated by dividing the actual number of new Full-Time Jobs provided on the Land in the previous year by 30.

b. For example, if Company only employed 25 individuals with new Full-Time Jobs on the Land in 2026 instead of the required 30-59, the Overall Employment Percentage for 30-59 new Full-Time Jobs in the following year would be 2% instead of 2.5% (or $.025 \times [25/30]$), or $.025 \times .83$, or $.020$. If the Overall Employment Commitment of between 30-59 new Full-Time Jobs is met or exceeded in any given year, then the Abatement in the following year will be two and one-half percent (2.5%).

6.4.2. Overall Employment 60-89 Employees (Up to 20%)

a. Beginning in the second year of the Abatement Term and continuing for each year thereafter, the Overall Employment Percentage of between 60-89 new Full-Time Jobs in a given year will equal the product of twenty percent (20%) multiplied by the percentage by which the Company met the commitment in the previous calendar year, which will be calculated by dividing the actual number of new Full-Time Jobs provided on the Land in the previous year by 60.

b. For example, if Company only employed 55 individuals with new Full-Time Jobs on the Land in 2027 instead of the required 60-89, the Overall Employment Percentage for 60-89 new Full-Time Jobs for the following year would be 20.8% instead of 22.5% (or $.2 \times [55/60] + .025$), or $.2 \times .91 + .025$, or $.183 + .025$. If the Overall Employment Commitment of between 60-89 new Full-Time Jobs is met or exceeded in any given year, the Abatement in the following year will be 22.5% (2.5% + 20%).

6.4.3. Overall Employment 90 or greater Employees (Up to 20%)

a. Beginning in the third year of the Abatement Term and continuing for each year thereafter, the Overall Employment Percentage of 90 or more new Full-Time Jobs in a given year will equal the product of twenty percent (20%) multiplied by the percentage by which the Company met the commitment in the previous calendar year, which will be calculated by dividing the actual number of new Full-Time Jobs provided on the Land in the previous year by 90.

b. For example, if Company only employed 85 individuals with new Full-Time Jobs on the Land in 2027 instead of the required 90, the Overall Employment Percentage for the 90 new Full-Time Jobs for the following year would be 41.3% instead of 42.5% (or $.2 \times [85/90] + .025 + .20$), or $.2 \times$

.94+.025+.20, or .188+.025+.20. If the Overall Employment Commitment 90 or more new Full-Time Jobs is met or exceeded in any given year, the Abatement in the following year will be 42.5% (2.5% + 20%+20%).

6.5. Annual Salary (2.5%).

A percentage of the Abatement will be based on whether Company meets the Annual Salary Commitment ("**Annual Salary Percentage**"). If Company meets the Annual Salary Commitment in a given year, the Annual Salary Percentage for the Abatement in the following year will be two and one-half percent (2.5%).

6.6. Abatement Limitations.

6.6.1. The amount of real property taxes to be abated in a given year will not exceed one hundred fifty percent (150%) of the amount of the minimum Real Property Improvement Commitment and the Personal Property Improvement Commitment multiplied by the City's tax rate in effect for that same year. As a formula, this would be expressed as \$100,000,000 (minimum Property and Personal Property Commitments) x 1.5 x City's Tax Rate. The City and Company acknowledge that the Abatement cap is an annual cap and not an aggregate cap.

7. DEFAULT, TERMINATION AND FAILURE TO MEET VARIOUS DEADLINES AND COMMITMENTS.

7.1. Failure to Meet Real Property Improvement and Personal Property Commitments.

Notwithstanding anything to the contrary herein, if the Company does not meet both the Real Property Improvement Commitment and Personal Property Improvement Commitment, an Event of Default will occur and the City will have the right to terminate this Agreement, effective immediately, by providing written notice to Company without further obligation to Company hereunder.

7.2 Failure to Meet BEF Construction and Overall Employment Commitments.

If the Company does not meet the BEF Construction Commitment, or the Overall Employment Commitment in any given year, such event will not constitute an Event of Default hereunder or provide the City with the right to terminate this Agreement, but, rather, will only cause the percentage or amount of Abatement available pursuant to this Agreement to be reduced in accordance with this Agreement.

7.3 Forfeiture for Failure to Meet Annual Salary Commitment.

Notwithstanding anything to the contrary herein, if the Company fails to meet the Annual Salary Commitments in any year of the Compliance Auditing Term, an Event of Default will not occur, but the Abatement for that applicable year will be reduced by the percentage set forth in Section 6.5.

7.4. Knowing Employment of Undocumented Workers.

Company acknowledges that effective September 1, 2007, the City is required to comply with Chapter 2264 of the Texas Government Code, enacted by House Bill 1196 (80th Texas Legislature), which relates to restrictions on the use of certain public subsidies. *Company hereby certifies that Company, and any branches, divisions, or departments of Company, does not and will not knowingly employ an undocumented worker, as that term is defined by Section 2264.001(4) of the Texas Government Code. In the event that Company, or any branch, division, or department of Company, is convicted of a violation under 8 U.S.C. Section 1324a(f) (relating to federal criminal penalties and injunctions for a pattern or practice of employing unauthorized aliens) and such violation occurs during the Term of this Agreement:*

- if such conviction occurs during the Term of this Agreement, this Agreement will terminate contemporaneously upon such conviction (subject to any appellate rights that may lawfully be available to and exercised by Company) and Company must repay, within one hundred twenty (120) calendar days following receipt of written demand from the City, the aggregate amount of Abatement received by Company hereunder, if any, plus Simple Interest at a rate of two percent (2%) per annum based on the amount of Abatement received in each previous year as of December 31 of the tax year for which the Abatement was received; or*
- if such conviction occurs after expiration or termination of this Agreement, subject to any appellate rights that may lawfully be available to and exercised by Company, Company must repay, within one hundred twenty (120) calendar days following receipt of written demand from the City, the aggregate amount of Abatement received by Company hereunder, if any, plus Simple Interest at a rate of two percent (2%) per annum based on the amount of Abatement received in each previous year as of December 31 of the tax year for which the Abatement was received.*

For the purposes of this section, “Simple Interest” is defined as a rate of interest applied only to an original value, in this case the aggregate amount of Abatement. This rate of interest can be applied each year, but will only apply to the aggregate amount of Abatement and is not applied to interest calculated. For example, if the aggregate amount of Abatement is \$10,000 and it is required to be paid back with two percent (2%) interest five years later, the total amount would be $\$10,000 + [5 \times (\$10,000 \times 0.02)]$, which is \$11,000. This Section 7.6 does not apply to convictions of any subsidiary or affiliate entity of Company, by any franchisees of Company, or by a person or entity with whom Company contracts. Notwithstanding anything to the contrary herein, the parties agree that the Abatement is a “public subsidy” (as that term is defined in Section 2264.001, Texas Government Code) for the benefit of Company. This Section will survive the expiration or termination of this Agreement.

7.5. Foreclosure on Land or Required Improvements.

Subject to Section 11, the City will have the right to terminate this Agreement immediately upon provision of written notice to Company of any of the following events: (i) the conveyance of the Land or the Real Property Improvements pursuant to an action to foreclose or otherwise enforce a lien, mortgage or deed of trust on the Land or the Real Property Improvements; (ii) the involuntary conveyance to a third party of the Land or the Real Property Improvements; (iii) execution of any assignment of the Land or Real

Property Improvements or deed in lieu of foreclosure to the Land or Real Property Improvements; or (iv) appointment of a trustee or receiver for the Land or Real Property Improvements and such appointment is not terminated within one hundred twenty (120) calendar days after the appointment occurs.

7.6. Failure to Pay Taxes or Non-Compliance with Other Legal Requirements.

An Event of Default will occur if any ad valorem taxes owed to the City by Company becomes delinquent and Company does not timely and properly follow the legal procedures for protest or contest of any such ad valorem taxes, or Company is in violation of any material Legal Requirement due to any act or omission connected with Company's operations on the Land; provided, however, that an Event of Default will not exist under this provision unless Company fails to cure the applicable failure or violation within thirty (30) calendar days (or such additional time as may be reasonably required) after Company receives written notice of such failure or violation.

7.7. General Breach.

In addition to Sections 7.1 – 7.6 and subject to Section 7.4, an Event of Default under this Agreement will occur if either party breaches any term or condition of this Agreement, in which case the non-defaulting party must provide the defaulting party with written notice specifying the nature of the Default. Subject to Sections 7.1, 7.2, and 7.3, in the event that any Event of Default hereunder remains uncured after thirty (30) calendar days following receipt of such written notice (or, if the defaulting party has diligently and continuously attempted to cure following receipt of such written notice but reasonably requires more than thirty (30) calendar days to cure, then such additional amount of time as is reasonably necessary to effect cure, as determined by both parties mutually and in good faith), the non-defaulting party will have the right to terminate this Agreement, effective immediately, by providing written notice to the defaulting party.

7.11. Statutory Damages.

7.11.1 Company acknowledges and agrees that termination of this Agreement due to an Event of Default by Company will (i) harm the City's economic development and redevelopment efforts on the Land and in the vicinity of the Land; (ii) require unplanned and expensive additional administrative oversight and involvement by the City; and (iii) be detrimental to the City's general economic development programs, both in the eyes of the general public and by other business entities and corporate relocation professionals, and Company agrees that the exact amounts of actual damages sustained by the City therefrom will be difficult or impossible to ascertain.

7.11.2 Therefore, upon termination of this Agreement for any Event of Default, and as authorized by Section 312.205(b)(6) of the Code, Company must pay the City, as damages authorized by the Code, an amount equal to all taxes that were abated in accordance with this Agreement for each year in which an Event of Default existed and which otherwise would have been paid to the City in the absence of this Agreement.

7.11.3 The City and Company agree that the above-stated amount is a reasonable approximation of actual damages that the City will incur as a result of an uncured

Event of Default and that this Section 7.11 is intended to provide the City with compensation for actual damages, as authorized by the Code, and is not a penalty.

7.11.4 The above-stated amount may be recovered by the City through adjustments made to Company's ad valorem property tax appraisal by the appraisal district that has jurisdiction over the Land and over any taxable tangible personal property located thereon. Otherwise, this amount will be due, owing, and paid to the City within sixty (60) calendar days following the effective date of termination of this Agreement.

7.11.5 In the event that all or any portion of this amount is not paid to the City within sixty (60) days following the effective date of termination of this Agreement, Company will also be liable for all penalties and interest on any outstanding amount at the statutory rate for delinquent taxes, as determined by the Code at the time of the payment of such penalties and interest (currently, Section 33.01 of the Code).

8. INDEPENDENT CONTRACTOR.

It is expressly understood and agreed that Company will operate as an independent contractor in each and every respect hereunder and not as agents, representatives or employees of the City. As to the City, Company will have the exclusive right to control all details and day-to-day operations relative to the Land and any improvements thereon and will be solely responsible for the acts and omissions of their officers, agents, servants, employees, contractors, subcontractors, licensees and invitees. Company acknowledges that the doctrine of *respondeat superior* will not apply as between the City and Company, their officers, agents, servants, employees, contractors, subcontractors, licensees, and invitees. Company further agrees that nothing in this Agreement will be construed as the creation of a partnership or joint enterprise between the City and Company.

9. INDEMNIFICATION.

COMPANY, AT NO COST TO THE CITY, AGREES TO DEFEND, INDEMNIFY AND HOLD THE CITY, AND ITS RESPECTIVE OFFICERS, AGENTS SERVANTS, REPRESENTATIVES, AND EMPLOYEES, HARMLESS AGAINST ANY AND ALL CLAIMS, LAWSUITS, ACTIONS, COSTS AND EXPENSES OF ANY KIND, INCLUDING, BUT NOT LIMITED TO, THOSE FOR PROPERTY DAMAGE OR LOSS (INCLUDING ALLEGED DAMAGE OR LOSS TO COMPANY'S BUSINESS AND ANY RESULTING LOST PROFITS) AND PERSONAL INJURY, INCLUDING DEATH, THAT MAY RELATE TO, ARISE OUT OF OR BE OCCASIONED BY (i) COMPANY'S BREACH OF ANY OF THE TERMS OR PROVISIONS OF THIS AGREEMENT OR (ii) ANY NEGLIGENT ACT OR OMISSION OR INTENTIONAL MISCONDUCT OF COMPANY, ITS OFFICERS, AGENTS, ASSOCIATES, EMPLOYEES, CONTRACTORS (OTHER THAN THE CITY) OR SUBCONTRACTORS, RELATED TO THE REQUIRED IMPROVEMENTS; THE LAND AND ANY OPERATIONS AND ACTIVITIES THEREON; OR THE PERFORMANCE OR NON-PERFORMANCE OF THIS AGREEMENT OTHERWISE. THIS SECTION WILL SURVIVE ANY TERMINATION OR EXPIRATION OF THIS AGREEMENT.

10. NOTICES.

All written notices called for or required by this Agreement must be addressed to the following, or such other party or address as either party designates in writing, by certified mail, postage prepaid, or by hand delivery:

City: City of Fort Worth Attn: City Manager 200 Texas Street Fort Worth, Texas 76102 With copies to: City Attorney at the same address and the Director at: City of Fort Worth Attn: Director Economic Development 1150 South Freeway Fort Worth, Texas 76104	Company: MP Magnetics LLC Attn: Elliot D. Hoops General Counsel and Secretary Address: 6720 Via Austi Parkway, Suite 450 Las Vegas, NV 89119
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**11. EFFECT OF SALE OF LAND OR REQUIRED IMPROVEMENTS;
ASSIGNMENT AND SUCCESSORS.**

11.1. Company may assign this Agreement, and all or any of the benefits provided hereunder, without the consent of the City or the City Council to (a) an Affiliate that leases, owns or takes title to the Land and owns or leases any New Taxable Tangible Personal Property or (b) a successor to Company by merger or consolidation only if (i) prior to or contemporaneously with the effectiveness of such assignment, Company provides the City with written notice of such assignment, which notice must include the name of the Affiliate and a contact name, address and telephone number for the Affiliate, and (ii) the Affiliate agrees in writing to assume all terms and conditions of Company under this Agreement.

11.2. Otherwise, Company may not assign, transfer or otherwise convey any of its rights or obligations under this Agreement to any other person or entity without the prior consent of the City Council, which consent will not be unreasonably withheld, conditioned on (i) the proposed assignee or successor agrees and proceeds to lease or take title to the Land and any New Taxable Tangible Personal Property; (ii) the proposed assignee or successor is financially capable of meeting the terms and conditions of this Agreement; and (iii) prior execution by the proposed assignee or successor of a written agreement with the City under which the proposed assignee or successor agrees to assume and be bound by all covenants and obligations of Company under this Agreement. Any attempted assignment without the City Council's prior consent constitutes an Event of Default under this Agreement. Any lawful assignee or successor in interest of Company of all rights under this Agreement will be deemed "Company" for all purposes under this Agreement.

12. COMPLIANCE WITH LAWS, ORDINANCES, RULES AND REGULATIONS.

This Agreement is subject to all applicable Legal Requirements.

13. GOVERNMENTAL POWERS.

It is understood that by execution of this Agreement, the City does not waive or surrender any of its governmental powers or immunities.

14. SEVERABILITY.

If any provision of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired.

15. NO WAIVER.

The failure of either party to insist upon the performance of any term or provision of this Agreement or to exercise any right granted hereunder will not constitute a waiver of that party's right to insist upon appropriate performance or to assert any such right on any future occasion.

16. VENUE AND CHOICE OF LAW.

If any action, whether real or asserted, at law or in equity, arises on the basis of any provision of this Agreement, venue for such action will lie in state courts located in Tarrant County, Texas or the United States District Court for the Northern District of Texas – Fort Worth Division. This Agreement will be construed in accordance with the laws of the State of Texas.

17. NO THIRD PARTY RIGHTS.

The provisions and conditions of this Agreement are solely for the benefit of the City and Company, and any lawful assignee or successor of Company, and are not intended to create any rights, contractual or otherwise, to any other persons or entities.

18. FORCE MAJEURE.

It is expressly understood and agreed by the parties to this Agreement that if the performance of any obligations hereunder is delayed by reason of war, government action or inaction, orders of the government, epidemics, pandemics, civil commotion, acts of God, strike, inclement weather, shortages or unavailability of labor or materials, unreasonable delays by the City (based on the then-current workload of the City department(s) responsible for undertaking the activity in question) in issuing any permits, consents, or certificates of occupancy or conducting any inspections of or with respect to the Land, Real Property Improvements, Personal Property Improvements, or other circumstances that are reasonably beyond the control of the party obligated or permitted under the terms of this Agreement to do or perform the same, regardless of whether any such circumstance is similar to any of those enumerated or not, the party so obligated or permitted will be excused from doing or performing the same during such period of delay, so that the time period applicable to such design or construction requirement and the Completion Deadline will be extended for a period of time equal to the period such party was delayed. Notwithstanding anything to the contrary herein, it is specifically understood and agreed that any failure to obtain adequate financing necessary to meet the Real Property Improvement Commitment or the Personal Property Improvement Commitment will not be deemed to be an event of force majeure and will not operate to extend the Completion Deadline in such an event.

19. INTERPRETATION.

In the event of any dispute over the meaning or application of any provision of this Agreement, this Agreement will be interpreted fairly and reasonably, and neither more strongly for or against any party, regardless of the actual drafter of this Agreement. In the event of any conflict between the body of this Agreement and the Applications, the body of this Agreement will control.

20. CAPTIONS.

Captions and headings used in this Agreement are for reference purposes only and will not be deemed a part of this Agreement.

22. COUNTERPARTS.

This Agreement may be executed in multiple counterparts, each of which will be considered an original, but all of which will constitute one instrument.

23. BONDHOLDER RIGHTS.

The Real Property Improvements will not be financed by tax increment bonds. This Agreement is subject to the rights of holders of outstanding bonds of the City.

24. CONFLICTS OF INTEREST.

Neither the Land nor any improvements thereon are owned or leased by any member of the City Council, any member of the City Plan or Zoning Commission or any member of the governing body of any taxing unit with jurisdiction in the Zone.

25. ELECTRONIC SIGNATURES

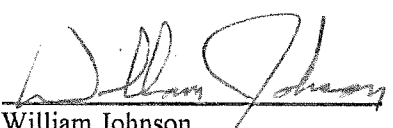

This Agreement may be executed by electronic signature, which will be considered as an original signature for all purposes and have the same force and effect as an original signature. For these purposes, "electronic signature" means electronically scanned and transmitted versions (e.g. via pdf file or facsimile transmission) of an original signature, or signatures electronically inserted via software such as Adobe Sign.

26. ENTIRETY OF AGREEMENT.

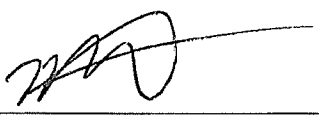
This Agreement, including any exhibits attached hereto and any documents incorporated herein by reference, contains the entire understanding and agreement between the City and Company, and any lawful assign and successor of Company, as to the matters contained herein. Any prior or contemporaneous oral or written agreement is hereby declared null and void to the extent in conflict with any provision of this Agreement. Notwithstanding anything to the contrary herein, this Agreement will not be amended unless executed in writing by both parties and approved by the City Council of the City in an open meeting held in accordance with Chapter 551 of the Texas Government Code.

EXECUTED as of the last date indicated below:

[SIGNATURES IMMEDIATELY FOLLOW ON NEXT THREE (3) PAGES]

CITY:	MP MAGNETICS LLC A Delaware limited liability company
By:  William Johnson Assistant City Manager	By:  Name: Elliot D. Hoops Title: General Counsel and Secretary
Date: <u>09/14/22</u>	Date: <u>September 1, 2022</u>

FOR CITY OF FORT WORTH INTERNAL PROCESSES:

Approval Recommended: By:  Name: Robert Sturns Title: Director, Economic Development	Contract Compliance Manager: By signing I acknowledge that I am the person responsible for the monitoring and administration of this contract, including ensuring all performance and reporting requirements.
---	---

Approved as to Form and Legality:

By:

Name: ~~Tyler F. Wallach~~ *John Strong*
Title: Assistant City Attorney

Contract Authorization:

M&C: 22-0068 (Jan. 25, 2022)

Form 1295: 2021-825886

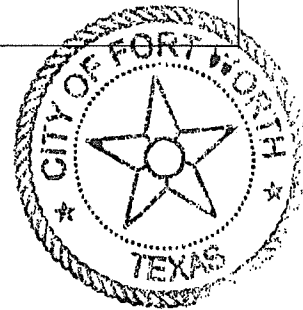
By:

Name: *Kelly N. Baggett*
Title: Innovation Coordinator

City Secretary:

By:

Name: *Jannette Goodall*
Title: City Secretary



OFFICIAL RECORD
CITY SECRETARY
FT. WORTH, TX

STATE OF TEXAS §

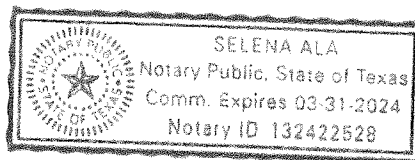
COUNTY OF TARRANT §

BEFORE ME, the undersigned authority, on this day personally appeared **William Johnson**, Assistant City Manager of the **CITY OF FORT WORTH**, a municipal corporation organized under the laws of the State of Texas, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of the **CITY OF FORT WORTH**, that he was duly authorized to perform the same by appropriate resolution of the City Council of the City of Fort Worth and that he executed the same as the act of the **CITY OF FORT WORTH** for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 16th day of September, 2022.

Selena Ala
Notary Public in and for
the State of Texas

Selena Ala
Notary's Printed Name



MP MAGNETICS LLC
a Delaware limited liability company:

STATE OF NEVADA §

COUNTY OF CLARK §

BEFORE ME, the undersigned authority, on this day personally appeared **Elliot D. Hoops**, General Counsel and Secretary of **MP MAGNETICS LLC**, a Delaware limited liability company, 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 **MP MAGNETICS LLC**.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 1st day of September, 2022.

Donna Whitfield
Notary Public in and for
the State of Nevada

Donna Whitfield
Notary's Printed Name

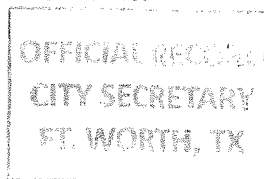
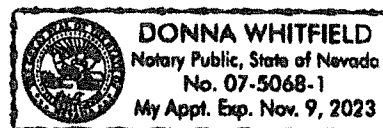


EXHIBIT A
DESCRIPTION AND MAP DEPICTING THE LAND



EXHIBIT C
TAX ABATEMENT APPLICATIONS



Economic Development Incentive Application

Economic Development Department
1150 South Freeway
Fort Worth, Texas 76104
(817) 871-6021

Incentive Application

I. APPLICANT INFORMATION

Date: Nov 18, 2021

Company Name: MP Magnetix LLC

Company Address: 6720 Via Austi Parkway, Suite 450

City: Las Vegas

State: Nevada

Zip: 89119

Contact Person: Adam Johnson

Title/Position: VP-Corporate Development and Strategy

Telephone Number: 702-389-6424

Mobile Telephone Number: 847-436-9881

Fax Number: n/a

E-Mail Address: ajohnson@mpmaterials.com

1. If the applicant represents a Company: (If a Developer and not a Company, proceed to #2.)

A. Company Ownership (check one): ☐ Publicly Traded Stock ☒ Privately Held

B. Form of Business (choose one): Partnership

C. How long has the company been in operation (Years)? 1

D. Company Industry: NAICS 332999 - All Other Miscellaneous Fabricated Metal Product Manufacturing

E. Describe the Company's principal business:

MP Magnetix LLC's primary business is to manufacture rare earth magnets and related materials. MP Magnetix LLC is a subsidiary of MP Materials Corp. (NYSE:MP), which specializes in mining and refining rare earth metals. MP Materials Corp.'s open-pit mine in California is the only rare earth metal mining and processing facility in the United States, accounting for approximately 15% of the world's supply of rare earth metals in 2020.

F. Describe the Company's international presence, if any:

MP Magnetix LLC does not currently have an international presence but may have an international presence in the future. That international presence may include company-owned international facilities.

G. Describe the Company's corporate citizenship practices:

Sustainability is core to our mission. We believe our Mountain Pass rare earth metals mine is the world's cleanest, most environmentally conscious rare earth facility. We endeavor to advance 11 of the United Nations' 17 Sustainable Development Goals, across areas including clean energy, green mining, ownership culture and employee empowerment, and securing of strategic resources.

2. If the applicant represents a Developer:

A. Describe the Developer's experience and background. Please include similar projects that you have constructed including the project type and location (attach additional sheets as necessary):

Not applicable.

B. Development Partners (Architect, Engineering Team, Interior Design, General Contract, etc.)

Not applicable.

III. PROJECT INFORMATION

Please include below the project description, project benefits and how the project positively impacts the community. Any incentives given by the City should be considered only "gap" financing and should not be considered a substitute for debt and equity. However, **the City is under no obligation to provide gap financing just because a gap exists.** In order for a Company or Developer to be eligible to receive incentives for a project, the Company/Developer:

- A. Must complete and submit this application and the application fee to the City;
- B. Company/Developer or Company/Developer's principals must not be delinquent in paying property taxes for any property owned in Fort Worth;
- C. Company/Developer or Company/Developer's principals must not have ever been subject to the City of Fort Worth's Building Standards Commission's Review;
- D. Company/Developer or Company/Developer's principals must not have any City of Fort Worth liens filed against any other property owned by the applicant property owner/developer. "Liens" includes, but is not limited to, weed liens, demolition liens, board-up/open structure liens and paving liens.

1. Project Description (attach additional sheets as necessary):

MP Magnetics LLC is evaluating an expansion of its business operations into either the Greater Dallas/Fort Worth or Chicago markets. MP Magnetics LLC expects to buy land and construct an approximately 250,000 square foot facility to include a headquarters, development center, and commercial manufacturing. The company intends to hire approximately 90 new employees to work at the facility. Of those 90 employees, approximately 20 will be classified as management or engineering positions, and the other 70 employees will be classified as advanced manufacturing positions.

2. In what way will the project benefit the surrounding area or serve as a catalyst for additional development and/or business opportunities for the local economy (i.e. attract suppliers or customers)?

This project will positively affect the surrounding area by creating 90 high-quality jobs and investing \$100 million in a new building, machinery, and equipment. Furthermore, the company will increase the supply chain for rare earth materials and associated products, creating growth opportunities for rare earth metal processing, fabrication, research, and development in the Fort Worth area.

3. Describe how the project positively impacts the community.

In addition to the benefits outlined above, the job creation associated with this project will have a compounding effect on new jobs and wages in the area. According to JobsEQ, economic modeling for 90 new direct jobs indicates a compounding effect of 39 indirect and induced jobs equating to an additional \$7.77 million in total compensation within the region.

III. PROJECT DETAILS

1. Proposed Project Site Address: 13840 Independence Parkway, Fort Worth, TX 76177

2. Proposed Project Site Land Size (Acres): 17.63 acres

3. Will environmental remediation be required? No

4. Is this an existing facility or will a new facility be constructed? ☒ New ☐ Existing

A. If new, what is the construction: Anticipated Start Date: 2/2022 Anticipated Completion Date: 11/2022

B. If existing, is this an adaptive reuse? _____

5. Type of Project (choose one): Commercial/Industrial

6. Building Area (Square Feet) Requirements:

(a) Office 37,500

(b) Manufacturing 218,400

(c) Warehouse _____

(d) Showroom/Retail _____

(e) Other 2,500

Total Area (a+b+c+d+e): 258,400 SF

7. Will this facility be LEED certified, and if so, at what level? Yes

8. Public open space included within the proposed project site: No SF/Acres

III. PROJECT DETAILS (Continued)

9. If the applicant represents a Company; (If a Developer and not a Company, proceed to #10.)

A. Is the Company expanding its existing local operations or relocating its operations from somewhere else to our area?

☐ Expansion ☒ Relocation

B. If a relocation, where is the company currently located? Las Vegas, Nevada

C. Does the company plan to lease or own the facility in Fort Worth? ☐ Lease ☒ Own

D. If the company is planning to lease space in Fort Worth, what is the lease term? _____ Years

E. Describe the specific operations and services to be provided or products to be manufactured at the proposed Fort Worth facility (attach additional sheets as necessary):

If Fort Worth is selected for the project, the company will construct a 250,000 square foot facility to include a headquarters, development center (product, process, and applications), and commercial manufacturing. This facility will house the core business functions of the company as well as research and development for product development and application testing. Furthermore, the site will include a low-volume manufacturing facility with small-scale production capabilities for the company's various products.

10. Development requests that will be sought for the project (select all that apply):

☐ Replat

☐ Rezoning Current Zoning: K Heavy Ind. Requested Zoning: _____

☐ Variances If yes, please describe: _____

☐ Downtown Design Review Board

☐ Landmark Commission

☐ Public Infrastructure Assistance

11. Real Estate Investment

A. Current Assessed Valuation of: Land \$ 793,350 Improvements \$ 0

B. Total Construction Costs: \$ 40,000,000

C. Hard Construction Costs: \$ 35,000,000

12. Business Personal Property and Inventory

A. Business Personal Property

Total investment on equipment, machinery, furnishing, etc.: \$ 60,000,000 ☐ Lease ☒ Purchase

*Estimated taxable value of equipment, machinery, furnishing, etc.: \$ 60,000,000

*This is the value that will be on the tax rolls which includes all tangible property.

B. Inventory and Supplies

Value of Inventory: \$ 10,400,000 Value of Supplies: \$ 13,300,000

Percent of inventory eligible for Freeport Exemption (inventory, exported from Texas within 175 days) _____ %

13. Total Capital Investment (Real Estate and Business Personal Property): \$ 100,000,000

IV. EMPLOYMENT AND JOB CREATION

On the Project Site

1. How many persons are currently employed? 0

2. What percent of current employees above are Fort Worth residents? _____ %

3. What percent of current employees above are Central City residents? _____ %

IV. EMPLOYMENT AND JOB CREATION (Continued)

4. Please complete the following table for new jobs to be created from direct hire by applicant.

	Currently	At Completion	Estimated By Fifth Year	Estimated By Tenth Year
Retained Jobs	0	0	0	0
New Jobs to be Created	0	90	90	90
Total Jobs at Project Site	0	90	90	90
% of Net Jobs to be filled by Fort Worth Residents	0%	20%	20%	20%
% of Net Jobs to be filled by Central City residents	0%	10%	10%	10%

5. Please attach a description of the jobs to be created, tasks to be performed for each and wage rate for each classification.

6. Does the applicant provide the following benefits: ☒ Retirement ☒ Health ☒ Dental ☐ Domestic Partner

7. Average wage paid to employees to be located at the project site: \$ 80,000

8. Describe the Company's talent recruitment efforts:

MP Magnetics LLC will post available positions on its website as well as with other popular job aggregation services, including Indeed, LinkedIn, and Monster. Furthermore, the company will partner with regional and local education providers such as community colleges, universities, and trade schools as sources of talent recruitment and ongoing skills development. The company will also work with the City of Fort Worth to identify any ongoing talent gaps or skills training deficiencies.

V. INCENTIVES REQUEST

Incentive(s) Requested: ☒ Tax Abatement ☐ Chapter 380 Economic Development Program Grant

Do you intend to pursue abatement of County taxes? ☒ Yes ☐ No

If requesting a Tax Abatement, please refer to the Tax Abatement Policy for a comprehensive explanation of eligibility requirements.

VI. LOCAL COMMITMENTS

During Construction

1. What percent of the total construction costs described in Section III, Question 11 will be committed to:

A. Fort Worth businesses? 25 %

B. Fort Worth Certified Minority and Women Business Enterprises? 5 %

For Annual Supply and Service Needs

Regarding discretionary supply and service expenses (i.e landscaping, office or manufacturing supplies, janitorial services, etc., excluding utilities):

2. What is the annual amount of discretionary supply and service expenses? \$ 2,250,000

3. What percentage will be committed to Fort Worth businesses? 25

4. What percentage will be committed to Fort Worth Certified Minority and Women Business Enterprises? 5

VII. DISCLOSURES

Is any person or firm receiving any form of compensation, commission or other monetary benefit based on the level of incentive obtained by the applicant from the City of Fort Worth? If yes, please explain and/or attach details.

The company has retained a site selection firm, Ginovus, LLC, to assist the company with the process of selecting a location for its new facility. As part of the site selection process, Ginovus is assisting the company with the incentive approval and compliance management process.

VIII. ADDITIONAL INFORMATION (TO BE ATTACHED)

These documents must be submitted with the application, otherwise the application will be deemed incomplete and will not be reviewed:

- a.) Attach a site plan of the project.
- b.) Explain why incentives are necessary for the success of this project. Include a business pro-forma or other documentation to substantiate your request.
- c.) Describe any environmental impacts associated with this project.
- d.) Describe the infrastructure improvements (water, sewer, streets, etc.) that will be constructed as part of this project.
- e.) Attach a talent recruitment plan, if applicable.
- f.) Attach a legal description or surveyor's certified metes and bounds description.
- g.) Attach a copy of the most recent property tax statement from the appropriate appraisal district for all parcels involved in the project.
- h.) Attach a brief description of the employee benefit package(s) offered (i.e. health insurance, retirement, public transportation assistance, day care provisions, etc.) including portion paid by employee and employer respectively.
- i.) Attach a plan for the utilization of Fort Worth Certified M/WBE companies.
- j.) Attach a listing of the applicant's Board of Director's, if applicable.
- k.) Attach a copy of Incorporation Papers noting all principals, partners, and agents and all Fort Worth properties owned by each.
- l.) Attach the purchasing representative's company contact information if known.

The company is responsible for paying \$5,000 as an application fee. If the application is withdrawn before the project is presented to City Council in Executive Session, the fee is refunded. Upon presentation to City Council in Open Session, \$2,000 is non-refundable and is applied to offset costs incurred by the Economic Development Department. Upon approval by City Council, the balance of \$3,000 can be credited towards required building permits, inspections fees, replating fees, and other costs of doing business with the City related to the development. Any unused credit balance upon completion of the project will be refunded upon request from the company.

IX. CERTIFICATION

On behalf of the applicant, I certify the information contained in this application, including all attachments to be true and correct. I further certify that, on behalf of the applicant, I have read the current Incentive Policy and all other pertinent City of Fort Worth policies and I agree with the guidelines and criteria state therein.

Printed Name: Elliot D. Hoops

Title: General Counsel

Date: Nov 18, 2021

Signature: Elliot D. Hoops

Digitally signed by Elliot D. Hoops
Date: 2021.11.18 10:04:05 -0500

[Submit by E-mail](#)

[Print Form](#)

[Previous Page](#)

CITY COUNCIL AGENDA



Create New From This M&C

DATE: 1/25/2022 **REFERENCE NO.:** M&C 22-0068 **LOG NAME:** 17MPMAGNETICSTA
CODE: C **TYPE:** NON-CONSENT **PUBLIC HEARING:** NO
SUBJECT: (CD 7) Authorize Execution of a Seven-Year Tax Abatement Agreement with MP Magnetics LLC, or Affiliates, for the Development of a 200,000 Square Foot Corporate Office and Manufacturing Facility Having a Cost of at Least \$100 Million, Located at 13840 Independence Parkway in Tax Abatement Reinvestment Zone No. 103, City of Fort Worth, Texas

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize the execution of a seven-year Tax Abatement Agreement with MP Magnetics LLC, or Affiliates, for the development of a 200,000 square foot corporate office and manufacturing facility having a cost of at least \$100 million, located at 13840 Independence Parkway in Tax Abatement Reinvestment Zone No. 103, City of Fort Worth, Texas; and
2. Find that the terms of, and the property subject to, the Tax Abatement Agreement meet the criteria and guidelines set forth in the City of Fort Worth's General Tax Abatement Policy (Resolution No. 5337-01-2021).

DISCUSSION:

MP Magnetics LLC is a company that manufactures rare earth materials. Founded in 2017, the company is based in Las Vegas, Nevada. MP Magnetics LLC is rapidly expanding its presence and market share in the United States (U.S). In addition to advanced manufacturing, functions within the City of Fort Worth (City) facility will include housing the North American headquarters operations as well as product design and prototyping.

Following a multi-state site selection process, an existing facility located at 13840 Independence Parkway (Project Site) in Fort Worth was identified for the 200,000 square foot manufacturing location. The property will be owned by MP Magnetics LLC or an Affiliate (MP Magnetics).

In order to facilitate the establishment of MP Magnetic's U.S. headquarters, the City proposes to provide seven annual tax abatements to MP Magnetics with an estimated total value of \$2,762,300.00. The tax abatement will be tied to the amount of investment made by MP Magnetics and satisfaction of other project and spending requirements, as follows:

Investment:

1. MP Magnetics must expend a minimum of \$40,000,000.00 in total construction costs at the Project Site on or before December 31, 2023;
2. MP Magnetics must locate taxable business personal property (BPP) that is new to the City at the Project Site having a minimum taxable appraised value of \$60,000,000.00 by January 1, 2024; and
3. MP Magnetics will be required to spend 15 percent of hard and soft construction costs with contractors that are Business Equity Firms. Failure to meet this requirement will result in a reduction of the grant by 10 percent.

MP Magnetics must provide a minimum of 30 full-time jobs on the Project Site by December 31, 2023 and maintain a minimum total of 30 full-time jobs on the at the Project Site for the term of the agreement.

Average annual salary for all full-time jobs must be a minimum of \$80,390.00. Salary includes direct pay and planned bonuses, but not benefits, expense reimbursements, or discretionary bonuses.

City Commitments:

1. The City will enter into a Tax Abatement Agreement with MP Magnetics for a term of seven years;
2. A percentage of MP Magnetics abatement will be tied directly to its ability to provide a minimum of number of full-time jobs at the Project Site by certain dates. At a minimum, MP Magnetics must provide 30 full-time jobs on the Project Site on or before December 31, 2023 and retain such jobs throughout the term of the Agreement. The abatement percentage will graduate up if Company meets the minimum annual employment thresholds set forth in the table below Failure to meet the employment commitment will result in a reduction of the corresponding component of the abatement for that year proportional to the amount the commitment was not met.
3. The amount of real property and BPP taxes to be abated in a given year will be equal to up to sixty percent (60\%) of the incremental value of the property as determined by the Tarrant Appraisal District multiplied by the applicable tax rate for the year. At no time will the cumulative amount of the abatement exceed the lesser of (i) \$2,762,300.00 or (ii) one hundred fifty percent (150\%) of the amount of the minimum capital investment expenditure for the Real Property Improvements and BPP. The percentage abatement will be calculated per the table below; and
4. The first year in which MP Magnetics will be eligible to receive a tax abatement is the 2024 tax year, based on MP Magnetic's compliance with minimum construction costs for the development and compliance with all other commitments during 2023.

TABLE - Maximum Potential Abatement with Corresponding Components:

Property Owner or Company Commitment	Year 1 Potential Abatement	Year 2 Potential Abatement	Year 3 Potential Abatement
Base Commitment:			
Real and Business Personal Property Investment = \$100M	5.0 percent	5.0 percent	5.0 percent
BEF Commitments (15\% of Total Construction Costs)	10.0 percent	10.0 percent	10.0 percent
Annual Commitments:			
Average Annual Salary for 30-90 Full-Time Jobs > \$80,390.00	2.5 percent	2.5 percent	2.5 percent
Overall Employment>=30 (as applicable)	2.5 percent	2.5 percent	2.5 percent
Overall Employment>=60 (as applicable)	-	20.0 percent	20.0 percent
Overall Employment >= 90 (as applicable)	-	-	20.0 percent
Total	20.0 percent	40.0 percent	60.0 percent

This project is located in COUNCIL DISTRICT 7.

FISCAL INFORMATION/CERTIFICATION:

The Director of Finance certifies that approval of this agreement will have no material effect on the

Fiscal Year 2022 Budget. While no current year impact is anticipated from this action, any effect on expenditures and revenues will be budgeted in future Fiscal Years and will be included in the long-term financial forecast.

TO

Fund	Department ID	Account	Project ID	Program	Activity	Budget Year	Reference # (Chartfield 2)	Amount
------	---------------	---------	------------	---------	----------	-------------	----------------------------	--------

FROM

Fund	Department ID	Account	Project ID	Program	Activity	Budget Year	Reference # (Chartfield 2)	Amount
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Submitted for City Manager's Office by:

Jay Chapa (5804)

Originating Department Head:

Robert Sturns (2663)

Additional Information Contact:

Robert Sturns (2663)

Kelly Baggett (2617)

ATTACHMENTS

MP Magnetics - Form 1295 - Executed.pdf (CFW Internal)

TARZ103_map.pdf (Public)

EXHIBIT "C"

TARRANT COUNTY TAX ABATEMENT APPLICATION



Tarrant County

Application for Tax Abatement/ Reinvestment Zone

I. APPLICANT INFORMATION

Applicant/ Property Owner: MP Magnetix LLC

Company/Project Name: MP Magnetix LLC

Mailing Address: 6720 Via Austi Parkway, Suite 450 Las Vegas, NV 89119

Telephone: 702-844-6111 Fax:

Applicant's Representative for contact regarding abatement request: Ginovus, LLC

Name and Title: Chad Sweeney, Senior Principal

Mailing Address: 9 Municipal Drive, Suite 1, Fishers, IN 46038

Telephone: 317-819-4415 Fax: E-mail: chad@ginovus.com

II. PROPERTY AND PROJECT DESCRIPTION

Address and legal description of property to be considered for Tax Abatement/ Reinvestment Zone:

The property is located at 13840 Independence Parkway, Fort Worth, TX 76177. Being Lot 3, Block 2, in ALLIANCE GATEWAY ADDITION, an Addition to the City of Fort Worth, Tarrant County, Texas, according to the Plat thereof recorded in Cabinet A, Slide 12597. Plat Records, Tarrant County, Texas. Project Description: See attached.

Description of activities, products, or services produced and/or provided at project location: See attached.

Current Assessed Value: Real Property: \$793,350 Personal Property: \$ 0

Estimated start date of construction/ site improvements: 3/1/2022

Projected date of occupancy/commencement of operations at project site: 11/1/2022

Please indicate dates for phases if applicable:

Location of existing company facilities: Las Vegas, Nevada (Corporate HQ) and Mountain Pass, CA (Mining Operations) Requested level of Tax Abatement: 50 % of eligible property for 7 years.

Explain why tax abatement is necessary for the success of this project. Include business pro-formas or other information to substantiate your request. See attached.

III. PROJECTED VALUE OF IMPROVEMENTS

Estimated Value of Real Property Improvements \$ 40 million

Estimated Value of Personal Property Improvements \$ 60 million

Will any infrastructure improvements (roads, drainage, etc.) be requested of Tarrant County for this project?

Yes

No

If yes, describe requested infrastructure improvements:

Detail any direct benefits to Tarrant County as a result of this project (i.e., inventory tax, etc.): Real and personal

property tax, inventory tax, and the creation of 90 new jobs. According to JobsEQ, economic modeling for 90 direct new jobs indicates a compounding effect of 39 indirect and induced jobs equating to an additional \$7.77 million in total compensation within the region.

IV. EMPLOYMENT IMPACT AT PROJECT LOCATION

A. NEW EMPLOYMENT

Projected number of new jobs created as a result of the proposed improvements:

Full-time 90

Part-Time 0

Provide types of jobs created and average salary levels: \$80,000

Start date and annual payroll of new permanent positions (if positions to be phased in, provide figures for each phase year): Year 1: 30 jobs at \$2.4 million Year 2: 30 cumulative jobs at \$4.8 million Year 3: 90 cumulative jobs at \$7.2 million

Percentage of new jobs too be filled be Tarrant County residents: 25

Number of employees transferring from other company locations: 5

B. CONSTRUCTION RELATED EMPLOYMENTS

Estimated 9.5 construction jobs per \$1 million in real property investment,

Projected number of construction related jobs: or 380 jobs. 0/0

Estimated total construction payroll: \$ 15,618,000

Commitment as to percentage of construction dollars to be spent with Tarrant County contractors or subcontractors: 25

Commitment as to percentage & total dollars of construction contracts to be awarded to DBE: 5

C. CURRENT COMPANY/PROJECT LOCATION EMPLOYMENT

Current Number of Employees: Full-time 0 Part-time 0

Average annual payroll: \$ 0

Detail on workforce diversity — percentage breakdown of current employees by gender and ethnicity: N/A

D. COMPANY SPONSORED HEALTH CARE BENEFITS ARE AVAILABLE

Full-time Employees Part-time Employees Employee Dependents Not Available

Average monthly employee cost for health care benefits: Individual: \$62.32 Family: \$338.05

Other employee benefits provided or offered: Paid time off, 401(k) with matching contributions, dental and vision insurance coverage.

V. LOCAL BUSINESS & DISADVANTAGED BUSINESS ENTERPRISES (DBE) IMPACT

Estimated amount of annual supply and services expenses: \$ 10,400,000

Detail any supply/ services expenses that are sole source:

Percentage of total supplier/ services expenses committed to Tarrant County businesses: 25

Percentage of total supplier and services expenses committed to DBE: 5

VI. ENVIRONMENTAL IMPACT OF PROJECT

Indicate if development, construction, equipment, distribution methods, and/or operational processes may impact the environment in the following areas, attach detail if necessary: See attached.

Air Quality Water Quality Solid Waste Disposal Storm/Water Runoff
Floodplain/Wetlands Noise levels Other (specify)

Provide detail on existing and new fleet vehicles, specifying types of vehicles, quantities and fuel used (gasoline, diesel, LP gas, CNG, etc.):

VII. ADDITIONAL INFORMATION (TO BE ATTACHED)

Letter addressing Economic Qualifications and additional criteria for abatement, Section III (h) and (i) of Tarrant County Tax Abatement Policy

Descriptive list and value of real and personal property improvements

Plat/Map of Project Location

Project Time Schedule

Owner's policy regarding use of disadvantaged Business Enterprises

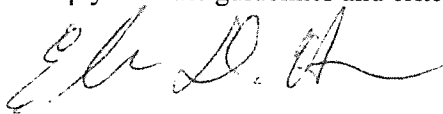
Owner's policy addressing regional air quality/non-attainment status (use of alternative fuels, employee trip reduction, etc.) and plan for participation in regional Ozone Action Program

Tax Certificate showing property taxes paid for most recent year

VIII. CERTIFICATION

Upon receipt of a completed application, Tarrant County may require such financial and other information as may be deemed appropriate for evaluating the financial capacity and other factors of the applicant.*

I certify the information contained in this application (including all attachments) to be true and correct to the best of my knowledge. I further certify that I have read the "Tarrant County Tax Abatement Policy" and agree to comply with the guidelines and criteria stated therein.



General Counsel

Signature

Title

Elliot D. Hoops

January 24, 2022

Printed Name

Date

Return completed application and attachments to:

Economic Development Coordinator
Tarrant County Administrator's Office
100 E. Weatherford Street, Suite 404
Fort Worth, Texas 76196-0609

You may also forward an electronic copy of the completed report to:

Imcmillan@tarrantcounty.com

Please note that if you do submit this form electronically, you must also submit an original hard copy of the report to the above stated physical address for proper filing and review.

For assistance call: (817) 884-2643

As per Section IV (f) of the Tarrant County Tax Abatement Policy Guidelines and Criteria, this application must be filed prior to commencement of construction or installation of improvements in order to be eligible for County tax abatement.



MP MATERIALS

What follows are application responses and attachments regarding the Tarrant County Application for Tax Abatement/ Reinvestment Zone filed on behalf of MP Magnetism LLC, a subsidiary of MP Materials Corp.

1) Project Description

MP Magnetism LLC, a subsidiary of MP Materials Corp. (NYSE: MP) intends to expand its business operations in Tarrant County, Texas. The company will purchase land and construct a new building approximately 250,000 square feet in size, and will hire approximately 90 new employees. Of those 90 employees, approximately 20 will be classified as management or engineering positions, and the other 70 employees will be classified as advanced manufacturing positions.

2) Description of activities, products, or services produced and/or provided at project location

MP Magnetism LLC's primary business is to manufacture rare earth magnets and related materials. The company's parent, MP Materials Corp., operates the only open-pit, rare earth metal mining and processing facility in the United States, accounting for approximately 15% of the world's supply of rare earth metals in 2020. The expansion facility in Tarrant County would include a headquarters, product development center, and commercial manufacturing plant in support of the development of consumer products that utilize rare earth magnets.

3) Explain why tax abatement is necessary for the success of this project. Include business pro-formas or other information to substantiate your request.

This project involved a thorough evaluation of several potential sites, including two sites in Texas and one site in Illinois. As such, the availability of economic development incentives was material to the company's location decision, and tax abatement was necessary to ensure the Fort Worth site remained the preferred choice among the company's three options. As a subsidiary of a publicly-traded company, MP Magnetism LLC is unable to provide forwardlooking financial statements or pro formas associated with its request for incentives.



MP MATERIALS

- 4) Indicate if development, construction, equipment, distribution methods, and/or operational processes may impact the environment.

Sustainability is core to our Mission. We believe Mountain Pass, the rare earth minerals mine operated by MP Materials, is the world's cleanest, most environmentally conscious rare earth facility. We endeavor to advance 11 of the United Nations' 17 Sustainable Development Goals,

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across areas including clean energy, green mining, ownership culture and employee empowerment, and securing of strategic resources. MP Magnetics LLC will continue this culture of sustainability in the design and construction of any facility in Fort Worth. The design of any facility has not been finalized, therefore, the precise environmental impacts have yet to be calculated. MP Magnetics LLC will take reasonable steps to mitigate any environmental impacts. MP Magnetics LLC anticipates the following potential environmental impacts for its facility:

0 Air — We expect that the processes and the emissions controls to be implemented will make our facility eligible for Permit by Rule for air quality permits.

- Water — We expect our manufacturing to produce some treated process water, most of which will be recycled back into the process. We do not expect any treated process water to have a material impact on local water resources.

0 Solid Waste — We expect our manufacturing process to produce some waste material, most of which will be recycled back into the process. Any waste material that cannot be recycled back into the process will be disposed of pursuant to applicable rules and regulations and, when necessary, by appropriately licensed contractors or consultants.

- 5) Letter addressing Economic Qualifications and additional criteria for abatement, Section III(h) and (i) of Tarrant County Tax Abatement Policy

MP MATERIALS

Section III(h)-(i) of the Tarrant County Tax Abatement Policy sets forth the requirements for a new business to be eligible for tax abatement. MP Magnetics has reviewed the policy and intends to comply with the provisions therein, summarized as follows:

- The company will produce a minimum added value of \$5 million in real and personal property and create a minimum of 25 full-time jobs.
- At least 25% of new hires will be Tarrant County residents.
- The company will utilize Tarrant County businesses for a minimum of 25% of its construction contracts and annual supply and service contracts.
- The company will provide environmental impact information noting anticipated impacts of the project on the environment.
- The company will offer health benefits to its full-time employees and will allow access to the plan by the employees' dependents.

6) Descriptive list and value of real and personal property improvements

Real Property Improvements: \$40 million capital investment in the construction of a new, 250,000 square foot building.



Personal Property Improvements: \$60 million capital investment in the procurement and installation of machinery and equipment. Such investment will include office and laboratory equipment in support of key office functions, research and development, and engineering. The project will also include machinery for sorting, processing, crushing, extruding, and refining rare earth materials.

7) Plat/ Map of Project Location

Map attached hereto as Exhibit A.

8) Project Time Schedule

Estimated Start of Construction: March 2022



Estimated Date of Occupancy: November 2022

Hiring Schedule: Employees will be hired in tranches over a three-year period beginning November 2022 and ending October 2025. The company expects to hire approximately 30 new employees per year for a total of 90 net new jobs,

9) Owner's policy regarding use of disadvantaged Business Enterprises

MP Magnetics LLC is committed to increasing diversity, equity, and inclusion in the Fort Worth region, including the support of Minority and Women Business Enterprises operating in the community. The company will work with the City and the County to identify potential sources of goods and services from M/WBEs while considering all relevant factors, including community impact, cost, quality, and availability.

10) Owner's policy addressing regional air quality/non-attainment status (use of alternative fuels, employee trip reduction, etc.) and plan for participation in regional Ozone Action Program.

MP Magnetics is currently in the process of developing a non-attainment policy and a plan for participation in the Ozone Action Program in coordination with the design and construction of the facility.



11) Tax Certificate showing property taxes paid for most recent year

Tax Certificate attached hereto as Exhibit B.

MP MATERIALS

O

MP Magnetics LLC
Tarrant County - Application for Tax
Abatement

Exhibit A

Plat/Map of Project Location



Approximate boundaries of TARZ 103



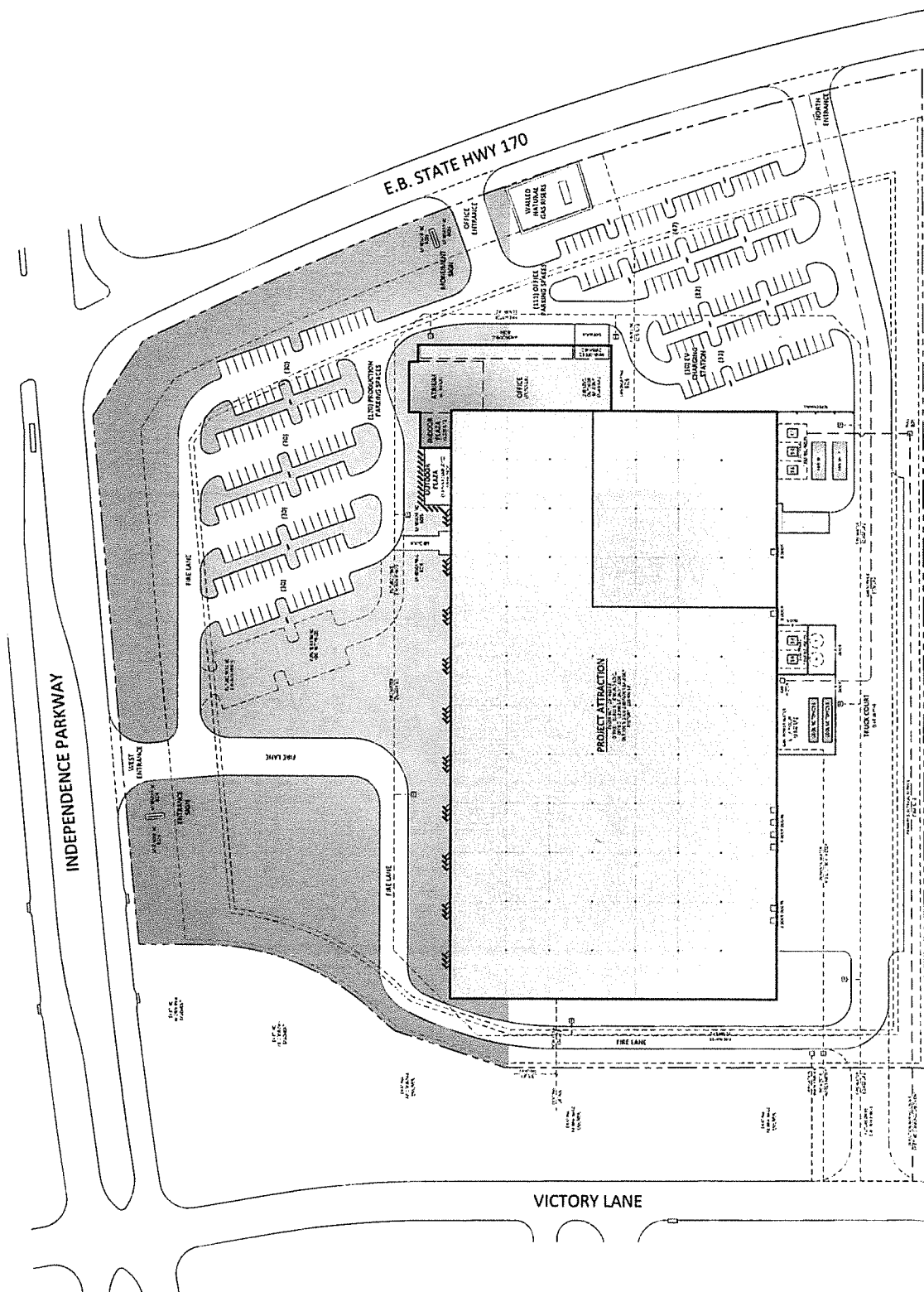


EXHIBIT "D"

TARRANT COUNTY TAX ABATEMENT POLICY AND GUIDELINES

TARRANT COUNTY TAX ABATEMENT POLICY

TARRANT COUNTY POLICY & PROCEDURES SUMMARY

TARRANT COUNTY POLICY:

Minimum investment - New business: \$5,000,000 Expansion: \$3,000,000.

1. Applicable to new construction and expansions/modernization.
2. Abatement on eligible real and fixed personal property.
 - a) Minimum job requirements include 25 jobs for new business and sustained employment level for existing business expansions.
 - b) Abatement for companies moving within the County; considered if agreeable to both cities.
3. Additional evaluation criteria:
 - a) Environmental impacts of project (company must show intent to participate in regional air quality program educating employees on the Ozone Action Program);
 - b) Diversity of employment base and commitment to a diversified workforce;
 - c) Minimum of 25% of new jobs created filled by Tarrant County residents (includes transferring employees who move to and reside in Tarrant County);
 - d) Use of minimum 15% DBE and 25% Tarrant County contractors in total annual construction/suppliers/services contract costs;
 - e) Provision of health care benefits at rate reasonable to allow access by majority of employees.
4. County approval of a tax abatement applies to both County and Hospital District ad valorem taxes.
5. Value of existing personal property currently on tax rolls will remain taxable and be included in base value, even if it is moved to a new abated location or replaced due to modernization or expansion.

6. Project is ineligible for abatement if the application for County abatement was filed after the commencement of construction, alteration or installation of new improvements.

GENERAL PROCEDURES:

1. Company begins negotiations with City; City makes County aware of request and invites County comments during negotiations. County makes City aware of concerns/changes prior to final action by City.
2. Company makes application to County for participation in abatement. County negotiates additional performance criteria with Company required for County participation.
3. Once an abatement agreement is approved by City, County action to participate at terms specified by City agreement take place with 90 days of the execution date of the municipal abatement agreement.

GUIDELINES AND CRITERIA

I. GENERAL PURPOSE AND OBJECTIVES

As authorized under Chapter 312 of the Texas Tax Code, Tarrant County has established this policy so as to work in concert with other taxing authorities as part of an overall publicly supported incentive program designed to create job opportunities that bring new economic advantages or strengthen the current economic base of our community.

It is the intent of the Commissioners Court to consider approval or denial of any request for tax abatement for projects in unincorporated Tarrant County or participation in any tax abatement agreement agreed to and adopted by an incorporated city, which meets the minimum eligibility criteria as set forth in this policy, following the filing of a formal application for tax abatement from the County. As prescribed by Section 312.206 of the Tax Code, the Commissioners Court may approve participation with a municipality in a tax abatement agreement no later than the 90th day after the date the municipal agreement is executed. Further it is the intent of Tarrant County that the County will not approve nor join an abatement agreement that provides one Tarrant County city a competitive advantage over another Tarrant County city seeking the same project or encourages an applicant to move from one Tarrant County city to another, unless such agreement is agreeable to both such incorporated cities and both parties have indicated their approval in writing to Tarrant County.

In the case where the property is located within a municipality's extraterritorial jurisdiction, the municipality shall be the initiating taxing entity unless expressly deferred to the County. For those areas within Tarrant County that are not located within the boundaries of an incorporated municipality and a municipality has deferred to the County or in unincorporated areas not located in a municipality's extraterritorial jurisdiction, the guidelines and criteria contained in this policy

will be applied by the Commissioners Court when considering the establishment of a reinvestment zone and the adoption of an abatement agreement.

II. DEFINITIONS

- (a) "Abatement" means the full or partial exemption from ad valorem taxes of certain real and/or personal property in a reinvestment zone designated for economic development purposes.
- (b) "Eligible Jurisdiction" means Tarrant County and any municipality, school district, college district, or other entity, which is located in Tarrant County, that levies ad valorem taxes upon and provides services to property located within the proposed or existing reinvestment zone.
- (c) "Agreement" means a contractual agreement between a property owner and/or lessee and an eligible jurisdiction for the purposes of tax abatement.
- (d) "Base Year Value" means the assessed value of the applicant's real and personal property located in a designated reinvestment zone on January 1 of the year of the execution of the agreement, plus the agreed upon value of real and personal property improvements made after January 1, but before the execution of the agreement.
- (e) "Economic Life" means the number of years a property improvement is expected to be in service in a facility.
- (f) "Deferred Maintenance" means improvements necessary for continued operations which do not improve productivity or alter the process technology.
- (g) "Disadvantaged Business Enterprise (DBE)" means:
 - (1) a corporation formed for the purpose of making a profit and at least 51 percent of all classes of the shares of stock or other equitable securities of which are owned by one or more persons who are socially or economically disadvantaged because of their identification as members of certain groups that have been subject to racial or ethnic prejudice or cultural bias without regard to their qualities as individuals or capabilities as a business, and whose ability to compete in the free enterprise system is impaired due to diminished opportunities to obtain capital and credit as compared to others in the same line of business who are not socially disadvantaged. "DBE" includes the State of Texas definition of historically underutilized businesses (HUBs) as defined in Texas Government Code 407.101 and as it may be updated.
 - (2) a sole proprietorship formed for the purpose of making a profit that is owned, operated, and controlled exclusively by one or more persons described in paragraph (1);

- (3) a partnership that is formed for the purpose of making a profit in which 51 percent of the assets and interest in the partnership is owned by one or more persons described by paragraph (1), and in which minority or women partners have proportionate interest in the control, operation, and management of the partnership affairs.
- (h) "Expansion" means the addition of buildings, structures, fixed machinery and equipment, and fixed personal property for the purposes of increasing production capacity.
- (i) "Facility" means property improvements completed or in the process of construction which together comprise an integral whole.
- (j) "Fixed Machinery and Equipment and/or Personal Property" means tangible machinery, equipment, or personal property that is securely placed or fastened and stationary within a building or structure, or which is movable but remains at and is used solely at the project site.
- (k) "Manufacturing Facility" means buildings and structures, including fixed machinery and equipment, and fixed personal property, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.
- (l) "Modernization" means the replacement and upgrading of existing facilities which increases the productive input or output, updates the technology or substantially lowers the unit cost of the operation, and extends the economic life of the facility. Modernization may result from the construction, alteration or installation of buildings, structures, fixed machinery and equipment, and fixed personal property. It shall not be for the purpose of reconditioning, refurbishing, repairing, or completion of deferred maintenance.
- (m) "New Facility" means a property previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.
- (n) "Other Basic Industry" means buildings and structures including fixed machinery and equipment, and fixed personal property not elsewhere described, used or to be used for the production of products or services which primarily serve a market outside Tarrant County [or the Fort Worth Consolidated Metropolitan Statistical Area] and result in the creation of new permanent jobs and bring new wealth in to Tarrant County.
- (o) "Regional Distribution Center Facility" means building and structures, including fixed machinery and equipment, and fixed personal property, used or to be used primarily to receive, store, service or distribute goods or materials owned by the facility operator.

- (p) "Non-Manufacturing Facilities" means buildings and structures, used to service and/or house individuals on a permanent or temporary basis.
- (q) "Regional Service Facility" means building and structures, including fixed machinery and equipment, and fixed personal property, used or to be used to service goods.
- (r) "Reinvestment Zone" is an area designated as such for the purpose of tax abatement as authorized by Chapter 312 of the Texas Tax Code.
- (s) "Regional Entertainment Facility" means buildings and structures, including machinery and equipment, used or to be used to provide entertainment through the admission of the general public where the majority of the users reside at least 100 miles from its location in the County.
- (t) "Regional Retail Facility" means buildings and structures including fixed machinery and equipment used or to be used to provide retail services from which a large portion of the revenues generated by the activity at the facility are derived from users outside the County.
- (u) "Research Facility" means building and structures, including fixed machinery and equipment, and fixed personal property, used or to be used primarily for research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production processes thereto.

III. ABATEMENT AUTHORIZED

- (a) Authorized Facility. A facility may be eligible for abatement if it is a Manufacturing Facility, a Research Facility, a Regional Distribution Center Facility, A Regional Service Facility, a Regional Entertainment Facility, Regional Retail Facility, a Non-Manufacturing Facility, or Other Basic Industry as defined. The economic life of a facility and any improvements must exceed the life of the abatement agreement.
- (b) Creation of New Value. Abatement may be only granted for the additional value of eligible property improvements made subsequent to and listed in an abatement agreement between the County and the property owner and lessee, subject to such limitations as Commissioners Court may require.
- (c) New and Existing Facilities. Abatement may be granted for new facilities and improvements to existing facilities for purposes of modernization or expansion.
- (d) Eligible Property. Abatement may be extended to the value above the Base Year Value of buildings, structures, fixed machinery and equipment, fixed personal property, and site improvements plus that office space and related fixed improvements necessary to the operation and administration of the facility.

- (e) Ineligible Property. The following types of property shall be fully taxable and ineligible for abatement: land; inventories; supplies; tools; furnishings, and other forms of movable personal property; vehicles; vessels; private aircraft; deferred maintenance investments; property to be rented or leased except as provided in Section 3 (f); also, any property included in the calculation of base year value as defined.
- (f) Owned/Leased Facilities. If a leased facility is granted abatement the agreement shall be executed with the lessor and the lessee.
- (g) Value and Term of Abatement. Abatement shall be granted effective with the execution of the agreement. The value of the abatement will be determined based on the merits of the project, including, but not limited to, total capital investment value and added employment. Up to one hundred percent of the value of new eligible properties may be abated for a total term of abatement not to exceed ten years. However, a project must provide an extraordinary economic benefit to the County to be considered for a one hundred percent abatement.
- (h) Economic Qualification. In order to be eligible for designation as a County reinvestment zone and/or receive County tax abatement, the planned improvement:
 - (1) for new businesses, must be reasonably expected to produce a minimum added value of Five Million Dollars (\$5,000,000) in real and personal property to Tarrant County and create and sustain a minimum of 25 new full-time jobs.
 - (2) for expansions or modernizations of existing businesses, must be reasonably expected to produce a minimum added value of Three Million Dollars (\$3,000,000) in real and personal property improvements to Tarrant County, and sustain existing employment levels.
 - (3) must not be expected to solely or primarily have the effect of transferring employment from one part of Tarrant County to another without a majority vote of approval from the Commissioners Court.
 - (4) must be necessary for expansion and/or modernization because the capacity cannot be provided efficiently utilizing existing improved property when reasonable allowance is made for necessary improvements.
 - (5) the above investment and employment minimums may be waived at the discretion of the Commissioners Court for projects located in Federal or State designated Enterprise Zones.
- (i) Additional Criteria For Abatement. To be eligible for abatement, the project must be expected to meet the specific goals and requirements as noted below. If a company is unable to meet the minimum requirements of this section, a variance must be

requested with a detailed explanation as to the circumstances that preclude the company from meeting the minimum requirements.

- (1) Use of DBE and Tarrant County Businesses. The project must provide for the utilization of Disadvantaged Business Enterprises for a minimum of 15% of the total costs for construction contracts and annual supply and service contracts. Additionally, the project must provide for the utilization of Tarrant County businesses for a minimum of 25% of the total costs for construction contracts and annual supply and services contracts.
 - (2) Tarrant County Employment. The company must hire Tarrant County residents for a minimum of 25% of the new full time jobs to be created by the project. Residents, for the purpose of this policy, are those employees who reside in Tarrant County, whether through relocation or existing residency.
 - (3) Environmental Impacts. Environmental impact information must be provided, noting any anticipated impacts of the project on the environment, including, but not limited to, water quality, storm water and runoff, floodplain and wetlands, solid waste disposal, noise levels, and air quality. Additionally, the company must provide a written company policy on air quality mitigation, the company's plan for participation in the region's Ozone Action Program, and a report of employer assistance in encouraging alternative commute programs and employee trip reductions. For companies new to the region, the above policies and plan must be completed and presented within the first year of the abatement.
 - (4) Employee Benefits. The company must offer a health benefit plan to its full-time employees at a rate that is reasonable to the majority of its employees and which allows access to the plan by the employees' dependents. For additional consideration, the company may provide information on other employee benefits provided, such as retirement/pension programs and subsidies for education, job-training, transportation assistance and child/elderly care.
- (j) Taxability. From the execution of the abatement to the end of the agreement period taxes shall be payable as follows:
- (1) The value of ineligible property as provided in Section III (e) shall be fully taxable;
 - (2) The base year value of existing eligible property shall be fully taxable, as well as the value of any existing personal property currently on the tax rolls in Tarrant County that is either moved to a new abated location or is replaced due to modernization or expansion.

- (3) The additional value of new eligible property shall be taxable in the manner and for the period provided for in the abatement agreement, subject to the terms described in Section III (g); and
- (4) The additional value of new eligible property shall be fully taxable at the end of the abatement period.

IV. APPLICATION

- (a) Download a copy of the Tax Abatement Application
- (b) Any present or potential owner of taxable property in Tarrant County may request the creation of a reinvestment zone and/or tax abatement by filing a written request with the County Judge.
- (c) The application shall consist of a completed application form including, but not limited to: a general description of the new improvements to be undertaken; a descriptive list of the improvements for which an abatement is requested; a list of the kind, number and location of all proposed improvements of the property; a map and property description; a time schedule for undertaking and completing the proposed improvements; employment and contract information; the location of existing company locations in Tarrant County and the surrounding counties and the expected number of transferring employees; details of the environmental impacts of the project, and employee benefit information. In the case of modernization a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The County may require such financial and other information as deemed appropriate for evaluating the financial capacity and other factors pertaining to the applicant, to be attached to the application.
- (d) All applications for creation of reinvestment zones or abatements shall incorporate a feasibility study estimating the economic effect of the proposed reinvestment zone and tax abatement on Tarrant County, other eligible participating jurisdictions, and the applicant.
- (e) Upon receipt of a completed application for creation of a reinvestment zone, the County Judge shall notify in writing and provide a copy of the application to the presiding officer of the governing body of each eligible jurisdiction.
- (f) Upon receipt of a completed application and/or request to participate with a municipality in an abatement agreement, Tarrant County Administrator's Office must review and provide recommendation to the Commissioners Court within 30 days and before the public hearing.
- (g) The County shall not establish a reinvestment zone, nor participate in an abatement, if it finds that the application for County reinvestment zone/tax abatement was filed

after the commencement of construction, alteration, or installation of improvements related to the proposed modernization, expansion or new facility.

- (h) Variance. Request for variance from the provisions of this policy must be made in written form to the County Judge and submitted with the application for abatement, provided, however, the total duration of an abatement shall in no instance exceed ten years. Such request shall include a complete description of the circumstances explaining why the applicant should be granted a variance. Request for variance must be approved by a majority vote of the Commissioners Court.

V. PUBLIC HEARINGS AND APPROVAL

- (a) For projects in unincorporated Tarrant County, the Commissioners Court may not adopt a resolution designating a County reinvestment zone until it has held a public hearing at which interested persons are entitled to speak and present evidence for or against the designation. Notice of the hearing shall be clearly identified on the Commissioners Court agenda at least 30 days prior to the hearing. The presiding officers of eligible jurisdictions shall be notified in writing at least 15 days prior to the hearing.
- (b) Prior to entering into a tax abatement agreement the Commissioners Court may, at its option, hold a public hearing at which interested persons shall be entitled to speak and present written materials for or against the approval of the tax abatement agreement.
- (c) In order to enter into a tax abatement agreement, the Commissioners Court must find that the terms of the proposed agreement meet these Guidelines and Criteria and that:
 - (1) there will be no substantial adverse affect on the provision of the jurisdiction's service or tax base: and
 - (2) the planned use of the property will not constitute a hazard to public safety, health or morals.
- (d) Any application requesting a variance under Section IV (g) shall be approved by a majority vote of the Commissioners Court. No application which deviates from the requirements of these Guidelines and Criteria shall be approved unless accompanied by a request for variance as provided under Section IV (g).

VI. AGREEMENT

- (a) After approval the County shall formally pass a resolution and execute an agreement with the owner of the facility and lessee as required. The Court Order shall include:
 - (1) estimated value of real and personal property to be abated and the base year value;

- (2) percent of value to be abated each year as provided in Section III (g);
- (3) the commencement date and the termination date of abatement;
- (4) the proposed use of the facility; nature of construction, time schedule, map, property description and improvement list as provide in Section IV (b);
- (5) contractual obligations in the event of default, violation of terms or conditions, delinquent taxes, recapture, administration and assignment as provided in Sections III (a), III (e), III (g) VII, VIII, and IX, or other provisions that may be required for uniformity or by state law, and;
- (6) a statement of the facility owner's policy regarding Disadvantaged Business Enterprises (DBEs), and the estimated dollar amount and percentage of total contracts to be awarded to DBEs for construction, professional services, purchases of equipment and supplies and other services required for the abated improvements;
- (7) amount of investment and average number of jobs involved; and
- (8) an assessment of the environmental impacts of the project, including a statement of the owner's policy addressing regional air quality and information on the use of alternative fuels in fleet vehicles.
- (9) a statement indicating the provision of a health care benefit plan for employees and dependents.

Such agreement shall normally be executed within 60 days after the applicant has forwarded all necessary information and documentation to the County.

(b) Participation in tax abatement agreements with municipalities requires additional information to be included in the Court Order approving the agreement, as follows:

- (1) a copy of the agreement between the applicant and municipality shall be attached and made apart of the Court Order for all purposes;
- (2) authorization for the County Judge to execute a signatory page on behalf of the Commissioners Court which shall be attached and made part of the original agreement.

VII. RECAPTURE

Commissioners Court reserves the right to review compliance for full or partial recapture in the event that the applicant fails to perform in "good faith." If a project is not completed as specified in the tax abatement agreement, the County has the right to cancel the abatement agreement and abated taxes shall become due to the County and other affected taxing units as provided by law.

If any of the provisions contained in the tax abatement agreement, i.e., employment, amount of investment, etc., are not met, the County shall have the right to reduce or cancel the abatement agreement. If a project granted a tax abatement ceases to operate or is no longer in conformance with the tax abatement agreement, the agreement shall not be in effect for the period of time during which the project is not operating or is not in conformance.

VIII. ADMINISTRATION

- (a) The Chief Appraiser of the County shall annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving abatement shall furnish the assessor with such information as may be necessary for the abatement. Once value has been established, the chief Appraiser shall notify the affected jurisdictions which levies taxes of the amount of the assessment.
- (b) The agreement shall stipulate that employees and/or designated representatives of the County will have access to the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and conditions of the agreement are being met. 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 company or individual and in accordance with its safety standards.
- (c) Upon completion of construction the County and/or the jurisdiction creating the reinvestment zone shall annually (or at such other times as deemed appropriate by the Commissioners Court) evaluate each facility receiving abatement to ensure compliance with the agreement and report possible violations to the contract and agreement to the Commissioners Court and the District Attorney. On or before April 30th of every year during the life of the abatement agreement, the company or individual receiving the abatement shall complete and file a Tax Abatement Evaluation Report, along with other required written documentation, detailing and certifying the abatement recipient's compliance with the terms of the abatement agreement. Failure to provide information requested in the compliance evaluation by the prescribed deadline may result in taxes abated in the prior year being due and payable. The company or individual receiving a tax abatement shall provide information to the County for the evaluation which shall include, but not be limited to, the following:
 - (1) the number and dollar amounts of all construction contracts and subcontracts awarded on the project;
 - (2) the total number of employees of the company, their gross salaries, and the number of employees residing in Tarrant County and their gross salaries, reported in job classifications appropriate to the employee;

- (3) the gross dollars spent on supplier and professional service contracts, indicating the amounts by contract awarded and performed by Tarrant County business and individuals;
- (4) the dollar amount of contracts awarded to Disadvantaged Business Enterprises;
- (5) detail of actions taken to mitigate any adverse environmental impacts of the project, if applicable; and
- (6) should the dollars, percentages, or actions not meet the original or modified requirements of the abatement agreement, a statement shall be provided explaining the reason for the failure to meet the requirements and a recommended course of rectification.

IX. ASSIGNMENT

Tax abatement agreements may be assigned to a new owner or lessee of the facility with the written consent of the Commissioners Court, which consent shall not be unreasonably withheld. Any assignment shall provide 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 the agreement. Any assignment of a tax abatement agreement shall be to an entity that contemplates the same improvements or repairs to the property, except to the extent such improvements or repairs have been completed. No assignment shall be approved if the assignor or the assignee are indebted to the County for ad valorem taxes or other obligations.

X. SUNSET PROVISION

These Guidelines and Criteria are effective on January 1 of the year following the date of their adoption and will remain in force for two years, at which time all reinvestment zones and tax abatement contracts created pursuant to its provisions will be reviewed by the County to determine whether the goals have been achieved. Based on that review, the guidelines and Criteria will be modified, renewed or eliminated. These Guidelines and Criteria may be amended by Commissioners Court at any time during their effective period.

EXHIBIT "E"

TAX ABATEMENT EVALUATION REPORT



Tarrant County Annual Tax Abatement Evaluation Report

Reporting Period: January 1, _____ to December 31, _____

I. PROJECT INFORMATION

Property Owner: _____

Company/Project Name: _____

Project Contact: _____ Title: _____

Telephone: _____ Fax: _____ E-mail: _____

Property Owner Address: _____

Company Address (if different): _____

Address of Property Subject to Abatement: _____

Has construction/installation of planned improvements commenced? Yes ☐ No ☐

If Yes, on what date? _____

If No, please explain. _____

Has construction/installation of planned improvements been completed? Yes ☐ No ☐

If Yes, on what date? _____

If No, please estimate completion date *and* attach a current time schedule for the project: _____

Date on which *Certificate of Occupancy* was received: _____

II. INVESTMENT / VALUATION

REAL PROPERTY

Current Year Appraised Value – Land: \$ _____

Current Year Appraised Value – Improvements: \$ _____

Construction Costs Incurred This Reporting Period: \$ _____

Appraised Value of Improvements Added This Period: \$ _____

PERSONAL PROPERTY

Current Year Appraised Value – Machinery, Equipment, and Other Business Personal Property:

\$ _____

New Machinery and Equipment Costs Incurred During Period: \$ _____

Current Year Appraised Value Inventory and Supplies: \$ _____

Appraised Value of Machinery, Equipment, and Other Business Personal Property Added This Period:

\$ _____

Percentage/Amount of Inventory Subject to Other Exemptions (i.e., Freeport/Foreign Trade Zone): _____%

III. JOB CREATION / RETENTION

Total Current Employees at End of Reporting Period: Full-time: _____ Part-time: _____

Number of Current Employees Residing in Tarrant County: _____

Number of New Employees Added During Reporting Period: Full-time: _____ Part-time: _____

Number of New Employees Added Since Abatement Agreement: Full-time: _____ Part-time: _____

Current Workforce Diversity Percentages:

Gender: Male _____% Female _____%

Ethnicity: Caucasian _____% Asian _____% African American _____%

Hispanic _____% Other _____%

Annual Payroll During Reporting Period: \$ _____

Average Salary During Reporting Period: \$ _____

IV. CONSTRUCTION / SUPPLIER / SERVICES CONTRACTS

CONSTRUCTION:

Construction Dollars Spent This Reporting Period: \$ _____

Percent Construction Dollars Spent With Tarrant County Contractors: _____%

Number of Construction Related Jobs This Period: _____

Total Construction Payroll This Period: \$ _____

AWARDS TO DISADVANTAGED BUSINESS ENTERPRISES (DBE):

Total Dollars of Construction Contracts to DBE: \$ _____

Percent of Total Construction Contracts to DBE: _____%

SUPPLIER / SERVICES:

Total Number Supplier/Services Contracts This Period: _____

Total Dollars Supplier/Services Contracts This Period: \$ _____

Percent Awarded to Tarrant County Businesses: _____%

Percent Contract Dollars Awarded to Tarrant County Businesses: _____%

Percent Awarded to DBE: _____%

Percent Contract Dollars Awarded to DBE: _____%

V. EMPLOYEE AND ENVIRONMENTAL FACTORS

Company Sponsored Health Care Benefits Are Available To (check all that apply):

Full-time ☐

Part-time ☐

No Employees ☐

Number of Employees Enrolled in Health Care Plan at End of Period: _____

Name of Health Care/Insurance Provider: _____

Average Percentage of Monthly Health Insurance Premiums Paid by Company: _____%

Average Monthly Employee Cost for Health Care Benefits: Individual: \$ _____ Family: \$ _____

List Other Company Benefits Provided (i.e., life insurance, pension plan, childcare, etc.): _____

Does Your Company Participate in The North Texas Clean Air Coalition Ozone Action Program?

Yes ☐

No ☐

If Yes, Please Attach Information on Company Program Initiatives.

Does your company encourage, facilitate, and/or provide subsidies/initiatives for alternative commute options (i.e., bus, vanpools, carpools, telecommuting, etc.)? Yes ☐ No ☐

If Yes, Please Describe: _____

Number of Fleet Vehicles Purchased This Period: _____

Describe Use of Vehicles: _____

Number of New Vehicles Per Type of Fuels Used:

Gasoline _____

Diesel _____

LPG _____

CNG _____

Electric _____

Other _____

Number of Gasoline Vehicles Rated as LEV (Low Emission Vehicles): _____

VI. ADDITIONAL INFORMATION (TO BE ATTACHED)

☐ Copy of Personal Property List Rendered to the Tarrant Appraisal District

☐ Brief Narrative Highlighting The Progress And Status of the Project

☐ If Applicable, a Statement Addressing Any Failure to Meet Requirements of the Tax Abatement Agreement and a Plan for Rectification

VII. 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 tax abatement agreement with Tarrant County.

Name of Certifying Officer

Title

Phone

Fax

Signature of Certifying Officer

Date

In order to remain eligible for the abatement of Tarrant County and Tarrant County Hospital District property taxes, you must return the completed report by April 30th, 2006 to:

Ms. Lisa McMillan
Economic Development Coordinator
Tarrant County Administrator's Office
100 E. Weatherford Street, Suite 404
Fort Worth, Texas 76196-0609

You may also forward an electronic copy of the completed report to:

lmcmillan@tarrantcounty.com

Please note that if you do submit this form electronically, you must also submit an original hard copy of the report to the above stated physical address for proper filing and review.

For assistance call: (817) 884-2643